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

RESTORING EFFICIENCY TO AGRICULTURE PRODUCTION (REAP) ACTIVITY IN GEORGIA

Annual Progress Report

Year 2 October 1, 2014-September 30, 2015



Restoring Efficiency to Agriculture Production (REAP) Activity in Georgia

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October 1, 2014- September 30, 2015

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Ms. Shamenna Gall, COR

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Acronyms

| | |
|--------|-----------------------------------------------------------------------|
| ABL | Administrative Border Line |
| APMA | Agriculture Projects Management Agency |
| BDS | Business Development Services |
| BSP | Business Service Provider |
| C1 | Component One |
| C2 | Component Two |
| CBA | Cost Benefit Analysis |
| CDCS | Country Development and Cooperation Strategy |
| COP | Chief of Party |
| DCA | Development Credit Authority |
| DCFTA | Deep and Comprehensive Free Trade Agreement |
| EMMP | Environmental Mitigation and Monitoring Plan |
| ENPARD | European Neighborhood Programme for Agriculture and Rural Development |
| EOI | Expression of Interest |
| ERC | Environmental Review Checklist |
| EU | European Union |
| F | Foreign Assistance |
| FSC | Farm Service Center |
| FSSC | Food Safety System Certification |
| FTF | Feed the Future |
| GAP | Good Agricultural Practices |
| GIPA | Georgian Institute of Public Affairs |
| GIS | Geographic Information Systems |
| GoG | Government of Georgia |
| HACCP | Hazard Analysis and Critical Control Points |
| IFS | International Featured Standards |
| ISO | International Organization for Standardization |
| LOE | Level of Effort |

| | |
|---------|--------------------------------------------------------|
| LOP | Life of Project |
| M&E | Monitoring & Evaluation |
| MOA | Ministry of Agriculture |
| MOU | Memorandum of Understanding |
| MSC | Machinery Service Center |
| MSME | Micro Small and Medium Enterprises |
| PERSUAP | Pesticide Evaluation Report and Safer Use Action Plan |
| PMP | Performance Monitoring Plan |
| PPR | Performance Plan and Report |
| PY1 | Project Year One |
| PY2 | Project Year Two |
| Q1 | Quarter One |
| Q2 | Quarter Two |
| Q3 | Quarter Three |
| Q4 | Quarter Four |
| QPR | Quarterly Progress Report |
| REAP | Restoring Efficiency to Agriculture Production |
| RFA | Request for Applications |
| RFQ | Request for Quotations |
| SEAS | Strengthening Extension and Advisory Services Activity |
| SME | Small and Medium Enterprises |
| STTA | Short Term Technical Assistance |
| TA | Technical Assistance |
| TOC | Terms of Cooperation |
| VET | Vocational Education and Training |
| USAID | United States Agency for International Development |
| USG | United States Government |
| WFLO | World Food Logistics Organization |

Executive Summary

REAP used its first year of implementation to establish the program, test procedures and policies, validate its direction, and launch initial agro-enterprises. In its second year REAP increased the pace of implementation, gleaned valuable lessons, completed the commitment of its grant funds to 70 enterprises, and activated a vigorous technical assistance (TA) component.

Project Year 2 (PY2) yielded valuable lessons learned that will provide near-term guidance as well as program direction through year five. Most important of these in PY2 was confirmation of the effectiveness of REAP strategy to seek grant applicants who were entrepreneurial in approach, articulated sound business ideas, were willing to invest in them, and considered a 30% investment grant an incentive not a goal. It was critical for us to understand the importance of a focused outreach and selection process that yielded applicants with these traits. Year two experience enabled us to develop a valuable template in this regard that can be useful for other grant-making programs. This is an important REAP contribution.

PY2 provided a broader, deeper, and more intensive application of the market principles tested in year one. REAP grants were demand-driven by grantees who intend to enter and win private sector competition. In so doing, overall efficiency was raised in the agriculture sector and greater benefit was extended to the ultimate diverse and vulnerable small-holder beneficiaries. In PY2 the connection between vibrant agro-businesses and small-holder prosperity was effectively demonstrated.

It also became clear that both grantee and non-grantee enterprises highly value the TA available through REAP and increasingly called for technical support of their work. TA to non-grantees was in greater demand than anticipated. The requirements established for assisting this emerging constituency include a 50/50 cost share and the articulation of a substantive investment idea. Ten such activities took place in PY2 and it is likely that demand for REAP TA services will increase significantly in the remaining years of the project. Recognizing this reality, REAP will employ the guiding principle it used to seek and identify appropriate grantees; that is, to solicit non-grantee TA applications based on the projected impact they will have. Thus, as with grants, REAP will seek and select non-grantee TA recipients based on the best investment ideas. This represents a noteworthy operational innovation as TA will continue to be a central program component over the remaining program years.

REAP's data collection through intensive M&E efforts supported these observations. Two years of operation have been sufficient to produce substantial promising impact data. Information from outlying beneficiaries already suggests that REAP grant results easily will meet if not exceed all the initial contractual goals established. M&E data collection will continue to occupy high priority in REAP operations, both for reporting to USAID and for guiding program management.

A major accomplishment for REAP in year two was gaining effective entry into the finance sub-sector. Access to finance is critical for most REAP grantee and non-grantee enterprises. Through extensive training of credit officers and risk managers, REAP was established as a credible link between enterprises and the banking community upon whom they depend. REAP support of grantee and non-grantee enterprises is viewed in some ways as collateral possessed by agriculture borrowers. This was a unique and important development within the REAP program.

Though it will gain little general notice, an important REAP accomplishment in year two was to establish an unusual and effective intern program. Careful selection of students, coordinating with universities and private enterprises, assigning students to technical specialists, treating them as entry-level staff, and challenging them to perform have resulted in experience that now is in high demand within university circles. Several of these have leveraged their internships into career-launching, full-time employment. To fill the next group of 16 intern positions, REAP has received 305 applications. A number of former

interns already have secured solid private sector jobs. REAP believes this program approach will become a model for other donors and projects and will help infuse needed vitality into the agriculture sector.

The second year of REAP implementation produced an accelerated rate of grant implementation. This required the program to move quickly and fully into its TA activities. Both these, in turn, resulted in a wide range of insights generated and lessons learned that will be applied on the outlying years. Among these were the development of specific procedures leading to success-oriented grant-making. Other lessons learned related to effective procurement management, linking grants to market demand, sharpening the art of innovation as problems surface, assessing issues of implementation speed and selection of beneficiaries, and managing finance deficiencies. One resulting insight from this experience base is the understanding that proper organization and use of demonstration plots can dramatically increase the technological level of Georgian farmers. A major effort is being built upon this conclusion and will carry through the final three program years. Taken in total the sum of these lessons learned will both guide REAP in future years and also provide a viable template for consideration in future grant project designs.

The rapid unfolding of the program allowed for learning practical implementation lessons early in project life and improving overall performance by applying them already in years one and two. This has generated high confidence within REAP that life of project targets will be met or exceeded well within its five-year life. REAP envisions a productive and successful run through its final three years, and much of that confidence emanates from experience in and observations flowing from the pace of PY2 implementation.

Summary of Project Year 2 Achievements

| Component 1: SME Development in the Agriculture Sector | Component 2: Technical Assistance Program | Cross Cutting |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • \$5.6M in grant portfolio obligated across 58 Georgian enterprises leveraging \$13 M in private sector investment. • 12 PHHP projects in the pipeline and pending USAID approval; • 19 grant projects fully procured, valued at \$3.1M; • \$17.5 in new gross sales by REAP assisted agribusinesses; • 43,000 farmers received assistance through REAP assisted companies; • \$1,5M cash market provided to 1,134 farmers by REAP assisted PHHPs; • Official ribbon cutting ceremonies for four grant projects organized. | <ul style="list-style-type: none"> • 453 farmers and extension agents attended 11 field days on 6 demonstration sites established through REAP support; • DCFTA training provided to 21 agribusinesses and representatives from APMA and MOA; • Three DCFTA roadmaps co-published with the Ministry of Agriculture; • Individual consultancy on labeling and brand identity provided to eight REAP grantees; • Individual consultancies on standards and certification delivered to 6 agribusinesses. • 1300 farmers trained on integrated pest management by REAP supported FSC/MSCs. | <ul style="list-style-type: none"> • \$10.3M in new commercial finance obtained by REAP assisted private companies; • Consultancies provided to Bank Republic and TBC Bank to increase agriculture finance • Gender platform “Gender-Equitable Agricultural Development” established uniting 41 female entrepreneurs; • PERSUAP for USAID/Georgia’s agriculture portfolio developed and approved by USAID; • Joint program with GHGA and AgriGeorgia launched to support the hazelnut sector of Georgia. |

Staffing:

Long-Term Staff

In PY2 REAP added four new staff members to fill three new staff positions and one vacant position bringing the total full-time employment of REAP to 29 staff including 2 expatriates. In October 2014, CNFA deployed a Field Program Officer to assist the COP and DCOP with project management, grant disbursement, procurement and communications. With procurement becoming a major activity for PY2, REAP hired a local Grants Procurement Specialist to support REAP’s Finance and Administration team and to coordinate procurement process activities including RFQ development and invoice administration. The Grants Procurement Specialist came on board in November, 2014. To support new grantees in the mobilization of their grant projects, organize group trainings, and monitor milestones, REAP filled a vacant Regional Coordinator position to oversee and support grantees with farmer training exercises. Late in PY2, due to the high volume of administrative requirements, REAP hired an Administrative Assistant to support REAP’s Finance and Administration department to manage the increased workload. The candidate for this position was selected from the project interns, who proved to be a valuable asset to REAP. The table below indicates the list of REAP’s long term employees mobilized in PY2:

| | Position | Start date |
|---|--------------------------------|------------------|
| 1 | Field Program Officer (Expat) | October 6, 2014 |
| 2 | Regional Coordinator (Tbilisi) | October 17, 2014 |
| 3 | Grants Procurement Specialist | November 7, 2014 |
| 4 | Administrative Assistant | July 13, 2015 |

Internship Program

In PY2 REAP continued to implement its successful internship program that proved to be very beneficial for both students and project staff. Students were able to augment and strengthen their theoretical knowledge while working in an international organization in different technical areas, and REAP benefitted by acquiring additional staff support from a high quality group of young professionals. In PY2 REAP employed 30 interns to support nine technical areas. Interns not only gained experience in day-to-day activities, but were exposed to and learned from international consultants. One such example, is REAP's Access to Finance intern, who shadowed REAP's Access to Finance Specialist and a leading international consultant in the development of the agriculture lending strategy for the Bank Republic. The REAP intern's contribution was highly regarded by the immediate supervisor and the international consultant. With improved skills and knowledge, several interns were successful in gaining full-time private sector employment. Three students were hired by EU-funded programs, and an environmental intern was appointed as a Quality Manager of the supermarket "Carrefour" at Tbilisi Mall. Below is a summary of internships that took place in PY2.

| Position | University | Duration |
|-----------------------------------------|-------------------------------------------------|-----------------------|
| Tbilisi Office | | |
| Monitoring and Evaluation, CBA Analysis | International School of Economics at TSU (ISET) | 11.10.2014-06.15.2015 |
| Monitoring and Evaluation, CBA Analysis | Caucasus International University | 11.10.2014-08.31.2015 |
| Monitoring and Evaluation, CBA Analysis | International School of Economics at TSU (ISET) | 05.28.2015-12.31.2015 |
| Monitoring and Evaluation, CBA Analysis | Cardiff Metropolitan University | 05.28.2015-12.31.2015 |
| Administration and Finance | Agricultural University of Georgia | 06.09.2014-12.09.2014 |
| Administration and Finance | St. Andrew the First-Called Georgian University | 06.09.2014-12.09.2014 |
| Administration and Finance | International School of Economics at TSU (ISET) | 06.02.2014-12.02.2014 |
| Administration and Finance | Ilia State University | 12.11.2014-09.30.2015 |
| Administration and Finance | International School of Economics at TSU (ISET) | 12.11.2014-07.31.2015 |
| Workforce Development | University of Tartu | 07.10.14-12.31.2014 |
| Workforce Development | Ivane Javakhishvili Tbilisi State University | 12.15.2015-09.30.2015 |
| Access to Finance | International Black Sea University | 12.15.2015-09.30.2015 |

| | | |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------|
| Communication | International Black Sea University | 10.21.2014-09.30.2015 |
| Environment | Ivane Javakhishvili Tbilisi State University | 01.16.2015-10.16.2015 |
| Environment | Ivane Javakhishvili Tbilisi State University | 01.16.2015-10.16.2015 |
| Environment | Ivane Javakhishvili Tbilisi State University | 01.16.2015-06.01.2015 |
| Gender | International Black Sea University | 12.11.2014-09.11.2015 |
| Gender | Ivane Javakhishvili Tbilisi State University | 05.18.2015-11.18.2015 |
| Component 1: SME Development in the Agriculture Sector | International School of Economics at TSU (ISET) | 12.10.2014-06.12.2015 |
| Component 1: SME Development in the Agriculture Sector | Agribusiness & Marketing from Texas A&M University and Finance from Shota Rustaveli State University. | 05.20.2014-12.31.2014 |
| Component 1: SME Development in the Agriculture Sector | Agricultural University of Georgia | 02.02.2015-09.30.2015 |
| Grants Procurement | Ivane Javakhishvili Tbilisi State University | 12.16.2014-09.30.2015 |
| Telavi Office | | |
| Administration and Finance | Iakob Gogebashvili Telavi State University | 11.01.2014-06.01.2015 |
| Administration and Finance | Iakob Gogebashvili Telavi State University | 11.01.2014-06.01.2015 |
| Administration and Finance | Iakob Gogebashvili Telavi State University | 06.01.2015-12.01.2015 |
| Administration and Finance | Iakob Gogebashvili Telavi State University | 06.01.2015-12.01.2015 |
| Kutaisi Office | | |
| Administration and Finance | Akaki Tsereteli Kutaisi University | 12.01.2014-06.01.2015 |
| Administration and Finance | Akaki Tsereteli Kutaisi University | 12.01.2014-06.01.2015 |
| Administration and Finance | Akaki Tsereteli Kutaisi University | 06.01.2015-12.01.2015 |
| Administration and Finance | Akaki Tsereteli Kutaisi University | 06.01.2014-12.01.2015 |

International Short-Term Technical Assistance (STTA)

To augment REAP's field implementation and provide targeted expert technical assistance, REAP utilized 9 international short-term technical assistance assignments. These assignments supported REAP across all aspects of implementation, including access to finance, monitoring and evaluation, and technical assistance to grantees. Below is a table summarizing REAP's international STTA assignments in PY2.

| Assignment | Project Quarter | Technical Area |
|------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|
| Development of branding identity for REAP grant recipients | Quarter 1(field visit) Quarters 2-4 (from US) | Component 2: Technical Assistance Program |
| CBA Model Testing and Adjustment | Quarter 1 | Monitoring and Evaluation |
| Corporate oversight of REAP's implementation | Quarter 1 | Component 1: SME Development, Grants implementation, Procurement |
| Development of Agriculture Lending Strategy for BR | Visits in Quarters 2&3 | Access to Finance |

| | | |
|-------------------------------------------------------------------------------------------|--------------|-------------------------------------------|
| Soil testing interpretation system introduction to REAP Supported Laboratory | Quarter 2 | Component 2: Technical Assistance Program |
| Assistance in assessing technical assistance needs and modifications in TA plan if needed | Quarter 2 | Component 2: Technical Assistance Program |
| Development of agricultural loan products for TBC Bank | Quarters 3&4 | Access to Finance |
| Support in PY3 work plan development and project management oversight | Quarter 4 | Project Management |

Document and Deliverables Submission:

Over the course of implementation REAP submitted a number of documents to USAID including grant program related RFAs, and progress reports as well as TOCs to define the collaboration framework with the project's main counterparts. Together with the contractual reports delivered to USAID, REAP submitted reports developed by international consultants and local BSPs. In addition, the action plan for a joint program with AgriGeorgia and GHGA to support the hazelnut sector of Georgia was submitted to USAID. Below is a table summarizing the documents submitted to USAID and their current status.

| Document | USAID Submission | Submission Date | USAID Approval |
|----------------------------------------------------|------------------|--------------------|------------------|
| Project Work Plans | | | |
| Year 2 Work Plan | Submitted | September 26, 2014 | Approved |
| Year 3 Work Plan | Submitted | September 30, 2015 | Pending Approval |
| Project Reports | | | |
| Year 1 Annual Report | Submitted | October 30, 2014 | Approved |
| Progress Reports | | | |
| Y2Q1 Progress Report | Submitted | January 14, 2015 | Approved |
| Y2Q2 Progress Report | Submitted | April 15, 2015 | Approved |
| Y2Q3 Progress Report | Submitted | July 15, 2014 | Approved |
| TOCs | | | |
| On Agriculture Lending Strategy with BR | Submitted | October 6, 2014 | Approved |
| On Agriculture Product Development with TBC Bank | Submitted | January 14, 2015 | Approved |
| On Co-funding or APMA grants | Submitted | April 20, 2015 | Approved |
| On Cooperation Framework with AgriGeorgia and GHGA | Submitted | June 8, 2015 | Approved |
| RFAs | | | |
| Grant RFA 003/1014 | Submitted | October 16, 2014 | Approved |
| Grant RFA 004/0115 | Submitted | November 25, 2014 | Approved |
| Grant RFA 005/0415 | Submitted | March 25, 2015 | Approved |
| Grant RFA 005B/0515 | Submitted | April 29, 2015 | Approved |

| Short-Term Technical Assistance Reports | | | |
|--------------------------------------------------------------------------------|--------------|-------------------|----------|
| <i>Postharvest Training Delivery</i> | Submitted | November 1, 2014 | Approved |
| <i>Agriculture Lending Training</i> | Submitted | November 10, 2014 | Approved |
| <i>Development of Branding Identity for REAP Grant Recipients</i> | Submitted | November 19, 2014 | Approved |
| <i>PERSUAP</i> | Re-Submitted | February 19, 2015 | Approved |
| <i>DCFTA Opportunities for Agribusinesses</i> | Submitted | June 30, 2015 | Pending |
| <i>DCFTA Roadmaps: Primary Producers, Processing Enterprises, Laboratories</i> | Submitted | June 30, 2015 | Approved |
| <i>TBC Constanta Bank Loan Development</i> | Submitted | July 15, 2015 | Pending |
| <i>Agricultural lending Strategy for Bank Republic</i> | Submitted | July 29, 2015 | Pending |
| Action Plans | | | |
| <i>Hazelnut Grower' Support Program Action Plan</i> | Submitted | August 20, 2015 | Pending |
| Communications Materials | | | |
| <i>Project Year 1 Annual Newsletter</i> | Submitted | October 20, 2014 | Approved |

Non-grantee technical assistance represents an important activity of the program. As an adopted practice REAP always shares the relevant SOW with USAID to ensure no-objection.

Technical Directives and Contract Amendment

Technical Directives

In PY2, REAP received two technical directives from USAID and an approval for the requested contract amendment. The first, issued on October 6th, directed REAP to resume the provision of technical assistance to non-grantee enterprises. This technical directive reversed a prior directive that instructed REAP to focus its technical assistance interventions on grantees and realigned REAP with original contract objectives. With previously approved technical assistance applications and scoring forms in place, REAP seamlessly reintegrated this element back into project activities and has successfully implemented several non-grantee TA activities over the PY2.

The second technical directive was issued on December 23rd and defined small and medium sized enterprises eligible for REAP's grant program as entities with less than 100 employees. USAID issued this technical directive to bring REAP's grant program in line with USAID's FTF definition for MSMEs. Previously REAP operated without this cap. The solicitations for rounds 4 and beyond included this criterion for qualifying the applications.

Contract Amendments

Per REAP's contract, grant funds were disaggregated into two categories: 1) FSCs/MSCs and 2) PHHP, PP and ISP with the allocation of no more than \$4M to category 1 enterprises and no more than \$2M to category two enterprises. Grant program solicitations resulted in the highest interest in PHHP from Georgian agribusinesses, and as REAP was approaching its limit in category 2, the project formally requested a contract amendment to remove the limits by category maintaining a \$6M cap on the total grant fund. In response to this request the REAP contract modification was executed on February 19, 2014. This amendment also included the recent requirement of ADS 303.3.5.22 on submission of datasets to the Development Data Library (DDL).

Due to the high project implementation phase in mid-July REAP exhausted the previously obligated grant amount of \$2.5 million. Therefore USAID executed the third modification of the contract increasing the obligated amount from \$7.8 million to \$11.9 million including funds on Letter of Credit to operate grants under the contract.

Program Outreach and Communications

Outreach

One of the important aspects of REAP's early success was an effective outreach campaign that enabled the project to target entrepreneurs who eventually applied for investment grants and/or technical assistance. As an adopted practice, REAP invites journalists and media representatives to sponsored field days and training events. This enables journalists and media representatives to see firsthand the assistance REAP provides. By providing media access to REAP's training programs, the project is better able to communicate its programmatic activities and successes to a wider audience.



REAP grantees at America Days, Tbilisi, June 6, 2015

Grant Component: In PY2 REAP continued to join each grant solicitation with outreach meetings organized in Tbilisi and throughout Georgia. Announcements of outreach sessions were broadcasted through local government offices and regional television. In PY2 four RFAs were released with 20 outreach sessions held in Tbilisi and 8 in the regions. These were attended by 305 potential applicants.

Technical assistance: In PY2 REAP's TA team conducted outreach events to raise awareness of capacity building and technical assistance opportunities for non-grantee enterprises. REAP is working closely with the Agriculture Projects Management Agency (APMA) to reach beneficiaries of their cheap credit program and with the Hazelnut Exporters and Processors Association (HEPA) to mobilize their members.

The outreach sessions for APMA Cheap Credit Program beneficiaries took place in March at REAP's regional office in Telavi, and was attended by 16 APMA supported agribusinesses. As a result REAP

received several requests of APMA cheap loan recipients for cost-shared technical assistance. APMA then expressed interest in establishing a joint TA program.

In June, REAP's Technical Assistance team presented at the Oxfam/ENPARD sponsored "Georgian Hazelnut Scientific Practical Conference". During the conference, HEPA members were informed of REAP's 50/50 technical assistance available for processors to obtain food safety certification.

Video Production: In PY2 REAP's Communication and Outreach Specialist continued to work with two video production companies to document project activities over the life of projects. The video production companies are capturing the progress of grantees from initial construction through project openings. These videos will be produced in English with Georgian subtitles and will be utilized to share REAP's story and to promote USAID's work in Georgia. Since REAP's internship program proved to be unique and successful, management decided to produce a film documenting the successes of and opportunities presented by the program and its approach.

Grant Project Openings: Ribbon-cutting ceremonies serve as an effective tool to draw public attention to the project achievements and to promote agribusinesses supported by REAP and over the course of PY2 were well attended by GoG officials, representatives of donor organizations, and private-sector partners.

Georgian Business Zone Ltd: On October 28, REAP-supported Georgia Business Zone conducted a ribbon cutting ceremony to mark the opening of their new cold storage facility. Attended by the Minister of Agriculture and Director of APMA, this groundbreaking 260 MT cold storage facility is the first in the Samtskhe-Javakheti region and will provide new cash markets for more than 140 fruit and vegetable farmers enabling them to store their product and benefit from higher off-season prices.

AgroKartli Ltd: On June 25, REAP hosted an official ribbon cutting ceremony to mark the opening of a FSC/MSC facility located in the Shida Kartli Region of Gori. AgroKartli, Ltd has established new facility through which the company will be able to increase the range of products it can offer to smallholder farmers. AgroKartli's new services will include: veterinary drugs and services, improved mechanization, financial services for smallholder farmers and a real-time disease control system. AgroKartli's newly constructed showrooms will be utilized to conduct trainings for farmers. During the event the signing ceremony of Memorandum of Understanding was held between AgroKartli and Gori State Teaching University. The MOU will facilitate internship and training opportunities for the university students at AgroKartli.



Ribbon cutting Ceremony of AgroKartli FSC/MSC



Ribbon cutting ceremonies of Agroservice Ltd and I/E Dighmelashvili

I/E Dighmelashvili, AgroService Ltd: On June 21, REAP hosted an official ribbon cutting ceremonies of two newly established FSC/MSC facilities: I/E Dighmelashvili located in Sagarejo and Agroservice Ltd located Telavi, Kakheti Region. Opening Ceremonies were attended by USAID and local municipality representatives.

I/E Dighmelashvili have established a new facility, which will enable the company to increase the range of products it can offer to smallholder farmers. Dighmelashvili's new services include: increased variety of plant protection chemicals, improved

mechanization, financial services for smallholder farmers and a real-time disease control system. The organization will also utilize newly constructed showrooms to conduct training sessions and provide information on best practices to at least 1,500 farmers. As a result, more than 7,420 new farmers will benefit from improved access to input and machinery services.

Agroservice Ltd's extended facility and improved services will enable company to create 6 new jobs, serve additional 10,000 farmers and provide trainings to at least 1,500 smallholders from the surrounding villages. AgroService offers onsite consultations and technical assistance to farmers and provides modern mechanization services to farmers, including harvesting. To showcase improved inputs and harvesting practices, AgroService maintains a 0.5 ha demonstration plot.

Project Events

USAID's Trade Fair: In early PY2, REAP participated in USAID's Economic Growth Office Trade Fair, where US Embassy staff had the chance to interact with and purchase goods from five REAP grantees and five Gender Initiative participants. US Embassy employees were able to meet the project beneficiaries and support their businesses through buying fresh fruit and vegetables, cheese, tea and a favorite local snack, Churchkhela.

Visits to REAP grant projects:

Susan Fritz's visit: On February 28th, REAP hosted USAID Acting Administrator for Europe and Eurasia, Susan Fritz, USAID/Georgia Mission Director Stephen Haykin, and USAID/Georgia Deputy Mission Director Thomas Morris at REAP's grant project Agrokartli Ltd. Located less than 20 km from the occupied territory of South Ossetia, Agrokartli provides inputs and farm services to more than 25,000 smallholder farmers.



Visit to AgroKartli Ltd

Alina Romanowsky's visit: As part of the visit of Coordinator of US Assistance to Europe, on May 16, REAP grant project AgroKartli was visited by Ms. Alina Romanowsky and USAID representatives.

Deputy Mission Director's site visits: On March 26-27, the Deputy Mission Director and REAP's COR visited 6 grant project sites in Kakheti Region to see projects in different stages of their implementation and to observe the progress made by each grantee. Out of the six, two were recently awarded grants through REAP's gender initiative: Laboratory Dr. George and I/E Marina Akolashvili. The other four projects that the Deputy Mission Director visited were newly established FSCs: "I/E Davit Omanashvili", "I/E Tisia Dighmelashvili", "Luk-Agro Ltd" and an expanded "Agroservice Ltd.". Mr. Tom Morris expressed his satisfaction with REAP's performance and willingness to conduct such site visits in other regions of Georgia as well.

Mission Director's visit: On June 30th, the USAID Mission Director visited REAP's grant project Herbia Ltd, the first modern, large scale greenhouse producer and distributor of fresh herbs and vegetables in Georgia. Employing primarily IDP's, Herbia grows vegetables and herbs in accordance with internationally recognized standards. With REAP's matching investment, the company established a new refrigerated warehouse with two modern packing lines. This new equipment will allow Herbia to purchase more goods from



smallholders and to diversify its production by introducing a new product line that provides whole vegetables for ready-made salads. As a result of REAP's grant, Herbia has created 16 new jobs and experienced an increase in sales of or more than 20%. The company serves as a prime example of how REAP can catalyze development of already established enterprises.

On July 29, the USAID Mission Director, along with EG Director and other USAID representatives visited sites of three REAP grantees: the juice producer company, AromaProduct Ltd; fruit collection/sorting facility in Chumlaki village, Georgian Fruit Company Ltd; and the modern FSC/MS in Telavi, Agroservice Ltd. The vice-governor of Kakheti and Chairman of the Parliamentary Agriculture Committee also joined the visit. Mission Director expressed his satisfaction with the progress made by the beneficiaries and with services these companies are providing to Georgian smallholder farmers.

REAP response to June 13 flood: In response to the tragic floods in Tbilisi, hundreds of young volunteers showed up to help with relief efforts in flood affected areas throughout Tbilisi. A glaring gap that was identified in the aftermath of the flood was the disproportional amount of willing volunteers to the necessary equipment needed. To help mitigate this problem and to provide assistance to the cleanup efforts, REAP organized a large donation of more than 100 shovels, wheelbarrows, gloves, rain boots and hats. The donation was made by FSC grantees, who quickly organized three truckloads of equipment that were driven to the Office of the Vake District Local Government from Shida Kartli and Kakheti regions. Within minutes of the arrival of the donation, the shovels were given out, wheelbarrows were put together and volunteers were transported to areas heavily affected by the flash flood. The donation of REAP's FSC grantees earned national media attention and can be seen here: <https://www.youtube.com/watch?v=7-X0w9aIF0g>



REAP Delivering Needed Equipment in Response to June 13 Flood

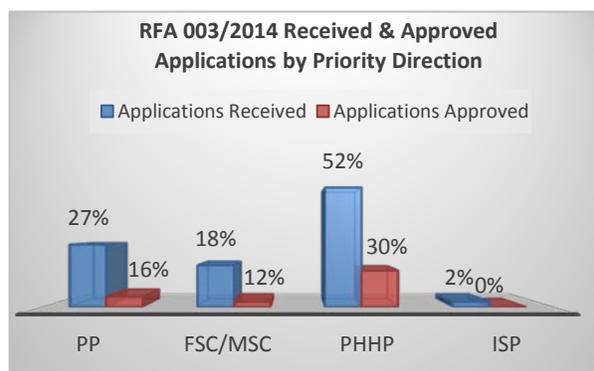
Component 1: SME Development in the Agriculture Sector

Detailed REAP Progress by Activity

REAP's C1 component focuses on investment project design, based on competitive investment plans submitted by private sector agribusinesses to effectively and efficiently utilize a \$6M matching grants fund. It promotes sustainable, rural-based enterprise development by targeting micro, small and medium-sized enterprises to drive growth and income-generating opportunities in the agricultural sector. Focusing on enterprises that provide inputs, services, training and cash markets to smallholder farmers, REAP's investments are designed to catalyze rural economic development through increasing incomes and employment in rural areas. Throughout PY2, REAP has committed more than \$5.6M to 58 agribusinesses and leveraged more than \$15.7M in private sector investments. These investments have created 472 new jobs, generated more than \$18M in gross incremental sales, conducted short-term agriculture trainings to more than 38,000 farmers and provided more than \$2M in new cash markets for smallholders.

RFA 003/2014

In Q1 of PY2, REAP released RFA 003/2014 to invest and assist in the development of women owned agribusinesses. To support the development of applications from female entrepreneurs, REAP contracted four local BSPs to provide grant writing and business plan support services to more than 70 women entrepreneurs identified in PY1 through REAP's Gender Initiative Program. Training ensured that applications met REAP's quality standards and provided those entrepreneurs, whose applications did not obtain a passing score or who choose not to apply, with a quality and bankable business plan.



In response to RFA 003/2014, REAP received 44 applications from women owned agribusinesses. As with the first two RFA's released in PY1, the postharvest handling and processing direction received most applications.

| Priority Direction | Number of Applications | Requested Amount (\$) |
|--------------------------------------------|------------------------|-----------------------|
| Primary Production | 12 | \$145,300 |
| Farm Service and Machinery Service Centers | 8 | \$400,401 |
| Postharvest and Processing | 23 | \$1,752,646 |
| Information Service Providers | 1 | \$12,000 |
| Total | 44 | \$2,310,347 |

Upon review by REAP's Technical Evaluation Committee (TEC) and subsequent site visits, 10 applications were selected for investment by REAP and were approved by USAID. These 10 investments will inject more than \$2.5M into the agriculture sector, with almost \$2M leveraged from the private sector. The breakdown and description of approved grants by priority direction from RFA 003/2014 may be found below.

| Priority Direction | Number of Approved Applications | Requested Amount (\$) | Private Sector Contribution (\$) |
|--------------------------------------------|---------------------------------|-----------------------|----------------------------------|
| Postharvest and Processing | 7 | \$640,759 | \$1,851,529 |
| Farm Service and Machinery Service Centers | 1 | \$12,457 | \$28,571 |
| Primary Production | 2 | \$16,000 | \$46,770 |
| Total | 10 | \$669,216 | \$1,926,870 |

Approved Small and Medium Scale Post-Harvest and Processing (PHHP)

Gemuani Ltd is a producer and collector of kiwi fruit and nuts. With support of REAP, Gemuani will establish a modern processing facility that will integrate cold storage, instant freeze drying technology and vacuum packaging to process dried fruits for sale on local and international markets. The modern processing facility will process fruits from more than 350 local farmers.

Anticipated outcomes:

- Fresh fruits will be purchased from more than 350 local farmers, generating new cash markets worth GEL 415,206;
- 10 new jobs will be created, including 7 for women; and,
- An anticipated 350 farmers will be trained to comply with modern standards and production practices.

Gile Cooperative is a start-up company engaged in fruit collection from local farmers to process into dried fruit. Through REAP’s matching grant, Gile Cooperative will establish a fruit processing facility that contains modern washing, pitting, cutting and sorting equipment and a cold storage facility. The grantee will process fruits from its own orchard as well fruits supplied by local farmers. The newly established fruit processing factory will allow Gile Cooperative to produce dried apples, dried peaches, dried apricots and dried plums for domestic and export sale.

Anticipated outcomes:

- Fresh fruit will be procured from more than 275 local farmers, generating new cash markets worth GEL 851,288;
- 6 new jobs will be created, including 4 for women; and,
- An anticipated 230 farmers will be trained to comply with modern standards and production practices.

Santa Ltd is one of the fastest growing milk, cheese, and curd producing companies in Georgia. This women-owned company operates in a very remote area of Georgia, Tsalka, and is the only source of employment growth in the immediate area. The goal of REAP’s investment project is to modernize Santa’s milk production and processing operations enabling them to purchase more milk from farmers and to meet modern food safety standards.

Anticipated outcomes:

- Raw milk will be purchased from more than 113 local farmers, generating new cash markets worth GEL 807,477;
- 5 new jobs will be created, all for women;
- An anticipated 113 farmers will be trained in improving milk collection practices.

Zoreti Ltd specializes in high quality whitebait and trout production for local markets. REAP will support Zoreti to expand their current business activities by constructing a processing facility and renovating three existing fishery pools. The modern processing facility will include cold storage, packaging and smoking services for local trout farmers.

Anticipated outcomes:

- 60 small and medium trout farmers will directly benefit from receiving whitebait, and access to fish vacuum packaging and smoking services from Zoreti’s processing facility; and,
- 10 new jobs will be created, including 4 for women.

Rural Cooperative Diognisi was established by five experienced farmers from Khulo to collect and process fruits for drying. This grant program is unique within REAP as it is co-financed by the EU-funded ENPARD program. Within the framework of the ENPARD program, Rural Cooperative Diognisi will obtain high quality manufacturing machinery for dried fruit production. The REAP investment will contribute to the establishment of a fruit processing factory in Diognisi Village through purchasing a vacuum packaging machine and labeling machine that will allow the cooperative to expand their activities with lower operational costs. The modern processing facility will be utilized to dry apple and bilberries purchased from local farmers.

Anticipated outcomes:

- Apple and bilberry will be collected from more than 140 local farmers, generating new cash markets worth GEL 40,205;
- 3 new jobs will be created , including 2 for women; and
- An anticipated 100 farmers will be trained in improved production practices.

Dr. George Laboratory is a widely recognized national food manufacturer in Georgia. The company produces different varieties of Georgian national candy bar Churchkhela, including Rkatsiteli Churchkhela, Saperavi Churchkhela, Churchkhela with rosehip and grapes and dried fruit coated in chocolate. REAP will co-invest in the company to increase their capacity to sell high quality Churchkhela and dried fruit coated in chocolate to large supermarket chains and shops in Tbilisi, Batumi, Kutaisi and other regional centers of Georgia.

Anticipated outcomes:

- Raw materials will be purchased from more than 345 local farmers, generating new cash markets worth GEL 273,049;
- 12 new jobs will be created, including 11 for women; and
- An anticipated 282 farmers will utilize improved production practices.

I/E Marina Akolashvili is a collector, processor and exporter of agricultural products to Ukraine and Azerbaijan. The enterprise’s core business activity is the collecting, sorting and packaging of peaches, nectarines, plums and persimmons from smallholder farmers. Through REAP’s matching investment, Akolashvili will establish a modern cold storage and fruit processing facility that will allow the enterprise to purchase more raw materials from local farmers.

Anticipated outcomes:

- Fresh fruit will be purchased from more than 580 local farmers, generating new cash markets worth GEL 1,511,607;
- 7 new jobs will be created, including 5 for women; and,

- An anticipated 500 farmers will be trained in improved production practices.

Approved Farm and Machinery Service Centers (FSCs/MSCs)

Nektari Ltd facilitates the development of the agriculture sector by supplying farmers with high-quality fertilizers, pesticides, veterinary drugs/animal feed, seeds and agricultural tools. The goal of the REAP investment project is to expand the activities of the existing FSC and to introduce mobile veterinary services, including a diagnostic laboratory. The existing FSC, along with the laboratory, will provide reliable input supply and veterinary services to local farmers and entrepreneurs from Imereti region. The laboratory will facilitate the provision of a full range of diagnostic services to local small and medium scale farmers involved in livestock production.

Anticipated outcomes:

- 14,270 new farmers will benefit from access to high quality products and veterinary services;
- 3 new jobs will be created, including 2 for women; and
- An anticipated 11,133 farmers will be trained in different technical areas of agricultural production.

Approved Primary Production (PP)

I/E Ia Urushadze operates a honey and packaged bee business in Guria. To facilitate the development of Georgia's apiculture sector, REAP and I/E Ia Urushadze are investing in the establishment of a laboratory to artificially inseminate queen bees. The laboratory will enable the grantee to develop a new business line around artificial insemination of queen bees and will serve as a training center for local beekeepers to gain practical skills in apiculture.

Anticipated outcomes:

- 120 small, medium and large farmers will be supplied with more productive queen and honeybees;
- 3 new jobs will be created, including 1 for women; and,
- An anticipated 90 farmers will be trained in improved apiculture practices.

I/E Lali Chankseliani owns a beekeeping business with more than 70 bee families. Together, REAP and Lali Chankseliani will launch a new profit center that includes honey filtration, production of beehives and beehive frames.

Anticipated outcomes:

- 170 small, medium, and large farmers will be supplied with more productive package bees, beehives and beehive frames;
- 2 new jobs will be created, including 1 for women; and,
- An anticipated 118 farmers will be trained in improved apiculture practices.

RFA 004/0115 (FSCs/MSCs Grants)

In January 2015, REAP released RFA 004/0115 soliciting applications to establish or strengthen new and existing FSC/MSC enterprises that will increase smallholder production and productivity in order to reduce rural poverty and improve food security. REAP's approach to FSC/MSC development will result in the creation of sustainable farm and machinery service centers that will deliver training, improved inputs and related services to smallholders.

In response to RFA 004/0115, REAP received 28 applications from nine regions of Georgia, including Guria, Imereti, Kvemo Kartli, Kakheti, Mtskheta-Mtianeti, Samtskhe-Javakheti, Samegrelo-Zemo Svaneti and Racha-Lechkhumi/Kvemo Svaneti Regions, demonstrating the countrywide interest in REAP and FSCs/MSCs.

Out of the 28 received applications, 12 were selected to be developed into full investment proposals and were subsequently approved by USAID. In total, RFA 004/2014 committed more than \$1.5M from REAP's matching grants fund, leveraging more than \$4.3M in private sector investment. In total, the 12 newly established or expanded FSCs will provide improved inputs and machinery services to more than 60,000 smallholders annually.

| Priority Direction | Number of Approved Applications | Requested Amount (\$) | Private Sector Contribution (\$) |
|--------------------------------------------|----------------------------------------|------------------------------|-----------------------------------------|
| Farm Service and Machinery Service Centers | 12 | \$1,552,950 | \$4,383,637 |
| Total | 12 | \$1,552,950 | \$4,383,637 |

RFA 005A (APMA Grants)

The purpose of RFA005A, was to join REAP's and APMA's efforts in launching successful agricultural enterprises and to support APMA in funding high potential start-up businesses that will increase employment and rural incomes. Eligible only to a short list of applicants with already approved APMA business plans, RFA 005A grants were limited to \$30,000 and will play a crucial role in successfully launching these new enterprises by supplying them with modern equipment, ensuring their access to viable and affordable financing options and most importantly by providing tailor-made technical assistance that will mitigate risks for financial institutions. REAP's technical and financial assistance has enabled APMA's approved business plan applicants to gain access to the credit necessary for these business plans to become a reality.

On April 20, 2015, REAP announced RFA 005A and APMA distributed this solicitation among its selected beneficiaries. REAP received five applications from APMA's pool of approved business plans. As a result, two applications received passing scores from REAP's TEC and subsequently passed their site visits. These two projects, Iberia Fruits Ltd. and Georgian Laurus Ltd., represent new processing ventures that will have significant development and economic impact on rural communities. REAP is working closely with APMA on moving forward with investment proposal development and expects submission to USAID within the first weeks of PY3.

| Priority Direction | Number of Investment Proposals in Development | Requested Amount (\$) | Private Sector Contribution (\$) |
|----------------------------|------------------------------------------------------|------------------------------|-----------------------------------------|
| Postharvest and Processing | 2 | \$57,575 | \$464,013 |
| Total | 2 | \$57,575 | \$464,013 |

Georgian Laurus Ltd is a start-up company, intending to establish a bay leaf processing factory in Vani Municipality. The entity plans to collect bay leaf from local farmers for further processing and sale on local and export markets. Equipped with modern machinery, Georgian Laurus will be able to supply high quality bay leaf to the market at a lower price.

Anticipated outcomes:

- Bay Leaf will be purchased from more than 350 local farmers, generating new cash markets worth GEL 295,710 annually;
- 43 new jobs will be created , including 24 for women; and,
- An anticipated 265 farmers will be trained to comply with collection standards

Iberia Fruits Ltd is a start-up company that will collect fruit from local farmers in and around the municipality of Dusheti. This modern processing facility will provide new and needed economic opportunities for smallholder farmers and collectors along the Administrative Boundary Line with South Ossetia.

Anticipated outcomes:

- Raw apples, licorice roots, rose hip and sea buckthorn will be procured from more than 725 local farmers, generating new cash markets worth GEL 324,311;
- 16 new jobs will be created , including 7 for women; and
- An anticipated 578 farmers will be trained in improved production and postharvest handling practices.

RFA 005B (Processing Grants)

RFA 005B represents the last REAP grant solicitation and focuses on investing in Georgia’s processing sector to assist enterprises to implement business practices and introduce new technologies to meet increasing demands of local and international consumers. Through investing in processing firms that engage directly with smallholder farmers, RFA 005B strengthens smallholders’ livelihoods through improving agricultural production, facilitating access to new markets and transitioning rural households into commercially oriented agricultural production.

As grant funding was limited for this final round, REAP and USAID jointly decided to limit the size of grants to \$60,000. Released in May, RFA 005B received 28 applications from processing firms, requesting more than \$1M in grant funding. After application reviews and site visits, 10 applications moved forward to full investment proposal development. These 10 applications will create 104 jobs and generate \$3.7M in new cash markets and will be submitted to USAID for approval in Q1 of PY3.

| Priority Direction | Number of Investment Proposals in Development | Requested Amount (\$) | Private Sector Contribution (\$) |
|----------------------------|------------------------------------------------------|------------------------------|-----------------------------------------|
| Postharvest and Processing | 10 | \$440,718 | \$1,507,544 |
| Total | 10 | \$440,718 | \$1,507,544 |

Overview of REAP Grant Portfolio

Through PY2, \$5.6M of REAP’s \$6M grant fund has been obligated to strengthen or establish 58 agribusiness that will provide inputs, services and new cash markets for tens of thousands of Georgian smallholder farmers. The remaining \$400,000 is being committed to 12 processing firms from RFA 005A and 005B and REAP anticipates fully committing of the grant fund by the end of Q1 of PY3. In total, REAP’s \$6M grant fund will leverage at least \$17.7M in private sector investment, will create more than 800 jobs, and will provide trainings and improved services to more than 150,000 smallholders. REAP’s

average investments are \$85,000 and leverage approximately \$254,000 in private sector matching, representing \$3 in private sector funding for every \$1 of USG funding. A map and list of REAP's 58 approved grant projects may be found in Annex A and B respectively.

Due to market demand, REAP's 70 investments are most heavily concentrated in FSCs/MSCs and postharvest handling and processing enterprises. The breakdown of REAP's investments by priority are as follows:

| Priority Direction | Number of Grants | Value (\$) |
|-------------------------------------------------|------------------|--------------------|
| Farm Service and Machine Service Centers | 29 | \$3,245,160 |
| Postharvest Handling and Processing Enterprises | 34 | \$2,635,545 |
| Information Service Providers | 1 | \$64,245 |
| Primary Production Enterprises | 6 | \$55,050 |
| Total | 70 | \$6,000,000 |

Grants Implementation

During PY2, 46 grant projects from Round 1, Round 2 and Round 3 continued to advance in their implementation. Almost all of these grantees have completed their mandated construction milestones. Procurement for 19 grant projects are completed and others are in process.

| Implementation Status | FSC/MSC | PHHP | PP | ISP |
|-----------------------|-------------|-------------|-----------|-----------|
| Cost-Share Committed | \$8,806,602 | \$7,362,965 | \$159,350 | \$151,585 |
| Cost-Share Spent | \$5,689,506 | \$3,606,710 | \$91,671 | \$60,011 |
| Grant Funds Committed | \$3,246,380 | \$2,634,325 | \$55,050 | \$64,245 |
| Grant Funds Disbursed | \$1,585,594 | \$1,477,054 | \$38,545 | \$64,180 |

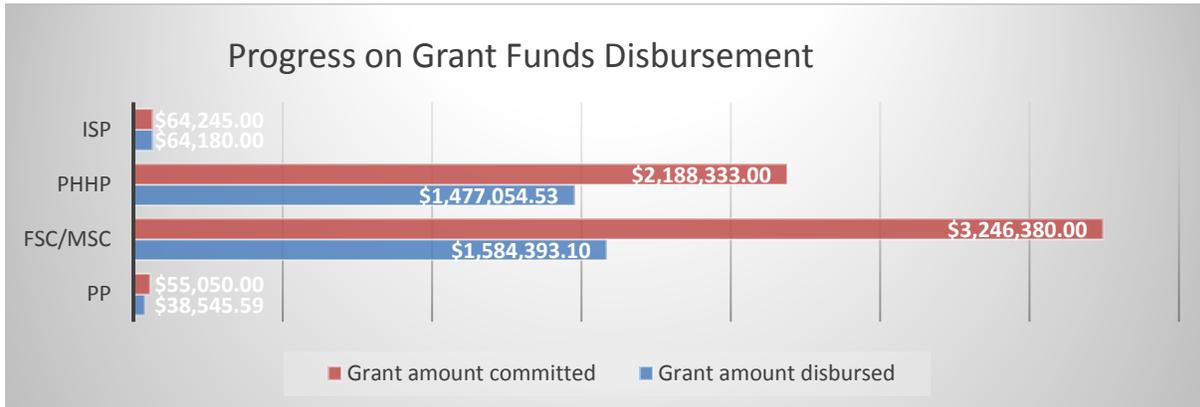
All grant projects have assigned activity managers who, in collaboration with Field Coordinators based in Tbilisi, Telavi, Guria, and Kutaisi, are responsible for overseeing the implementation of the grant projects. Information regarding cost-share, sales and purchases of raw materials, as well as information on new jobs created and commercial finance are collected on a monthly basis and validated by REAP's M&E Team during quarterly site visits.

Procurement

In PY2, procurement was a major programmatic activity for REAP. Projects successfully started procurement for 42 grant projects from Rounds 1, 2 and 3 and fully purchased equipment for 19 grantees. Out of REAP's \$5.6M of committed grant funds, REAP has disbursed \$3.1M, comprising 211 pieces of agricultural machinery and equipment through 66 open bidding processes and quotations from local and international vendors.

Due to the limited demand of fresh fruit and vegetable processing equipment in Georgia and other countries of the former Soviet Union, REAP experienced a significant challenge in identifying vendors of proper equipment within the approved geographic code provided in REAP's contract. REAP worked closely with grantees on readjusting their initial budgets to eliminate requests of waivers from USAID.

Despite these efforts, REAP had to ask for waivers for two grant projects: AgroInvestService Ltd and Agroexport Ltd. Both of these companies are involved in the fresh fruit and citrus collection business. REAP was unable to identify vendors from the approved Geographic Code 937 and consequently had requested waivers to accomplish procurements. In response, USAID granted approvals for both requests, ensuring that these grantees will not miss the upcoming season in Q1 of PY3. Progress on grant procurements against committed funds per each priority direction is given in the table below:



Component 2: Technical Assistance Program

“REAP activities to me appear to be essential for Georgian agriculture, which is on its transitional path from the Soviet to the contemporary model. The highly qualified and motivated team of the organization not only successfully fulfills its programs, but also encourages new activities in Georgian agro-sector. Finally, for me, REAP is the venue and union that has broken rampant stereotypes of the past and has attracted bright and future-oriented youth to its circle. I believe this will greatly add to significant advancement of Georgia's agriculture in the near future”

- Zviad Adzinbaia,
Analyst, Newspaper
Georgia Today.

REAP's technical assistance component provides custom-designed services to all grantee enterprises in order to support the sustainability of increased agribusiness investment. REAP uses local business service providers (BSPs) and international experts to deliver technical assistance. In PY2, REAP's technical assistance efforts focused on individual consultancies in food safety and quality standards, branding/labelling development for grantees, group trainings to smallholders on improved agricultural practices, DCFTA, and veterinary services. In total, REAP provided technical assistance and direct trainings to 420 agribusiness throughout PY2.

Individual Consultancy in Food safety and Quality Standards

Throughout PY2, REAP provided focused technical assistance in food safety to grantee enterprise **Farkoni Ltd**, a collector and processor of wild fruits and berries. The consultancy, 50 % co-financed by Farkoni Ltd will result in ISO 22 000 certification, enabling the firm to expand its presence in domestic as well as new export markets. Within the scope of the tri-party agreement signed between REAP, Farkoni, and the Contractor in February 2015, local service provider company ISO Consulting developed food safety manual and related documents in line with ISO 22 000 requirements and delivered training in FSMS (food safety management systems implementation procedures) to Farkoni's designated staff. Pre-certification audit has been scheduled for late October and the certification process is anticipated to be completed by mid-December 2015.

Gemuani Ltd, operating fresh fruit and kiwi orchards in Zugdidi region, was awarded a grant to establish a modern processing line that will integrate cold storage, instant freezing technology and vacuum packaging for dried fruits. As part of the grant's technical assistance integration plan, REAP is assisting Gemuani to receive Global GAP certification. In April, 2015 REAP signed a tri-party agreement with GDCI, a local consulting firm identified through a competitive tender, in order to provide tailored consultancy and oversee Gemuani's Global GAP accreditation process. The contractor developed job descriptions and standard operating procedures, delivered training on IPM (integrated pest management), hygiene, health and safety practices to Gemuani's relevant staff. Gemuani's pre-certification assessment has been scheduled for early October and the certification process is anticipated to be completed by the end of November 2015, enabling the firm to export its products to European markets, where Global GAP certification is a requirement.

With the DCFTA effective as of September 2014 and the ongoing approximation of Georgian legislation to EU standards, it is essential for Georgian processing companies to adhere to globally recognized food safety standards that will allow them to take advantage of new opportunities, both in domestic and export markets. In Q3 of PY2, REAP worked with two local consulting firms – Management Systems Ltd. and GDCI, to provide customized consultancies to 16 REAP grantee enterprises in order to evaluate their compliance with general hygiene and sanitary rules set by Georgian

legislation. The consultancy covered three major milestones: GAP analysis, food safety trainings and improvement recommendations. Each company received a report highlighting the consultants' findings and detailed recommendations for improvement. REAP received very positive feedback from its beneficiary enterprises with respect to quality and usefulness of rendered services. Most of them already started implementation of improvement measures. As a result of increased awareness of food safety and quality standards, six companies requested REAP to provide individual assistance in introduction of HACCP and Global GAP standards. REAP will address these requests through its cost-share based TA program designed for Year 3.

Individual Consultancy in Branding and Labeling

Throughout PY2, REAP provided tailored packaging and labelling assistance to seven grantees to increase the awareness of their products and to assist them to access new international markets or better position themselves in local markets. The seven selected enterprises are all either launching new products or needed to rebrand their businesses to meet international requirements. REAP, through local branding/labelling companies and a short-term international marketing consultants, assisted the below-listed companies with the following:

- GeoFlower Ltd: New brand identity including name, logo and packaging were designed for their new retail product;
- Herbia Ltd: New logo and packaging were designed for the existing product line as well as a new product line launched with REAP's assistance.
- Lomtagora Ltd: New brand identity and a public relations strategy and action plan were developed to promote new and existing products;
- Anaseuli Tea Factory Ltd: New brand visuals including name, logo and packaging were developed for new tea products.
- AgroPharm+ Ltd: Brand identity created for the soils and food testing laboratory as well as a public relations strategy and action plan;
- Georgian Fruit Company Ltd Ltd: New logo, packaging and branding visuals were created;
- AromaProduct Ltd Ltd: New private label name, logo and packaging were developed along with establishing a registered trademark in the US for their newly created private label.



New packaging and branding is showing immediate success for grantees as modern imagery is attracting customer attention. Herbia's owner notes an increase in sales of more than 20% in the first month since their new brand imagery appeared on supermarkets' shelves. Examples of new branding and labeling designed by REAP may be found in Annex C.

Group Training in Enterprise Strategic Planning

Recognizing the need for enterprises to develop long-term strategic planning as a key element of business operations, REAP contracted a local consulting company INNOVA to organize a two-day enterprise strategic planning training event in Batumi. 30 REAP-supported agribusinesses, 15 processors and 15

FSC/MSCs, received this assistance. The participants were introduced to critical aspects of strategic planning such as business environment analysis, business models, competitiveness, strategy formulation, and functional strategies. Together with strategic planning theory, the trainers discussed case studies of successful Georgian companies. The training event enabled REAP-supported agribusinesses to share their experiences, to learn from their peers, and to establish business linkages.

This training course resulted in a request to organize a more in-depth training on SME management, best practices, and planning tools. Furthermore, three enterprises requested to develop long-term business strategies. The continuation of REAP's assistance in enterprise strategic planning to its grantees will continue in PY3 and will be reflected in the PY3 Work Plan.

Group Training in Veterinary Practices

In August, REAP organized a three-day veterinary training course for 10 FSC/MSCs grantees that offer veterinary services to local farmers. This was to upgrade the skills and knowledge of their veterinary specialists. The training course was delivered by Georgian Rural Development Department (GRDD) of the Georgian Institute of Public Affairs (GIPA), an implementer of the USDA-funded Animal Health Program in Georgia. The program focused on priority topics as identified through a specially designed REAP survey. The last training day included a visit to a dairy farm where participants were able to observe modern veterinary farm management practices in real time. The course was attended by 22 participants including veterinary specialists from the National Food Agency (NFA) in Imereti.

The follow-up training evaluation confirmed a further need for veterinary training programs with a greater emphasis on practical training. In the forthcoming years, REAP plans to organize demand-driven veterinary training programs as new grant recipient FSC/MSCs come on line.

Customer Service Training Program

REAP regularly conducts training needs surveys to identify key areas where the project can intervene to strengthen the capacity and knowledge of REAP-supported agribusinesses and provide demand-driven services. One of the areas for assistance expressed by FSC/MSCs was an urgent need to upgrade skills of their sales persons in customer service. To address the existing issue, REAP contracted a local consulting company to deliver a customer service training program for FSC/MSCs that will assist the companies build a competitive edge for their businesses, attract and retain more customers, and increase sales. KMS, a certified business partner of US-based RMG Training Company, was selected to provide Service Plus trainings conducted over a 2-day period for 35 sales persons from six FSC/MSCs. The program was well received, and the FSC/MSCs plan to introduce recommendations for improvement including establishing a customer satisfaction survey to measure their customers' level of satisfaction and to assist in addressing existing problems.

In PY 3, REAP plans to provide this training program to other FSC/MSCs as they become fully operational.

TA Outreach Activities

In PY2, REAP continued delivery of market driven assistance to non-grantee agribusinesses utilizing a 50/50 cost-sharing scheme. A TA program outreach campaign for PY2 was designed to raise awareness of capacity building opportunities among targeted audiences of non-grantee agribusinesses. The first outreach session was organized in cooperation with Agricultural Projects Management Agency (APMA) and was attended by 16 agribusinesses that participate in APMA's Cheap Credit program. The event aimed at providing information about the scope and format of REAP's technical assistance program, highlighting

“USAID/Restoring Efficiency to Agriculture Production Project is effectively contributing to comprehensive implementation of the current reforms in the agriculture sector by the Government of Georgia. Supporting the development of mechanization and farmers service centers, as well as processing enterprises of various capacity through financial and technical assistance, is undoubtedly very important, because strengthening of each component of agriculture will guarantee its overall effectiveness and quality improvement”

– Gela Samkharauli,
Chairman of the
Parliamentary
Agriculture

benefits of tailored individual consultancy and group trainings. Event attendees provided very positive feedback towards the presented opportunities, and as a result of this outreach event, REAP received a request from Pirosmeni Ltd, engaged in dairy production, to provide assistance in bio-certification. Through an established tender procedure, REAP identified Caucascert Ltd, to be contracted for delivering services to Pirosmeni Ltd. Bio-certification will help company increase its sales in the domestic market.

Within the framework of Georgia Hazelnut Scientific-Practical Conference held on 22 June, REAP’s Technical Assistance Component Lead delivered a presentation on TA opportunities to the members of Hazelnut Processors Association of Georgia. REAP’s TA component closely cooperates with the Association to address interest of hazelnut processors towards specific TA areas. REAP is currently providing individual consultancies to three hazelnut processors in ISO and quality management certifications.

In addition, various other TA outreach efforts resulted in four more non-grantee companies applying to REAP to receive individual consultancy through 50/50 cost-sharing scheme. These firms are:

Kartuli Soko Ltd. is launching a state of the art, high tech facility to produce mushroom compost and needs international expertise in production technologies. A tri-party contract between REAP, Kartuli Soko and a mushroom technologies expert will be signed once the client agrees to the project implementation timeframe.

Citro Ltd. is engaged in the production of natural juices and jams from raw materials consolidated from small farmers. With enhanced export opportunities the company needs to introduce globally recognized standards in food safety and quality management. REAP has been verifying the capacity of the applicant to undertake responsibilities required by ISO 9001.

Mukhrani Agro, is a greenhouse operator, located in Mtskheta municipality. The firm needs assistance from a qualified agronomist to pursue best agricultural practices. REAP solicited additional information on economic efficiency indicators and produced a scope of work to be performed by the selected consultant.

Qarva Ltd, which is engaged in maize production, applied for technical assistance in ISO 22 000 certification. Based on business operations-related information provided during the meeting with the applicant company, REAP requested more precise information about project objectives and the long-term project vision. This process is underway.

Technical Assistance to Non-grantees

Based on a technical directive received early in PY 2, REAP continued to accept applications and provide non-grantee technical assistance on a 50/50 cost-share basis. Non-grantee TA is utilized to provide expertise to agribusinesses in food safety and quality standards, business plan development, production and post-harvest practices. Below are the ongoing

projects within the scope of cost-shared TA program:

Vanrik Ltd. – In PY2, REAP started its technical assistance program to Vanrik, one of the largest producers of cultivated blueberries in Georgia, through its 50% cost-share TA program. In May, an international expert contracted for this consultancy visited the firm to provide follow-up consultations that introduced best international practices to Vanrik’s agronomists and local farmers. To this end, on May 20, REAP, together with Vanrik, organized a training event in best blueberry production technologies that was attended by 66 persons including farmers from Ozurgeti, Chokhatauri, and Lanchkhuti regions, Vanrik’s harvesters, and local MOA extension centers. As a result of this consultancy, Vanrik signed a trial agreement with International Procurement & Logistics (IPL) company which supplies Walmart and its UK subsidiary ASDA. The agreement was signed to purchase 5 tons of blueberries. This placed Georgian blueberries on the shelves of supermarkets in the UK for the first time. Additionally, Vanrik made trial shipments to Bulgaria and Russia.

Westnut Ltd. - applied to REAP for technical assistance to receive a consultancy in food safety and to obtain ISO 22000:2005 certification for hazelnut production. Westnut Ltd. has been engaged in the hazelnut sector since 2006 and operates a fully equipped processing facility in Zugdidi. The company currently exports to limited European markets. However, with strict quality and food safety requirements, adherence to globally recognized standards became essential for the enterprise to increase its exports to new European markets. REAP contracted GDCI, a local consulting company, to provide customized consultancy to the applicant firm. During June-September, 2015, GDCI conducted GAP analysis with regard to ISO 22 000 requirements and trained Westnut’s staff in FSMS implementation procedures. The certification process is anticipated to be finalized by the end of November, 2015.

SnaxCo Ltd. applied to REAP for technical assistance to receive a consultancy in food safety and to obtain FSSC 22000:2010 certification for hazelnut production. Sneksko Ltd. operates a hazelnut production factory in Zugdidi and plans to expand their production through a modern and fully equipped facility that will be constructed on newly purchased 4425 m² of land bordering their existing factory. Currently the firm exports unshelled hazelnuts to European markets, however with the enhanced capacity of the new facility the company plans to increase their product assortment which will expand both exports and domestic sales. Management Systems Ltd, contracted by REAP to deliver required consultancy to the firm, conducted GAP analysis. However due to a delay in facility construction and some operational challenges, the consultation process has been rescheduled to a more suitable date.

Anka Fair Trade Ltd. applied to REAP for technical assistance to facilitate ISO 22000:2005 certification process for hazelnut production. Beginning operations in 2009, Anka Fair Trade is a hazelnut processing company that consolidates hazelnuts from small and medium size farmers operating in Zugdidi. Presently, Anka Fair Trade operations include: husking, drying, cleaning, calibrating, cracking, sorting, packaging and exporting hazelnuts. REAP contracted Management Systems Ltd, a local consulting firm, to provide customized consultancy to the enterprise. Within the period of July-September 2015, the contractor conducted GAP analysis, developed a food safety manual and delivered HACCP awareness and internal audit trainings to the firm’s designated staff. REAP anticipates the firm to be ISO certified by the end of November, 2015

OliveGreen – In late June, OliveGreen which operates a 60-ha olive plantation in Kakheti region approached REAP with a request to co-fund the services of an international agronomist to improve their olive plantation management and production practices and to assist in establishing a nursery. REAP contracted an international agronomist to advise OliveGreen in these areas and advised on soil chemistry, weed control, fertigation, pruning, harvest management, and raise awareness of local farmers on olive farming opportunities in Kakheti. The consultancy is ongoing and in PY3 the consultant will continue to provide on-site consultations and deliver training to local farmers.

Enhanced Pool of REAP partner BSP's

Early in PY1, REAP identified 32 qualified BSPs to serve as local consulting partners for REAP's technical assistance activities. These BSPs compete for individual task orders to provide cost-shared technical assistance to REAP's grantee and non-grantee enterprises. With an expanded number of grant recipient companies that are in need of TA in various priority directions and considering increased interest in cost-shared based TA, in Q3 REAP evaluated an additional pool of Georgian BSPs and selected 11 qualified BSPs to join REAP's pool of partner BSPs. In total REAP is working with 43 local companies who compete for project specific tenders and provide tailored consulting and training services. Early in PY3, REAP plans to organize an awareness building event for its partner consulting companies to highlight TA program priorities, TA delivery format and procedural aspects.

Group Training in DCFTA

In 2014, the European Parliament ratified the EU-Georgia Association Agreement that together with the Deep and Comprehensive Free Trade Agreement (DCFTA) aims to gradually integrate Georgia's economy with that of the European Union. In terms of agriculture sector, the agreement requires Georgia to implement a number of reforms that will apply both to agricultural products for domestic consumption and to those destined for export. For agriculture, the most relevant changes relate to food safety (bacterial contaminants, pesticides, inspection, and labeling) as well as animal and plant health (phytosanitation).

To assist Georgian agribusinesses to comply with the new requirements and capitalize on opportunities created through the DCFTA, in early October REAP launched a DCFTA special initiative to analyze specific requirements for the agriculture sector and provide tailored recommendations for REAP beneficiaries to meet relevant EU regulations and to adhere to standardization procedures. REAP contracted the consortium of the Agricultural University of Georgia and the Free University to implement this program. It identified 18 REAP grantees whose operations are directly affected by the DCFTA and held a series of individual meetings and consultations with these enterprises to assist them understand their specific business operations and to explain how the DCFTA will affect their operations. In February, a three-day training course was organized for the beneficiaries to summarize the above findings and to assist them to better understand relevant DCFTA requirements and regulations. Attended by 21 agribusinesses and members of the Ministry of Agriculture and National Food Agency, the training course provided a thorough overview and analysis of DCFTA requirements including sanitary and phytosanitary measures, HACCP, rules of origin, tariffs, customs, regulations, food labeling and hygiene rules.

To provide further guidance to REAP's beneficiaries and the Georgian agricultural community at large, REAP, in cooperation with the Ministry of Agriculture, developed three roadmaps for primary producers, processors and testing labs that provide a detailed overview of DCFTA requirements and standards for



these sub-sectors including practical instructions and case studies. . The roadmaps were widely disseminated among REAP supported enterprises and other beneficiaries including the Ministry of Agriculture of Adjara, MOA Extension Centers, Information Center on NATO and EU Integration, Ministry of Economic and Sustainable Development, educational institutions, business associations, farm service centers (FSCs), and local farmers. The roadmaps may be found at the following link: [DCFTA Roadmaps](#).

Model Demo Plot System Development & Farmer Field Days

REAP actively promotes a sustainable private sector demonstration plot system to be used to showcase agricultural products, techniques, best practices and new technologies for small-holder and emerging commercial farmers. In PY2, REAP provided focused technical assistance to the selected beneficiary FSCs and nurseries to help them establish modern demonstration plots. This included crop-specific and technology-specific consultancy and monitoring, as well as machinery-related advice provided by REAP's local short-term consultants. The demonstration plot development program included a series of field days targeting local farmers, representatives of local agriculture services & FSCs/MSCs, local government officials, as well as students and professors from agrarian faculties to increase their knowledge and skills in modern agricultural technologies and practices.



No-till demonstration day at IE Zurab Tetvadze's plot

Based on agricultural calendars, 11 farmer field days were arranged during PY2, at five selected demonstration plots in Dedoplistskharo, Mtskheta, Kareli, Marneuli and Akhaltsikhe regions. Modern agricultural practices, including soil cultivation, pest management, grafting, pruning, seedling production and harvesting were showcased in the course of field events attended by a total of 453 individuals. Agriculture technologies experts from Mashav, as well as local agronomists were actively engaged in group trainings and individual consultancies aimed at increasing technical capacity of the agronomists and plant protection specialists of the targeted FSCs and nurseries.

Minimum tillage and no-tillage soil cultivating practices pursued by REAP grantee farmer Zurab Tetvadze in Dedoplistskharo, showed very positive results against traditional farming methods. Data collected throughout technology application process (from land preparation to harvesting) showed that minimum- and no-till techniques saved the farmer at least 20% in production costs. The harvest revealed that the yields with minimum and no-till were substantially higher as well (Traditional cultivation produced 3tons/ha; Minimum-till produced 3.4tons/ha; and No-till produced 3.6 tons/ha). Achieved results generated huge interest among the farmers community. The potential for this technology in Georgia is great and its introduction will be an overarching REAP goal through year five of the project.

In Year 3, REAP will expand its demo plot development program focusing on gradual transition of existing agricultural practices to modern farming technologies. The program will cover different regions and crops

suitable for effective utilization of modern technologies. Field days will be arranged at each selected plot in order to promote advanced technologies and modern machinery among targeted local farmers.

Cross Cutting Activities

Gender

Gender integration into REAP continued with activities that can be grouped into the following five pillars:

Facilitate the Development of Women-owned Agribusinesses:

Throughout PY2, REAP continued implementation of its gender initiative – ‘Facilitate the Development of Women-owned Agribusinesses’, which aimed at supporting the development of women-owned agribusinesses through the following actions:

- In October, 2014 REAP issued a special RFA-003-1014 targeting women-owned agribusinesses that demonstrated business experience, entrepreneurial potential based on relevant skills, resources beyond REAP’s grant to invest in the venture, and a credible business idea. 44 female trainees out of 81 participants of REAP’s Gender Initiative had applied and 12 were approved for grant. One participant of REAP’s Gender Initiative, unsuccessful during RFA-003-1014 cycle, reapplied and was approved during RFA-004-0115 cycle.
- By the end of PY2, REAP developed a new initiative ‘Facilitate the Development of Women-owned Agribusinesses – Stage 2’ tailored to the needs of female grantees and non-grantee ‘near qualifiers’ and focused on three pillars, such as capacity building, leadership development and networking.
- In January 2015, REAP conducted 3 regional capacity building seminars to women agriculture entrepreneurs in Western Georgia on access to agro credits. The seminar covered an overview of loan application requirements and procedures. The participation was open to all female trainees of REAP’s Gender Initiative 2014 and all interested women entrepreneurs. In total 35 participants attended seminars.
- Women agricultural entrepreneurs stay interested in advancing their financial and investment literacy skills and that was taken into account while designing a new 3 pillar long-term initiative ‘Facilitate the Development of Women-owned Agribusinesses – Stage 2’. Preparation of a printed and an e-manual is being considered. The electronic brochures are being circulated through social media resources such as [Facebook’s fan page](#), a [blog](#), REAP’s website and a mailing list to disseminate information on available assistance to women owned enterprises.
- A number of female grantees and non-grantee ‘near qualifiers’ participated in several events organized by various stakeholders, such as *USAID Beneficiaries Artisanal Showcase and Sale 2014*; a Conference ‘*Agriculture Enterprises as Role Models*’ within the framework of USAID’s Global Diaspora Week; a *Capacity Building Seminar on Modern Branding Requirements* by REAP; EBRD’s Seminar on Women Entrepreneurship within the framework of UN’s Women’s Entrepreneurship Day launched in partnership with the Global Entrepreneurship Week (GEW) and the US Department of State; Women in Business Reception hosted by US Ambassador, and

American Days 2015. This contributes to increasing visibility of women agriculture entrepreneurs and REAP will promote participation of women in related activities.

- In PY2, REAP started cooperation with USAID/F2F on building the capacity of REAP’s non-grantee ‘near qualifiers’ women agriculture entrepreneurs. In May 2015, USAID/F2F Consultant visited a beekeeping farm in Adjara. REAP will continue close partnership with USAID/F2F under the auspices of a three year initiative ‘Facilitate the Development of Women-owned Agribusinesses – Stage 2’.



REAP’s Outreach Campaign Targeting Women:

- In January 2015, in order to identify and reach out to qualifying women applicants as well as ‘near qualifiers’ aimed at encouraging and supporting their participation in REAP’s Grant Program, REAP’s Gender Team developed and circulated an e-poster addressing women entrepreneurs and stimulating their interest to apply for RFA №004/0115. The poster was circulated through REAP’s Facebook Profile Page, REAP’s gender mailing list, two gender specific networks – GTG and sub-group Gender and Agriculture, as well as CENN’s Georgia mailing list. In addition, the poster was published in a scientific-informational journal ‘Agrarian Georgia’, p. 30, issue № 2(46), February, 2015, a monthly periodical in Georgian focusing on agriculture issues (The action resulted in a number of calls from both, women-owned and men-owned enterprises).
- In March 2015, Gender Specialist met women members of Community Union “Nukriani” to deliver information on REAP’s opportunities. It was identified that there might be some qualified women that could have the potential to apply for REAP’s Grant Program under the grant category ‘PHP’. Samples of REAP’s grant application package were provided. REAP intends to keep providing information on its 3 pillar long-term initiative ‘Facilitate the Development of Women-owned Agribusinesses – Stage 2’ to women members of Community Union “Nukriani” as well as other interested women and young agriculture entrepreneurs.
- In May 2015, in order to identify and reach out to qualified women applicants as well as ‘near qualifiers’ aimed at encouraging and supporting their participation in REAP’s Grant Program, REAP’s Gender Team circulated an announcement of RFA № 005B/0515 to the attention of participants of REAP’s Gender Initiative 2014 and the wider public through emails, Facebook page and phone calls. Also, an e-poster addressing women entrepreneurs was developed and circulated. Three women applicants applied for a grant as a direct result of this campaign.



Establishment and Launch of REAP's Strategic Platform 'Gender-Equitable Agricultural Development':

In March 2015 REAP launched its Strategic Platform 'Gender-Equitable Agricultural Development'. The platform is to serve as an effective instrument for dialogue, networking and interventions on engendering the agribusiness as well as the promotion of profiles of women entrepreneurs, young agricultural entrepreneurs and gender-sensitive or gender-equitable



Gender Platform Meeting

agribusinesses. At the launch event, the members of the platform had an opportunity to receive information on various grant and technical assistance opportunities presented by APMA, Entrepreneurship Development Agency, USAID/F2F, ENPARD, and EBRD. In addition, capacity building on how to build sustainable relationships was provided. Participants provided REAP with information on areas of their interest. Some participants were contacted for their feedback – women especially praised an opportunity to participate in a country-wide meeting, where they had a chance to meet like-minded persons and discuss issues of their interest. REAP will continue to cooperate with these agencies and particularly with F2F.

REAP's Gender Team has developed a number of tools (a mailing list, a [blog](#), a [Facebook fan page](#)) aimed at increasing access to information through provision of e-information services aiming to increase an access to information for members of the strategic platform. Also, a special package of profile-raising materials has been prepared to promote women agriculture entrepreneurs including publication of a special issue of a bi-annual bulletin.

Identifying potential linkages between the REAP and other stakeholders active in the field of gender and agriculture and / or agriculture development:

In April 2015 REAP started cooperation with HERA (Her Equality Rights, and Autonomy), a UK charity, through dissemination of information on HERA's micro grants and provision of a translated application package to women agriculture entrepreneurs and subscribers of REAP's gender Facebook page. Two members of REAP's strategic platform were provided with the requested equipment by HERA. Mariam Kodua's hazelnut processing enterprise was especially acknowledged by Dr. Nico Nissen, HERA's technical adviser. HERA expressed its interest to continue cooperation with REAP.

REAP's Gender Specialist was invited by Association of Women Farmers of Kakheti to celebrate the UN International Day of Rural Women and transformation of a regional association into the nationwide. The event was organized by the UNDP and Association of Women Farmers of Kakheti within the framework of the UN Joint Programme "To Enhance Gender Equality in Georgia". REAP has developed cooperation with both entities and has provided information on its grant and technical assistance opportunities to members of the Association. Three women agriculture entrepreneurs enrolled in REAP's business plan development training program of Gender Initiative 2014, and one trainee, Izoldi Kitesashvili became a grantee. A number of women trained by REAP already joined or are planning to join the Association.

“USAID/REAP has been working for the past few months on a detailed agricultural lending strategy for one of the major Georgian banks, with the goal to help the bank increase its ability to make profitable and targeted agricultural loans. As part of this effort, it has been necessary to conduct detailed research into the most profitable value chains for agricultural production and processing in Georgia. The research has been very useful for the partner bank, but has also confirmed for REAP that there are significant opportunities for growth and development in Georgian agriculture. These opportunities, such as the prospect for increased value-added processing and exports, are providing employment and revenue opportunities for thousands of Georgian farmers and SME’s. This is to significant benefit for a wide range of Georgian famers, entrepreneurs and exporters, among others. All of this presents a strong opportunity to Georgian banks to lend to this sector safely and profitably, which will enable the banking sector to share in the increased strength of this sector. REAP encourages interested lenders to contact its access to finance team to learn more!”

- Daniel Gies, Access to Finance Consultant.

Development of Gender Integration Plans for Grant Recipients:

The REAP Gender Specialist developed gender integration plans for all successful applicants of RFA-003-1014 and RFA-004-0115 cycles and some successful applicants of RFA-005B-0515. The plans are tailored to each successful grant application that is included in each investment proposal; these are to be continued with field visits for further adjustments at the later stage.

Access to Finance

Access to finance is an important element of REAP project as it aims to foster commercially-sustainable financing linkages between producers, post-harvest enterprises and banks. To facilitate increased access to financing for agricultural enterprises, REAP’s access to finance activities centered around four main directions:

- To assist enterprises develop bankable business plans;
- To provide technical assistance to targeted commercial banks;
- To provide access to finance assistance to female owned business that participated in REAP’s Gender Initiative;
- To organize training for banks’ loan officers in a close collaboration with Agricultural Projects Management Agency (APMA);

Those activities accelerated beyond initial expectations and REAP successfully assisted enterprises in accessing more than \$12M in new commercial financing.

Loan Financing for Grantees and Non-Grantee Enterprises

In Q1, REAP’s Access to Finance Specialist worked closely with REAP’s grantees to understand their credit needs and history and to develop bankable business plans. REAP then shopped these business plans to commercial banks participating in APMA’s “Cheap Credits Program”. In all cases, REAP’s financial contribution and technical assistance buys down the risk for banks and raises the credit worthiness of REAP’s grantees. Notable successes include a \$279,000 loan for AromaProduct, a \$240,000 loan for AgroService, and a \$40,000 loan for Ltd Zoreti. In addition, REAP facilitated a \$2.2M loan for non-grantee enterprises Stimor Associates.

Technical Assistance to Bank Republic and TBC/Constanta Bank

In the framework of cooperation with two of Georgia’s largest banks: Bank Republic and TBC/Bank Constanta, REAP finalized major access to finance initiatives. Within these initiatives, REAP had to provide technical assistance

for Bank Republic to develop agricultural lending strategy and improve agriculture lending portfolio and develop agricultural loan products for TBC/Constanta Bank that target smallholder farmers.

The consultancy received by Bank Republic began in January and was carried out by an international consultant. In Q3, REAP's international consultant delivered his final presentation to Bank Republic on their agricultural lending strategy. Bank Republic's agricultural lending strategy comprised recommendations for investment in 7 primary production sectors and 3 processing sectors, establishing: a new agriculture lending unit to streamline loan approvals, a strategy for targeting new clients, and other new analytical training tools. The strategy was presented to Bank Republic's senior management, including the Deputy CEO. REAP and Bank Republic continue to work together on designing an implementation plan for the agriculture strategy to which Bank Republic committed 20M GEL in new lending.

In June, REAP also finalized its initial work with TBC/Bank Constanta to develop new agriculture lending products that target smallholder farmers. After meeting with bank representatives, visiting branches and clients, REAP recommended and developed two new lending products for the bank: wholesale financing and combination of seasonal loan with future deposit. REAP's international access to finance expert presented analytical tools, worksheets, training materials and case studies to TBC/Bank Constanta's Deputy CEO and Product Development Team. REAP and TBC/Bank Constanta continue to work on developing a comprehensive training program for the bank's loan and risk officers to understand and adopt the new financial products.

Access to Finance Orientation Training for Women Owned Business

To assist women owned businesses access commercial credit, REAP's Access to Finance and Gender Specialists conducted three training sessions for 35 women owned businesses. During these meetings, REAP presented an overview of the loan application and review process, provided information on available loan products and assisted business owners assess their credit needs vis a vis available loan products.

Agricultural lending training for banks' loan officers

To improve the awareness of banks' loan officers in agricultural lending and to introduce the unique characteristics of this sector, REAP access to finance specialist and local consultant, in close collaboration with Agricultural Projects Management Agency (APMA) conducted trainings in 6 regions: Ajara/Guria/Samegrelo, Samckhe-Javakheti, Shida Kartli, Kvemo Kartli, Kakheti and Tbilisi. The training materials were divided in five main sections:

- Introduction to agricultural lending;
- Supply chain of agricultural business;
- Agro lending risks;
- Structure of agro loans;
- Overview of APMA programs;

Training was attended by 129 loan officers from 12 commercial banks participating in APMA's cheap loan program.

Workforce Development

Skills development is central to improving productivity, growth, and sustainability. With this in view, in PY 2, REAP identified training needs and organized a number of professional and capacity development

training courses for REAP’s grant recipient agribusinesses and other beneficiaries as described in the above sections to upgrade their workforce skills, knowledge, and expertise.

In addition, REAP believes that for further development of the agriculture sector of Georgia, it is crucial to closely cooperate with educational institutions offering agriculture programs to increase their capacity to establish sustainable linkages with employers and to better respond to the needs of labor market. In PY 2, REAP focused on the below interventions to address skills mismatches in the labor market:

- 26 students from nine universities were hired for 6-month internships in REAP’s Tbilisi, Kutaisi, and Telavi offices. This internship enabled them to apply classroom theory to actual work situations and provided them with an excellent opportunity to be involved in the day-to-day operations of the international development project. 7 of REAP’s interns got employed after completion of REAP’s internship program.
- 69 students from Agricultural University of Georgia, Agriculture Department of Georgian Technical University, and Akhaltsikhe Vocational College participated in 11 field days organized at the demonstration plots operated by REAP’s grant recipient FSC/MSCs that allowed them to gain valuable practical experience and information on modern agricultural technologies.
- 17 students from Agricultural University of Georgia participated in a ten-day training course organized by a member of Ferrero Group, Agrigeorgia LLC, in Zugdidi. The students were trained by AgriGeorgia’s experts to upgrade their skills and knowledge in hazelnut harvesting, drying, storing, processing and laboratory testing.
- 4 MOUs were facilitated between four REAP-supported agribusinesses and Ivane Javakhishvili State University and Gori State University. As a result, three REAP interns were provided an opportunity to build their research skills and develop their undergraduate thesis papers on real business scenarios.

Special Initiatives

USAID/Azerbaijan and ASAP Visit to REAP

In Q1, REAP hosted a five day visit from USAID/Azerbaijan and USAID’s newest agricultural development program in the Caucasus, the Agricultural Support to Azerbaijan Project (ASAP). ASAP, also implemented by CNFA, aims to strengthen agribusinesses and commercial farms in the hazelnut, pomegranate, orchard crops and vegetables production. Over the course of the five day exchange visit, USAID/Georgia, USAID/Azerbaijan, REAP and ASAP discussed synergies across the two programs, visited REAP’s



grantees and met with Ferrero’s subsidiary AgriGeorgia to discuss collaboration between Ferrero and USAID/Azerbaijan. REAP and ASAP continue to communicate on a regular basis, sharing relevant

implementation documents, lessons learned and best practices to ensure efficient and effective implementation across the two programs.

Collaboration with AgriGeorgia

Hazelnuts are one of the major agriculture products of Georgia, representing Georgia's largest agriculture export by value and supporting employment and livelihoods for more than 50,000 families. Recognizing the potential and significance of developing the hazelnut sector, REAP and Ferrero's fully owned subsidiary AgriGeorgia, and the Georgian Hazelnut Growers' Association entered into a Terms of Cooperation to engage in a cooperative program of technical assistance and training in support of the hazelnut sector in Georgia. This relationship builds on months of collaborative discussions and will consolidate, coordinate and leverage the technical expertise of the organizations to increase productivity and incomes of Georgian hazelnut growers. The program will target five areas: 1) access to finance; 2) soils testing; 3) demonstration plots; 4) workforce development; and 5) grower training.

In August, the collaborative program, along with the Agrarian University, launched a training and learning program to build the capacity of 17 Agrarian University students in hazelnut production. This 10



Agronomists training at GHGA

day training program exposed students to modern harvesting and postharvest handling practices, while providing opportunities to learn from AgriGeorgia's local and international experts. Students receive theoretical and practical training, visited AgriGeorgia's drying facility and learned how to properly harvest hazelnuts. This was the first of four planned training and learning programs which will continue in PY3 to train students in all aspects of hazelnut growing and prepare them for advanced studies or jobs in the expanding hazelnut sub-sector. In September, the program issued a tender to provide soil analyses for hazelnut growers. With the support of AgriGeorgia's technical experts, soil samples will be taken from 300 hazelnut orchards and tailored recommendations will be provided on proper input usage. The soil tests will be analyzed by the selected laboratory throughout Q1 of PY3 and the results will be available to the growers prior to the January fertilization period.

"It's a pleasure to be able to report on the wonderfully valuable work USAID and REAP are helping to implement here in Georgia for the good of the people in the regions and the country as a whole. I wish them every success in their future endeavors to educate and inspire the citizens of beautiful Georgia"

- Katie Ruth Davies,
Editor in Chief, Georgia
Today

Environmental Management and Monitoring

During the Project Year 2 REAP's Environmental Management and Monitoring was focused on following main activities:

Initial environmental screening (IES). Shortlisted applicants of 3 consequent rounds (3, 4 and 5) were screened against the REAP Environmental selection criteria. In total 35 site visits took place during the year 2; the respective memos for the visits were developed and submitted to REAP grant committee.

Developing the Environmental Review Checklists (ERCs). In total 22 ERCs for round 3 and 4 grantees were developed and approved. In addition 3 ERCs were developed and submitted to USAID for approval under the Round 5: MPT Ltd, PBH Trans Ltd and I/E Zaza Mameshvili. ERC for remaining 9 applicants are under development;

Monitoring. The progress of REAP's grantees, mainly under the round 1, 2 and 3 was monitored on a regular basis in accordance with respective EMMPs (Environmental Monitoring and Mitigation Plan). In total 28 monitoring visits were conducted by REAP environmental specialist in cooperation with regional coordinators. As a result the environmental site memos were designed and recommendations and comments were provided to grantees;

PERSUAP and IPM Training. In response to USAID's request, REAP's Environmental Specialist and an international environmental consultant conducted a three week in-country assignment to update and revise USAID/Georgia's Pesticide Evaluation Report and Safe Use and Action Plan (PERSUAP) that will ensure all USAID supported projects are in compliance with USAID's environmental regulations (22 CFR 216). The international consultant conducted numerous site visits around Georgia and met with representatives from FSCs, primary producers, agrochemical distribution companies, the National Food Agency and the Department of Phytosanitary. The updated and revised version of Evaluation and Safe Use Action Plan (PERSUAP) was submitted and approved by USAID during the Q3 of the Project Year 2. The selected parts of this document were translated in Georgian and are ready for publishing for further dissemination among REAP grantees. In addition, in Q1 of Year 2 REAP organized a half-day PERSUAP training session to improve knowledge of REAP's beneficiaries in USAID's environmental regulations on pesticide support and integrated pest management. The training session was led by REAP's international environmental consultant and attended by 12 FSC/MSCs, USAID's NEO, and Farmer-to-Farmer programs. The training covered three main topics:

1. Integrated Pest Management (IPM) for selected crops;
2. Safe pesticide storage in USAID Farm Service Centers and pesticide bottle disposal; and
3. USAID's regulations to reduce pesticide risks on USAID Projects including GlobalGAP and IPM.

It is planned to organize another set of trainings on revised PERSUAP and its updated content for REAP grantees by the end of November 2015;

Publications. A new series of environmental safeguards and worker safety/healthcare posters and brochures were developed and are ready for publishing. In total 8 posters (listed below) and one brochure were developed. This includes: Emergency measures in cases of intoxication with pesticides; Hand wash instructions at the workplace; Safety measures during the application of agriculture machinery; Personal Hygiene and behavioral rules at Enterprise; Agrochemicals Storage and Control; Safety measures during the preparation, packing, mixing and application of pesticides; Washing – disinfection procedures at Enterprise; Pest Control practices at Enterprise; The main principles of arrangement of Food enterprises (brochure).

Capacity Building. REAP's Environmental Specialist traveled to Israel for a two week training conducted by MASHAV on Agrological Approaches for Sustainable Agriculture. REAP continues to benefit from its relationship with MASHAV and will continue to seek further staff development opportunities and to expand on the collaborative efforts between the programs.

Internship. Three TSU students (Biologists/Biotechnologists) participating in REAP internship program were directly supervised by REAP environmental specialist. They were involved in most of above described activities, and greatly contributed to successful implementation of related tasks. In addition these students carried out research as part of their bachelor thesis works, using REAP grantees data and facilities (Campa Ltd, Lomtagora Ltd).

Monitoring and Evaluation (M&E)

REAP's PY2 Annual Performance Report reflects the work conducted by the project towards its strategic goal, objectives and sub-objectives as stated in REAP's Results Framework, and summarizes the achievements through performance indicators and descriptive narrative. REAP's M&E system allows REAP to track progress on a quarterly basis in order to obtain systematic, meaningful feedback about the successes and areas for improvement in its programming and interventions.

In PY2, twenty-two successful applicants were identified and added to REAP's grants pool, leading to a total of 58 grant projects. Among these 58 businesses, 32 companies were operational in PY2 and have provided performance data according to the requirements of REAP's M&E system. The remaining 26 grant projects are still in the early stages of mobilization (including newly approved grantees from the last two rounds) and their full scale activities are anticipated in PY3. Relevant baseline data has been collected from these companies.

Data from REAP's grantees was collected and analyzed against milestone achievements, outcomes and outputs. Below are given accomplishments of contractual targets.

| Indicator name | PMP LOP Target | Projected PY2 targets | PY 2 achievements | Progress against PY2 targets | Actuals to date | Progress against LOP targets |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------|-------------------|------------------------------|-----------------|------------------------------|
| Number Grants approved to FSC, MSCs or hybrids Grants approved to primary producers, service/information providers, small or medium-scale consolidation/storage/processing enterprises | 70 Grants | | 22 Grants | | 58 Grants | 83% |
| | \$6,000,000 | | \$1,868,211 | | \$5,554,008 | 93% |
| Number of jobs created with USG assistance | 800 | 360 | 426 | 118% | 472 | 59% |
| Number of distinct clients purchased products or services from USG assisted SMEs | 156,185 | 53,333 | 40,769 | 76% | 40,799 | 26% |
| Gross incremental sales by USG assisted SMEs (all type) | \$60,900,000 | \$8,110,000 | \$17,555,152 | 216% | \$18,956,768 | 31% |
| Number of farmers supplying primary agricultural products | 2,500 | 1,200 | 1,134 | 95% | 1,234 | 49% |
| Value of primary agricultural products supplied by farmers | \$12,400,000 | \$1,000,000 | \$1,554,343 | 155% | \$2,013,102 | 16% |
| Gross incremental sales by USG assisted SMEs (PHHP) | \$24,250,000 | \$3,110,000 | \$7,240,708 | 233% | \$8,183,565 | 34% |
| Number of individuals who have received short-term agricultural training | 164,505 | 54,533 | 43,763 | 80% | 43,893 | 27% |

The detailed report on progress against all 31 PMP indicators along with the CBA results and the methodology utilized for the M&E system is given in Annex D.

Financial and Expenditure Summary:

| | <u>Total Budget</u> | <u>Year 1 Budget</u> | <u>Year 1 Expense</u> | <u>Year 2 Budget</u> | <u>Year 2 Expenses</u> | <u>Year 2 Balance</u> | <u>Project Balance</u> |
|------------------------------------|---------------------|--------------------------|---------------------------|--------------------------|----------------------------|---------------------------|----------------------------|
| Salaries and Wages | \$3,757,742 | \$745,871 | \$654,509 | \$830,711 | 885,059 | (\$54,348) | \$2,218,175 |
| Fringe Benefits | \$524,044 | \$126,510 | \$79,919 | \$131,409 | 105,009 | \$26,400 | \$339,116 |
| Consultants | \$299,181 | \$74,717 | \$21,098 | \$84,044 | 93,787 | (\$9,743) | \$184,295 |
| Travel, Transportation and Perdiem | \$463,366 | \$128,115 | \$105,936 | \$103,651 | 157,096 | (\$53,445) | \$200,333 |
| Equipment and supplies | \$155,070 | \$96,775 | \$123,794 | \$13,728 | 26,998 | (\$13,270) | \$4,278 |
| Communications | \$184,653 | \$33,516 | \$14,312 | \$36,941 | 15,853 | \$21,088 | \$154,489 |
| Allowance | \$225,004 | \$96,468 | \$69,607 | \$76,594 | 109,774 | (\$33,180) | \$45,624 |
| Other Direct Cost | \$2,324,567 | \$293,083 | \$282,138 | \$412,695 | 392,285 | \$20,410 | \$1,650,144 |
| Indirect Cost | \$2,544,314 | \$511,535 | \$462,900 | \$541,910 | 619,574 | (\$77,664) | \$1,461,840 |
| Fixed fee | \$630,283 | \$129,431 | \$94,453 | \$134,297 | 167,500 | (\$33,203) | \$368,330 |
| Total | \$11,108,224 | \$2,236,021 | \$1,908,667 | \$2,365,980 | 2,572,934 | (\$206,954) | \$6,626,623 |
| <u>Sub-Contract Costs</u> | | | | | | | |
| CARANA | \$2,061,567 | \$456,017 | \$217,469 | \$424,367 | 391,686 | \$32,681 | \$1,452,412 |
| WFLO | \$419,672 | \$100,360 | \$72,164 | \$105,073 | 39,652 | \$65,421 | \$307,856 |
| Total | \$2,481,239 | \$556,377 | \$289,634 | \$529,440 | \$431,338 | \$98,102 | \$1,760,268 |
| <u>Financial Tools</u> | | | | | | | |
| GRANTS | \$6,000,000 | \$800,000 | \$113,412 | \$2,450,000 | 3,051,935 | (\$601,935) | \$2,834,653 |
| Total | \$6,000,000 | \$800,000 | \$113,412 | \$2,450,000 | \$3,051,935 | (\$601,935) | \$2,834,653 |
| TOTAL | \$19,589,463 | \$3,592,398 | \$2,311,712 | \$5,345,420 | \$6,056,207 | (\$710,787) | \$11,221,544 |

Key Constraints:

Programmatic

Envisioned in the initial design and contract for REAP was the establishment of 80 FSCs/MSCs to provide inputs and machinery services to smallholder farmers. Over the course of six grant solicitations, the demand for FSC/MSC grants was less than anticipated, and subsequently, less FSC/MSC grants have been funded through REAP. As FSCs/MSCs are the main conduit for working with large numbers of smallholder farmers, REAP did not reach as many smallholders as originally projected for PY2. Despite having less FSCs/MSCs than originally envisioned, REAP is on track to meet its contractual target and is confident it will do so.

Annexes

Annex A: Map of Approved Grant Projects

Annex B: List of Approved Grant Projects

Annex C: Branding and Labeling Examples

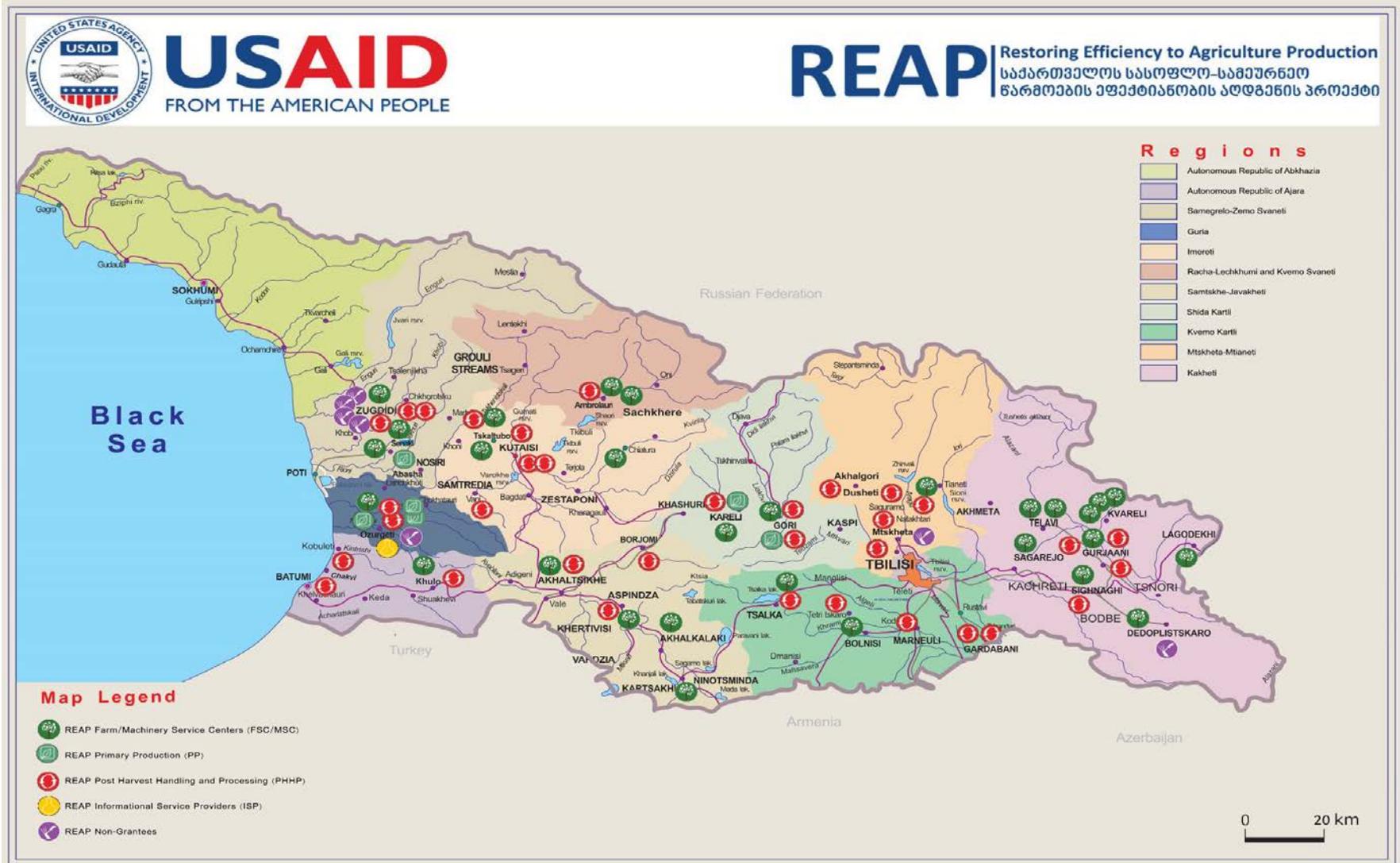
Annex D: PMP Report with Cost Benefit Analysis



USAID
FROM THE AMERICAN PEOPLE

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

Annex A: Map of Approved Grant Projects





Annex B: List of Approved Grant Projects

| | Grant Project | Priority Direction | Region | Place of project implementation | Grant Fund | Private Sector Investment |
|----|--------------------------------|--------------------|------------------------|---------------------------------|--------------|---------------------------|
| 1 | Geoflower Ltd | PHHP | Racha-Lechkhumi | Ambrolauri | \$112,493.00 | \$329,544.00 |
| 2 | IE Giorgi Tediashvili | PP | Shida Kartli | Kareli/Breti | \$9,700.00 | \$28,269.00 |
| 3 | IE Davit Omanashvili | FSC/MSC | Kakheti | Akhmeta | \$65,834.00 | \$161,703.00 |
| 4 | Alva Ltd | FSC/MSC | Imereti | Sachkhere | \$142,800.00 | \$361,680.00 |
| 5 | Luk-Agro LLC | FSC/MSC | Kakheti | Signagi/Tsnori | \$142,500.00 | \$364,460.00 |
| 6 | Iveria Ltd | PHHP | Shida Kartli | Gori/Dzevera | \$138,710.00 | \$400,875.00 |
| 7 | Agrokartli LLC | FSC/MSC | Shida Kartli | Gori | \$134,250.00 | \$481,721.00 |
| 8 | Farkoni Ltd | PHHP | Imereti | Kutaisi / Gumati | \$140,090.00 | \$344,993.00 |
| 9 | Agropharm Plus Ltd | ISP | Guria | Ozurgeti/Anaseuli | \$64,245.00 | \$151,585.00 |
| 10 | Georgian Business Zone Ltd | PHHP | Samtskhe-Javakheti | Akhaltzikhe/Tsnisi | \$98,277.00 | \$244,071.00 |
| 11 | IE Serioja Esoiani | FSC/MSC | Samtskhe-Javakheti | Akhalkalaki | \$141,480.00 | \$356,972.00 |
| 12 | Lomtagora LTD | PHHP | Kvemo Kartli | Marneuli/Iagluji | \$98,994.00 | \$259,284.00 |
| 13 | Georgian Fruit Company LTD | PHHP | Kakheti | Gurjaani/Chumlaki | \$143,200.00 | \$867,862.00 |
| 14 | AromaProduct LTD | PHHP | Kvemo Kartli | Tbilisi | \$144,345.00 | \$443,009.00 |
| 15 | IE "Tsitsia Digmelashvili" | FSC/MSC | Kakheti | Sagarejo | \$142,200.00 | \$354,096.00 |
| 16 | Agrovita LTD | FSC/MSC | Kakheti | Gurjaani | \$142,100.00 | \$346,781.00 |
| 17 | Agroeqsporti LTD | PHHP | Ajara | Orta Batumi | \$137,000.00 | \$427,877.00 |
| 18 | Coop. "Georgian Fruit Company" | PHHP | Shida Kartli | Gori | \$109,328.00 | \$264,932.00 |
| 19 | Agroinvestservice LTD | PHHP | Ajara | Chakvi | \$138,600.00 | \$350,040.00 |
| 20 | Eleniksta LTD | PHHP | Shida Kartli | Kareli | \$115,000.00 | \$414,460.00 |
| 21 | IE Valerian Mgeladze | PP | Guria | Ozurgeti/Shemoqmedi | \$9,954.00 | \$25,378.00 |
| 22 | IE Aleksander Nadareishvili | PP | Samegrelo-Zemo Svaneti | Abasha | \$9,626.00 | \$24,945.00 |
| 23 | Herbia LTD | PHHP | Imereti | Tskaltubo | \$80,000.00 | \$221,983.00 |
| 24 | Gvaza LTD | FSC/MSC | Samegrelo | Senaki | \$132,900.00 | \$352,758.00 |
| 25 | Agroservice LTD | FSC/MSC | Kakheti | Telavi | \$142,100.00 | \$462,396.00 |
| 26 | IE Nugzar Papunashvili | PP | Shida Kartli | Gori | \$9,770.00 | \$36,800.00 |
| 27 | Sephieturi LTD | PHHP | Kvemo Kartli | Tbilisi | \$105,380.00 | \$248,875.00 |
| 28 | Campa LTD | PHHP | Mtskheta-Mtianeti | Saguramo | \$118,382.00 | \$310,879.00 |

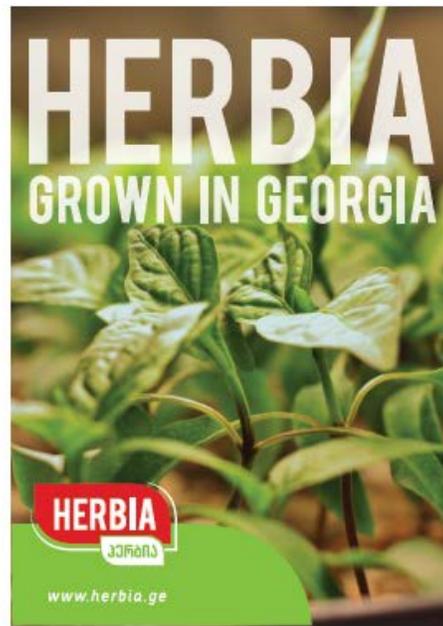
| | | | | | | |
|----|--------------------------------|---------|-------------------------|----------------------|----------------------------------|-----------------------------------|
| 29 | Anaseuli Tea Factory LTD | PHHP | Guria | Anaseuli | \$24,289.00 | \$73,199.00 |
| 30 | IE Giorgi Stepniashvili | FSC/MSC | Mtskheta-Mtianeti | Mtskheta | \$133,000.00 | \$315,463.00 |
| 31 | IE Aleks Tediashvili | FSC/MSC | Kakheti | Kvareli | \$63,000.00 | \$159,317.00 |
| 32 | Deveplus LTD | FSC/MSC | Kvemo Kartli | Bolnisi | \$142,000.00 | \$394,544.00 |
| 33 | IE" Mamuka Tsikoridze" | FSC/MSC | Imereti | Tskaltubo/Geguti | \$142,000.00 | \$351,140.00 |
| 34 | IE "Zurab Tetvadze" | FSC/MSC | Kakheti | Dedoplistskaro | \$72,400.00 | \$194,718.00 |
| 35 | Rural Advisory Service Ltd | FSC/MSC | Samtskhe-Javakheti | Akhaltsikhe | \$73,500.00 | \$263,177.00 |
| 36 | Farmer House LTD | FSC/MSC | Ajara | Khulo | \$66,350.00 | \$178,936.00 |
| 37 | IE Ia Urushadze | PP | Guria | Ozurgeti/Vakidjvari | \$10,000.00 | \$26,803.00 |
| 38 | IE Lali Chankseliani | PP | Guria | Ozurgeti/Baileti | \$6,000.00 | \$17,155.00 |
| 39 | Gemuani Ltd | PHHP | Samegrelo | Zugdidi/Zeda Etseri | \$118,000.00 | \$398,599.00 |
| 40 | Gile Cooperative | PHHP | Kakheti | Chumlaki | \$46,722.00 | \$178,393.00 |
| 41 | Santa Ltd | PHHP | Kvemo Kartli | Tsalka/Santa | \$115,070.00 | \$285,410.00 |
| 42 | Zoreti Ltd | PHHP | Samtskhe-Javakheti | Borjomi/Kvabiskhevi | \$41,900.00 | \$108,509.00 |
| 43 | Dioknisi Cooperative | PHHP | Ajara | Khulo/Dioknisi | \$3,969.00 | \$11,836.00 |
| 44 | Laboratory Dr. George Ltd | PHHP | Kvemo Kartli | Gardabani/Mukhrovani | \$35,585.00 | \$135,704.00 |
| 45 | IE Marina Akolashvili | PHHP | Kakheti | Gurjaani/Mukuzani | \$123,000.00 | \$290,513.00 |
| 46 | Nektari Ltd | FSC/MSC | Imereti | Chiatura | \$12,457.00 | \$48,537.00 |
| 47 | IE Ambrosi Macharashvili | FSC/MSC | Kakheti | Lagodekhi/Tela | \$130,700.00 | \$419,960.00 |
| 48 | Akhali Fermeri XXI Ltd | FSC/MSC | Racha-Lechkhumi | Ambrolauri | \$19,099.00 | \$61,713.00 |
| 49 | Orientali 2013 Ltd | FSC/MSC | Kvemo Kartli | Tsalka | \$129,600.00 | \$405,211.00 |
| 50 | Gejeti Ltd | FSC/MSC | Samegrelo- Zemo Svaneti | Senaki/Gejeti | \$132,000.00 | \$311,120.00 |
| 51 | Guria Farmers' House Ltd | FSC/MSC | Guria | Ozurgeti | \$131,400.00 | \$322,543.00 |
| 52 | AgroServiceKareli Ltd | FSC/MSC | Shida Kartli | Kareli/Bebnisi | \$132,800.00 | \$335,233.00 |
| 53 | IE Sosiko Amirkhanian | FSC/MSC | Samtskhe-Javakheti | Ninotsminda | \$133,120.00 | \$327,830.00 |
| 54 | IE Zurab Kartvelishvili | FSC/MSC | Imereti | Tskaltubo/Geguti | \$135,300.00 | \$391,285.00 |
| 55 | AgroSakhli Ltd | FSC/MSC | Samegrelo-Zemo Svaneti | Zugdidi | \$14,990.00 | \$64,093.00 |
| 56 | Mindia 2011 Ltd | FSC/MSC | Kakheti | Kvareli/Eniseli | \$132,500.00 | \$336,988.00 |
| 57 | AgroTrading Ltd | FSC/MSC | Kakheti | Kvareli | \$132,000.00 | \$337,899.00 |
| 58 | Caucasus Technical Service Ltd | FSC/MSC | Samtskhe-Javakheti | Aspinda | \$132,000.00 | \$344,328.00 |
| | Total | | | | \$ 5,554,009.00 | \$ 15,728,384.00 |



Annex C: Branding and Labeling Examples

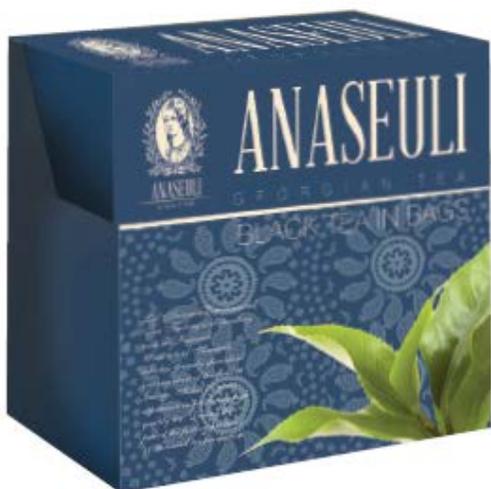
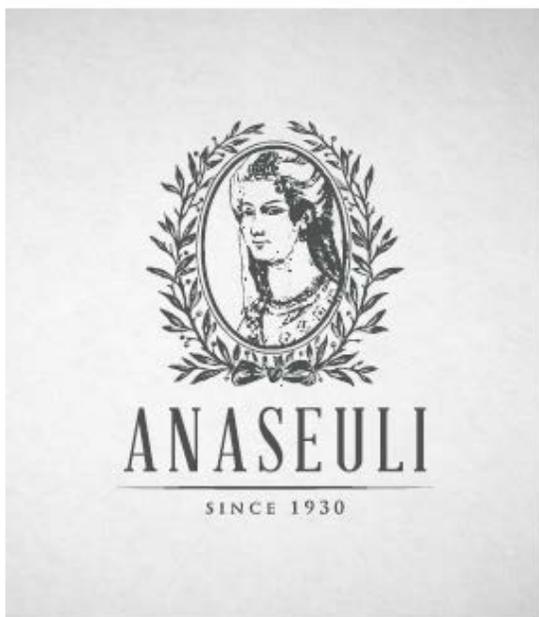
Branding: HERBIA

- New Logo
- New packaging for the 16 products
- Brand book
- Promo and exhibition materials



Branding: ANASEULI

New Logo
New packaging for the products
Brand book
Promo and exhibition materials





Brand Identity

- ✔ New Logo
- ✔ Brand book
- ✔ Promo and exhibition materials

Public Outreach Program

- ✔ Public Outreach Program
- ✔ Action plan for 8 month campaign

Provided by GEPR





With the help of USAID, Ltd Geoflower has begun creating a new brand "Barula".

Under the branding process Ltd Adbrand has made several branding activities:

- Research
- Naming
- Logo
- Brand Book
- Packaging design

Also web-page design will be prepared.





Brand Identity

- ☞ New Logo
- ☞ New packaging for Wheat and Corn Seeds
- ☞ Brand book
- ☞ Promo and exhibition materials

Public Outreach Program

- ☞ Public Outreach Program
- ☞ Action plan for 8 month campaign

Provided by GEPRA



With USAID's support Farkoni Ltd has started development of a new brand "Khomli"





With the help of USAID, Ltd Sefieturi has begun creating a new brand “Zena”.

Under the branding process Ltd Adbrand has made several branding activities:

- Naming
- Logo
- Brand Book
- Packaging design



Annex D: PMP Report with Cost Benefit Analysis

Overview

This report for the fiscal Year 2015 contains REAP PY2 Annual Performance Report developed by the M&E Manager and describes the work conducted by the project towards its strategic goal, objectives and sub-objectives as stated in REAP's Results Framework, and summarizes the achievements through performance indicators and descriptive narrative.

REAP Goal: Development of commercially sustainable and competitive agribusinesses

REAP Overall Objective: Increased Employment and Incomes in Rural Areas

Sub Objective 1: Sustainably increase the availability and utilization of agricultural inputs, services and technical information among small-holder and emerging commercial farmers

Sub Objective 2: Improve the business operations, quality and profitability of beneficiary agribusinesses

Sub Objective 3: Increase skills, yields and incomes of farmers linked to assisted businesses

Sub Objective 4: Increase employment opportunities in rural areas

REAP's M&E system tracks project progress on a quarterly basis in order to obtain systematic, meaningful feedback about the successes and areas for improvement in its programming and interventions.

In PY2 twenty-two successful applicants were identified and added to REAP's grants pool, summing to a total of 58 grant recipient projects. In PY2 one grant project "Chirina LTD" from PY1 has been dropped. Among these 58 businesses 32 companies are fully operational and have provided performance data according to the requirements of REAP's M&E system. Other 26 grant projects are still in the early stages of mobilization (including newly approved grantees from last 2 rounds) and their full scale activities are anticipated in PY3, although some relevant data have been collected from these companies as well.

REAP's M&E Manager has collected, reviewed and analyzed data on activities of the 58 grant projects, their milestone achievement, outcomes and outputs. Our findings are presented below in such a way that "telling of the REAP story" is supplemented and reinforced with appropriate tables and charts.

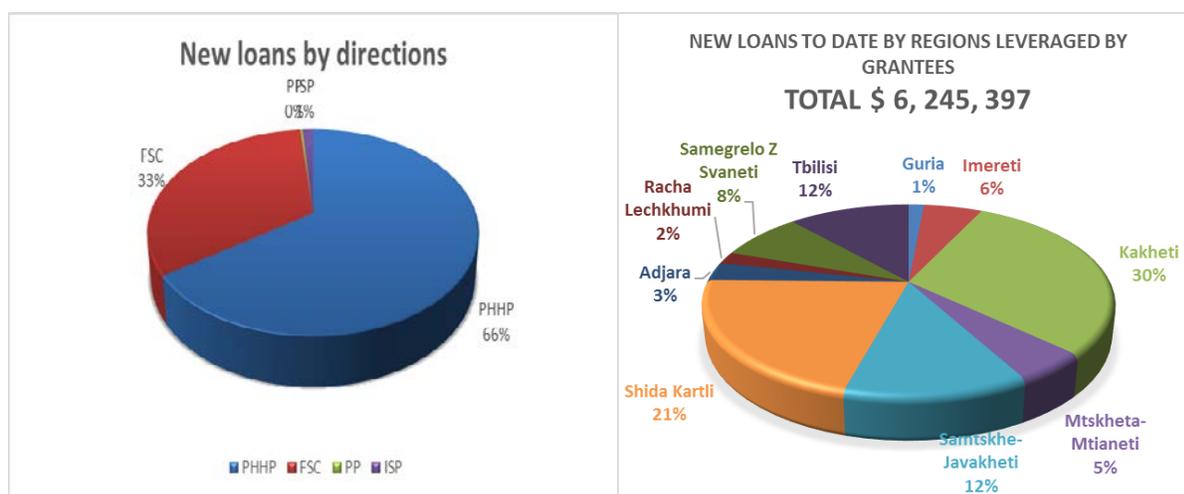
Since the start of the project REAP elaborated the comprehensive M&E system including PMP (Performance Monitoring Plan) with 32 indicators related to REAP's strategic goal, objectives and sub-objectives as outlined in REAP's Results Framework. Per contractual requirement and with international short term consultant's support REAP developed the methodology of cost-benefit analysis (CBA) which is integrated with the M&E system. REAP's full PMP may be found in a separate Excel file submitted along with this report.

Initial data collection is conducted by REAP's Field Coordinators and M&E team members. To ensure the validity of data quality and proper collection methodology, REAP's M&E Manager conducted site visits to all 46 of REAP's grantees from the first three rounds on a quarterly basis and collected necessary data of their activities. In last quarter of PY2, M&E Manager along with the field coordinator visited all grantees to verify and report on a cumulative annual data for the period of October 2014-September 2015.

1. Value of additional financing obtained by the private sector -\$10,397,029 (PY2) and \$13,245,397 (to date)

Fulfilled PY2 target \$2,500,000 by 416 % and in total over-achieved the LOP target of \$7,500,000 by 177 %

Through PY2 28 grant recipients in total accessed more than \$6.2 M in new commercial finance and one non grantee enterprise, with REAP’s technical assistance, leveraged \$7 M in new commercial finance. As a result, at the end of PY2 REAP has already exceeded it’s LOP target by 177 %. The below charts summarize new commercial loans obtained by REAP grantees, per priority direction and disaggregated by region.



In PY2 28 Grant projects have leveraged \$3,397,029 in new commercial finance and it is verified that all these funds were used for business activities particularly related to REAP’s grant project implementation. REAP’s technical assistance to non-grantee enterprise, Stimor Ltd, resulted in \$7 M loan to support its own greenhouse business. In total REAP interventions leveraged more than \$13 M in new commercial finance. The table below shows the new loans leveraged per each grant project:

| # | Grant's Recipient | Region | Municipality | Type | Total new (with REAP) |
|----|----------------------------|----------------------|--------------|------|-----------------------|
| 1 | LTD Farmer House | Adjara | Khulo | FSC | 131,500 |
| 2 | Agrokartli Ltd | Shida Kartli | Gori | FSC | 705,886 |
| 3 | Luk-Agro Ltd | Kakheti | Sighnaghi | FSC | 40,000 |
| 4 | IE Serioja Ezoyan | Samatskhe-Javakheti | Akhalkalaki | FSC | 74,053 |
| 5 | Ltd Agrovita | Kakheti | Gurjaani | FSC | 376,274 |
| 6 | LTD Agroservice | Kakheti | Telavi | FSC | 403,338 |
| 7 | IE Alex Tediashvili | Kakheti | Kvareli | FSC | 15,000 |
| 8 | LTD Rural Advisory Service | Samtskhe-Javakheti | Akhaltzikhe | FSC | 208,000 |
| 9 | IE Mamuka Tsikoridze | Imereti | Tskaltubo | FSC | 107,588 |
| 10 | Geoflower Ltd | Racha-Lechkhumi | Ambrolauri | PHHP | 130,000 |
| 11 | Gemuani Ltd | Samegrelo – Zemo Sv. | Zugdidi | PHHP | 500,000 |
| 12 | Georgia Business Zone Ltd | Samtskhe-Javakheti | Akhaltzikhe | PHHP | 462,857 |
| 13 | Farkoni Ltd | Imereti | Tskaltubo | PHHP | 90,000 |
| 14 | Iveria Ltd | Shida Kartli | Gori | PHHP | 306,324 |

| | | | | | |
|----|---------------------------------------|--------------------|--------------|------|---------------------|
| 15 | LTD Aromaproduct | Tbilisi | | PHHP | 722,222 |
| 16 | Gile Cooperative | Kakheti | Gurjaani | PHHP | 230,000 |
| 17 | LTD Georgian Fruit Company | Kakheti | Gurjaani | PHHP | 774,706 |
| 18 | I/E Marina Akolashvili | Kakheti | Gurjaani | PHHP | 35,000 |
| 19 | Zoreti Ltd | Samtskhe-Javakheti | Borjomi | PHHP | 20,000 |
| 20 | LTD Agroexport | Adjara | Khelvachauri | PHHP | 57,142 |
| 21 | GFC cooperative | Shida Kartli | Gori | PHHP | 117,175 |
| 22 | LTD Campa | Mtskheta-Mtianeti | Mtskheta | PHHP | 310,000 |
| 23 | LTD Herbia | Imereti | Tskaltubo | PHHP | 150,000 |
| 24 | LTD Anaseuli Experimental Tea Factory | Guria | Ozurgeti | PHHP | 9,954 |
| 25 | LTD Eleniksta | Shida Kartli | Kareli | PHP | 175,000 |
| 26 | IE Valerian Mgeladze | Guria | Ozurgeti | PP | 5,143 |
| 27 | IE Nugzar Papunashvili | Shida Kartli | Gori | PP | 11,765 |
| 28 | Agropharm Plus Ltd | Guria | Ozurgeti | ISP | 76,471 |
| | | | | | \$ 6,245,397 |

2 Number of MSMEs receiving USG assistance to access loans – 46 in PY2 out of 71 to date

Fulfilled PY2 target of 45 by 102 % and in total achieved LOP target of 105 by 68 %.

Forty-six grantees received assistance from REAP to receive commercial finance from different financial institutions in Georgia. 28 REAP grantees and one non-grantee were successful in their efforts.

3. Outcome / 4.5.2-38 / FTF - Value of new private sector investment in the agriculture sector leveraged by REAP – \$7,649,177 in PY2 out of \$9,447,899 to date

Fulfilled PY2 target of \$ 6,800,000 by 112 % and in total achieved LOP target of \$16,500,000 by 57 %.

46 grant projects from rounds 1, 2, 3 and one project from round 4 have made significant progress against their cost-share obligations. By the end of PY2 these grantees have reported more than **\$9.4 M** in new private investment that makes up **78%** of their total committed investment of **\$12,070,181** through the REAP program.



On the other hand, based on 58 approved projects from the rounds 1-4, **95 %** of the LOP target of new private sector investment (**\$16.5M**) is already committed and sums up to **\$15.7M**:



Among these 46 projects only 32 are fully operational, so the PY2 results are based on a group of 32 operational grant projects.

REAP’s PMP has 31 indicators: 15 of those are outcome and 16 are output indicators. Outcome indicators include: PPR, standard (F) and custom indicators.

PY2 was the first full scale year for most of REAP’s operational grant projects, although in the coming years the project anticipates significantly higher performance in all directions of the grantee’s business activities.

In PY2, REAP’s grantees have started to show significant increases in gross incremental sales of input and machinery services. Also, cash market value provided to the farmers shows pretty remarkable progress, which consequently contributes to over-performance in two key indicators below:

4. Outcome / PPR /Sub-IR 2.2.1 - Gross incremental sales by USG assisted SMEs (all type) - \$17,555,152 in PY2 out of \$18,956,768 to date

Fulfilled PY2 target of \$8,110,000 by 216 % and the LOP target of \$60,900,000 by 31 %

SMEs have been considered to be one of the “driving forces” of modern economies due to their contributions in technology upgrade, product and process innovations, employment generation, export promotion, etc. This indicator shows how the SMEs supported by USG are advancing. To determine the baseline, pre-existing sales have not been counted; only incremental sales facilitated by REAP are considered.

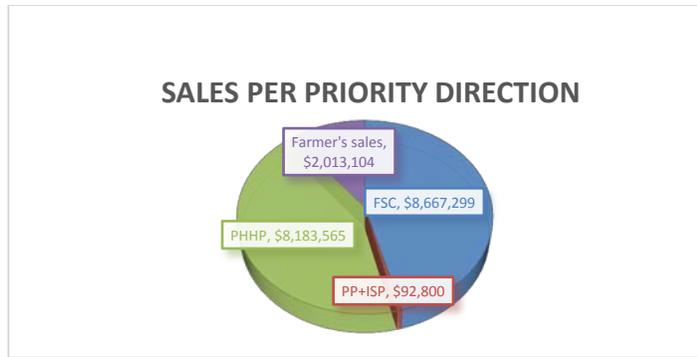
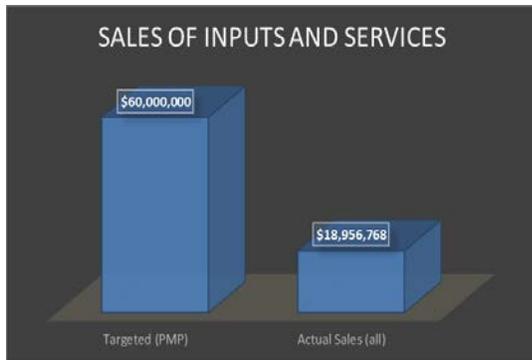
As REAP funded more MSMEs in FY 2015 than it was anticipated, higher than projected value in sales is recorded.

5. Outcome / PPR / 4.5.2-23 / F/FTF- Value of incremental sales (collected at farm-level) attributed to FTF implementation - \$1,554,343 in PY2 out of \$2,013,102 to date

Fulfilled PY2 target \$1,000,000 by 155 % and in total achieved LOP target \$12,400,000 by 16 %

In total 1,135 new farmers supplied more than 3,600 tons of agricultural products to REAP assisted PHHPs worth more than \$ 1.5 M. REAP exceeded an original target for PY 2015 as more than anticipated PHHP grant projects were financed. Consequently, the total number of farmers supplying agricultural products to them is higher than originally projected.

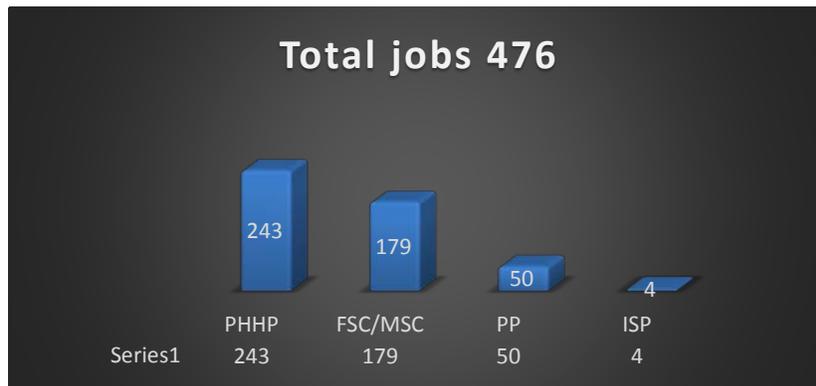
Based on data provided by 32 businesses, to date REAP shows the following in terms of sales:



6. Outcome / PPR / 4.5-2 / F/ FTF - Number of jobs created with USG assistance – 426 in PY2 out of 472 to date

Fulfilled PY2 target of 360 by 118 % and the LOP target of 800 is achieved by 59 %

In PY2 a significant number of new jobs, both permanent and seasonal were created. For seasonal workers, each individual was, on average, employed for 5 months during the year, which allowed REAP to count these as full-time equivalent jobs and add them to the permanent job count. About 37% of employed individuals were women. The distribution of the jobs created is as follows: Permanent jobs – 202, Seasonal jobs – 561, the full-time equivalent jobs are calculated by dividing 561 by 2.5 which gives us 224 full-time jobs. Through PY2, with REAP’s support, 476 jobs were created with the following distribution:



Distribution of jobs per each grant project is shown in the table below:

| | | | Number of jobs created by MSMEs with REAP assistance | | | | | | | |
|----|------|-----------------------------|------------------------------------------------------|----------|-------------|------------|------------|----------------------|-------------|---------------|
| | | | Continuing | | | New | | | | Total to date |
| | | | Permanent | Seasonal | Total (PY1) | Permanent | Seasonal | Full time equivalent | Total (PY2) | |
| 1 | FSC | Agrokartli | 0 | 0 | 0 | 14 | 90 | 36 | 50 | 50 |
| 2 | FSC | IE G. Stepniashvili | 0 | 0 | 0 | 7 | 0 | 0 | 7 | 7 |
| 3 | FSC | LTD Rural Advisory Service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 4 | FSC | IE S. Esoiani | 0 | 0 | 0 | 7 | 35 | 14 | 21 | 21 |
| 5 | FSC | Deveplusi | 0 | 0 | 0 | 5 | 25 | 10 | 15 | 15 |
| 6 | FSC | Luk Agro | 0 | 0 | 0 | 3 | 3 | 1 | 4 | 4 |
| 7 | FSC | D.Omanashvili | 0 | 0 | 0 | 4 | 2 | 1 | 5 | 5 |
| 8 | FSC | Ts.Digmelashvili | 0 | 0 | 0 | 7 | 0 | 0 | 7 | 7 |
| 9 | FSC | Z.Tetvadze | 0 | 0 | 0 | 3 | 20 | 8 | 11 | 11 |
| 10 | FSC | Agroservice | 0 | 0 | 0 | 8 | 8 | 3 | 11 | 11 |
| 11 | FSC | A. Tediashvili | 0 | 0 | 0 | 1 | 0 | 0 | 1 | 1 |
| 12 | FSC | Agrovita | 0 | 0 | 0 | 6 | 0 | 0 | 6 | 6 |
| 13 | FSC | Gvaza | 0 | 0 | 0 | 13 | 10 | 4 | 17 | 17 |
| 14 | FSC | Alva | 0 | 0 | 0 | 5 | 8 | 3 | 8 | 8 |
| 15 | FSC | IE M.Tsikoridze | 0 | 0 | 0 | 10 | 6 | 2 | 12 | 12 |
| 16 | FSC | Farmer House | 0 | 0 | 0 | 3 | 0 | 0 | 3 | 3 |
| 17 | FSC | Nektari | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18 | PHHP | Georgian Fruit Company LTD | 21 | 0 | 21 | 0 | 37 | 15 | 15 | 36 |
| 19 | PHHP | Lomtagora | 0 | 0 | 0 | 8 | 0 | 0 | 8 | 8 |
| 20 | PHHP | Sepieturi | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | PHHP | Campa | 0 | 0 | 0 | 9 | 0 | 0 | 9 | 9 |
| 22 | PHHP | Georgian Fruit Company Coop | 0 | 0 | 0 | 5 | 12 | 5 | 10 | 10 |
| 23 | PHHP | Aromaproducti | 0 | 0 | 0 | 14 | 102 | 41 | 55 | 55 |
| 24 | PHHP | Eleniksta | 0 | 0 | 0 | 7 | 11 | 4 | 11 | 11 |
| 25 | PHHP | Iveria | 0 | 0 | 0 | 4 | 10 | 4 | 8 | 8 |
| 26 | PHHP | GBZ | 1 | 0 | 1 | 4 | 4 | 2 | 6 | 7 |
| 27 | PHHP | Geoflower | 7 | 0 | 7 | 11 | 57 | 23 | 34 | 41 |
| 28 | PHHP | Farkoni | 0 | 0 | 0 | 2 | 20 | 8 | 10 | 10 |
| 29 | PHHP | Herbia | 7 | 0 | 7 | 12 | 54 | 22 | 34 | 41 |
| 30 | PHHP | Anaseuli tea factory | 0 | 0 | 0 | 0 | 4 | 2 | 2 | 2 |
| 31 | PHHP | Agroinvestservice | 0 | 0 | 0 | 7 | 0 | 0 | 7 | 7 |
| 32 | PHHP | Agroexport | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 33 | PHHP | Diognisi Coop | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 34 | PHHP | Dr. George | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 35 | PHHP | Gemuani | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 36 | PHHP | Gile Coop | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 37 | PHHP | Santa | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 38 | PHHP | Zoreti | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39 | PP | IE M.Akolashvili | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 40 | PP | IE G.Tediashvili | 0 | 0 | 0 | 2 | 7 | 3 | 5 | 5 |
| 41 | PP | IE N. Papunashvili | 10 | 0 | 10 | 11 | 30 | 12 | 23 | 33 |
| 42 | PP | IE V.Mgeladze | 0 | 0 | 0 | 4 | 4 | 2 | 6 | 6 |
| 43 | PP | IE A.Nadareishvili | 0 | 0 | 0 | 2 | 2 | 1 | 3 | 3 |
| 44 | PP | IE I.Urushadze | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 45 | PP | IE L.Chankseliani | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 46 | ISP | Agroparm + | 0 | 0 | 0 | 4 | | 0 | 4 | 4 |
| | | Totals | | | 46 | 202 | 561 | 224 | 426 | 472 |

| | | | | | | | | | | |
|--|--|-------|--|--|--|--|--|--|-----|-----|
| | | Women | | | | | | | 158 | 175 |
| | | Man | | | | | | | 269 | 298 |

7. Output / Custom - Number of distinct clients that purchased products or services from USG assisted SMEs - 40,769 in PY2 out of 40,799 to date

Achieved PY2 target of 53,333 by 76 % and the LOP target of 156,185 completed by 26 %

This indicator tracks the number of farmers who visit FSCs/MSCs to buy inputs or services. Based on the grantee's records and observations each individual may repeatedly visit the same FSC/MSC and buy different inputs or receive different services each time. Therefore, within each reporting year the number of unique client (**40,769** in PY2) farmers is calculated. Since FSC/MSC grant projects from round 4 are still in mobilization phase and are not fully operational at the moment, in coming years the significant increase of the number of unique clients is anticipated. Thus in PY2 we are slightly behind and have achieved only about **26% of the LOP target of 156,185 clients**. Since this indicator tracks distinct clients of FSCs/MSCs, a significant increase is anticipated in next program year due to fact that 13 new FSCs/MSCs that are currently in the mobilization phase will become fully operational.

8. Outcome / Custom - Number of farmers supplying primary agricultural products - 1,134 in PY2 out of 1,234 to date

Achieved PY2 target of 1,200 by 95 % and in total achieved LOP target of 2,500 by 49 %

During PY2 **1,134** new farmers have started cooperation and supplied their primary produce to PHHP enterprises in a volume of **3,600** tons with total value of more than **\$1.5 M**.

9. Output / 4.5.2-7 / FTF - Number of individuals who have received short-term agricultural trainings - 43,763 in PY2 out of 43,893 to date

Achieved PY2 target of 54,533 by 80 % and the LOP target of 163,485 accomplished by 27 %

This indicator tracks REAP's approach towards improvement of knowledge and practices among those who are involved in agricultural activities. Most direct beneficiary farmers (clients and suppliers) have received short term training in agricultural topics and as a result, will be able to improve their crop yield and income. Through PY2 about 43,763 individuals received training:

- 40,769 - distinct clients of FSCs/MSCs
- 1,134 - farmers supplying agricultural products to PHHPs
- 426- new jobs created
- 1,434 - farmers receiving individual trainings.

Among these individuals about 35% were women. Similar to distinct clients, this indicator also tracks unique number of beneficiaries which is about 92% of all clients and suppliers working with enterprises assisted by REAP, plus all new employees hired by grantees and including all unique non grantee beneficiaries (both Ind. Entrepreneur farmers and representatives of non-grantee companies).

10. Number of individuals who have received USG supported long-term training – 7 in PY2 out of 10 to date

Fulfilled PY2 target of 3 by 233 % and the LOP target of 15 accomplished by 27 %

This indicator counts those students who have been employed by REAP as interns for more than 6 months and at the same time received their Master's degrees based on research and case studies conducted with the assistance of their designated supervisors from REAP staff.

11. Number of MSMEs receiving business development services from USG assisted sources – 420 in PY2 out of 520 to date

Fulfilled PY2 target of 70 by 600 % and exceeded the LOP target of 220 by 236 %

The total number of micro (1-10) small (10-50) and medium (51-100) enterprises receiving services from REAP supported activities includes grantees, non-grantees and individuals. Services are tailored to the needs of agricultural enterprises and are provided within the REAP's Component 2 activities involving BSPs, local and international STTA. Services include: market access, input supply, technology and product development, access to finance, export promotion, post-harvest handling and processing, etc.

During PY2 REAP supported 420 agricultural enterprises by providing technical assistance and consultancies to increase their capacity and organizational performance. This includes 46 grantees and 374 non-grantee MSMEs. Most of them benefited from more than two types of technical assistance, therefore the number of trainings provided is higher than number of recipients. **Total of 187 trainings were provided to 46 grantees and 378 trainings were provided to 374 non-grantees.**

12. Number of rural households benefiting directly from USG interventions – 43,770 in PY2 out of 44,046 to date

Achieved PY2 target of 54,963 by 80 % and the LOP target of 164,505 by 27 %

This indicator includes the cumulative values of 2 previous indicators such as: a) Number of individuals who have received short-term agricultural trainings, and b) Number of individuals who have received USG supported long-term training. 20 % deviation is due to the fact that not all operational grant projects are operating at full scale and 13 new FSC/MSCs are in their mobilization phase. Therefore these projects are major contributors to this indicator and are expected to serve significantly more rural households in the following years.

13. Number of firms receiving capacity building assistance to export – 40 in PY2 out of 50 to date

Exceeded PY2 target of 30 by 133 % and achieved the LOP target of 90 companies by 56 %

This indicator reflects the number of firms receiving capacity-building assistance to export as part of REAP's technical assistance activity. REAP technical assistance focused on: DCFTA training and roadmaps development, branding and marketing consultancies, adoption of international standards, improvement in management, and improvement of customer service. Among 46 operational grant projects 20 companies have received assistance in export related issues, which resulted in more than \$5.4 M in sales of agricultural products by 5 PHHPs in PY2. In addition, 20 non-grantee enterprises have benefited from export related consultancies and trainings.

14. Number of hectares under improved technologies or management practices as a result of USG assistance - 323,778 in PY2 out of 323,941 to date

Exceeded PY2 target of 68,166 by 475% and exceeded LOP target of 204,344 by 159 %

This indicator measures the area (in hectares) of land cultivated using USG-promoted improved technologies or management practices during the current reporting year. Technologies to be considered are agriculture-related, land-based technologies and innovations, such as:

- Crop genetics: e.g. improved/certified seed that could be higher-yielding, higher in nutritional content and/or more resilient to climate impacts.
- Pest management: e.g. Integrated Pest Management; appropriate application of insecticides and pesticides
- Disease management: e.g. appropriate application of fungicides
- Soil-related fertility and conservation: e.g. Integrated Soil Fertility Management, soil management practices that increase biotic activity and soil organic matter levels, such as soil

amendments that increase fertilizer-use efficiency (e.g. soil organic matter); fertilizers, erosion control

- Irrigation: e.g. drip, surface, sprinkler irrigation; irrigation schemes
- Water management: non-irrigation-based e.g. water harvesting
- Other: e.g. planting density and other cultural practices, improved mechanical and physical land preparation and harvesting approaches (Mechanization).

Data from grantees was easy to collect, whereas the improved area (ha) used by farmers was calculated based on observations and assumptions. Each MSC/FSC grantee reported their numbers of unique clients and suppliers and the corresponding sales value of inputs. The provided information was analyzed with agricultural specialists to define the area that could be improved by utilizing the mentioned inputs.

In PY2 15 FSC/MSCs became operational, as a result improved inputs and herbicides, as well as different kind of machinery services became available to farmers. Utilization of each technology and management practice per each hectare of land is counted as a separate measure and in the above indicator the cumulative number of hectares under improved technology is included. The table below shows the estimate of number of hectares of land under improved technologies or management practices per each type of new technology applied:

| New Technology | Improved Hectares |
|------------------------|-------------------|
| Crop genetics | 35,025 |
| Plant protection | 86,969 |
| Disease management | 83,118 |
| Soil-related fertility | 83,786 |
| Irrigation | 287 |
| Other (Mechanization) | 34,594 |
| | 323,778 |

15. % Increase in average crop yields of targeted agricultural products as a result of USG assistance

As a valid measure of productivity this indicator tracks the increase in quantity/volume of targeted agricultural products produced on the given area of land (in hectares). At the end of PY2, as a result of the application of new technologies and management practices, REAP grantees and their supplier farmers reported increase in yields on average by 50% and 100% for LOP.

16. % of USG assisted entrepreneurs and farmers who demonstrate improved business practices

In PY2, as a result of provided technical assistance, REAP expects that 90 % of assisted enterprises and 90% of assisted farmers will adopt new technologies and will demonstrate improved management practices that will lead to the productivity increase and consequently increase the income. There is a direct link between business acumen (practices) and successful operations. If knowledge and understanding of financial record keeping, reporting, and experience in operating a business in the global/regional economy will increase, then it will imply that the business owners-operators' business acumen is also increased. This indicator measures financial and operational management ability of business owners-operators' and commercial farmers where a cash flow based perspective overrides long-term growth considerations. It will also measure business's understanding of the effects of financial status and growth potential. Thus, this indicator counts the number of entrepreneurs and farmers who have improved business practices as a result of REAP assistance. Business practices refer to: consistent

business planning, operations management, effective use of resources, effective price formation practices, attracting new orders/clients, maintaining and expanding consumer base, marketing and sales practices and channels, PR and advertising, cost-revenue accounting, financial reporting, etc.

For the existing 46 operational projects, preliminary estimates were made while developing grant proposals and projections were analyzed and validated with the Component 1 team along with REAP's agricultural specialists. Actual data has been collected on a quarterly basis, however final validation was made at the end of PY2 by visiting all active projects and meeting with their beneficiary farmers.

17. Additional pieces of agricultural machinery (including tractors and related equipment) available as a result of USG assistance – 211 in PY2 out of 237 to date

Exceeded PY2 target of 64 by 330% and in total exceeded the LOP target of 110 by 215 %

This indicator counts all agricultural machinery purchased through REAP including both the project and through matching investment by the grantee.

18. Value of business development services from USG assisted sources provided to MSMEs including farmers - \$253,080 (Includes all related travel expenses, consultancy fees and etc.)

This indicator counts the REAP's financial inputs spent for all type of technical assistance provided by local or international experts to REAP grantees, non-grantees and individual beneficiaries including bank credit officers. The annual and the LOP targets were not set for this indicator, as it has been added to the PMP after contractual changes happened in the PY1. This custom indicator has replaced previous indicator related to BSP capacity building activities.

19. Total increase in installed storage capacity (m³) - 2,640 m³ in PY2 out of 13,594 m³ to date

Similar to previous indicator this one has been added to REAP's PMP after contractual adjustment were made in the PY1, therefore targets for annual or the LOP period were not set. This indicator measures total increase during the reporting year in functioning (refurbishes and new) cubic meters of storage capacity that have been installed with REAP's assistance. It allows REAP to calculate the contribution of the project towards reduction in post-harvest losses and consequently the substantial increase in both: food and income available to rural households.

In PY2 REAP has contributed to establishment of 800 m³ of dry and 1,840 m³ cold storage, accounting 2,640m³ in total.

Site visit data collection methodologies:

To track the progress against program targets, REAP M&E Manager in PY1 has expanded data collection templates for the grantees and developed mini survey questionnaires for indirect beneficiary farmers, which he continued to utilize during PY2 as well. Regional coordinators and interns were actively involved in data collection, validation and analyses of each grant project. Regular site visits and random monitoring checks have been conducted in order to maintain quality data assessment and reporting.

This section includes a description of how the data is collected by the M&E Manager.

Interviews: This approach helps with collection of information from stakeholder and beneficiary on their experiences, perceptions, opinions, feelings and knowledge about the REAP funded activity.

Observations: This approach describes activities, behaviors, actions, and conversations that were directly observed by the REAP M&E Manager during the course of a site visit. This results in field notes and data that are rich with detailed descriptions. These observations have been documented through photos, collection of verification documents (such as copies of sign-in data sheets on financial performance, new jobs created, trainings conducted and etc.).

File and Document Reviews: This approach is used in conjunction with first two data collection approaches and included sampling written material from organizational records and files, correspondence, official publications, letters, photographs, etc. This provides verification of grantee's own records that they have documented necessary evidence and data to support the reporting of achievements of their activities.

All grantees from rounds 1-3 have provided baseline data and following 3 year targets for each performance indicator and submitted to M&E in electronic and hard copy forms. M&E Manager ensured that the submitted data were consistent, verifiable, achievable and time bound. In addition, all operational grantees have filled quarterly data collection forms, signed and submitted to Field Coordinators and M&E Manager. Each copy is kept by grantees, coordinators and M&E Manager. In PY3 and beyond, the grant projects will be visited by the monitoring team to collect baseline data and projections on the relevant performance indicators.

Using the CBA indicators in the REAP Project

During PY2 REAP continued to monitor and collect data for representative grant projects involved in the CBA. Per international consultant's recommendation, four variables were introduced in PY1 to analyze the profitability of REAP's investment projects: Financial Net Present Value (FNPV) and the Financial Internal Rate of Return (FIRR) to measure financial viability of each grant project; and, Economic Net Present Value (ENPV) and Economic Internal Rate of Return (EIRR) to monetize economic and social impacts of the grant projects.

In addition, REAP introduced two CBA specific indicators to support the abovementioned variables:

- Net Income (for grantees)
- Gross Margin per hectare (for farmers)

To collect and validate relevant data, the M&E Manager designed a simple questionnaire for farmers. The farmer's survey was conducted for the representative projects' beneficiaries in PY1 and PY2. Six grant projects were visited each time to measure the actual impact of REAP activities.

To date REAP surveyed about 400 direct beneficiary farmers of 12 representative projects from Round 1 and 2. In addition it is planned to conduct the mini-survey of 12 more projects during the PY3. In total 24 projects have undergone the CBA analyzes (35% of total estimated grant pool).

On the other hand financial CBA has been applied so far to 43 businesses from Rounds 1-4 and it is planned to analyze at least 12 more businesses from additional grant projects from the following rounds. This will result in 55 (over 70%) projects with financial CBA out of 70 grantees.

In the beginning of PY3 (autumn season) 6 businesses from Round 1 will be revisited again in order to conduct second mini survey with the same group of beneficiary farmers. This is necessary in order to collect actual data from them and replace "projected" numbers from previous survey with "real" ones. The same approach will be used with all other representative projects within the CBA group. At the same

time REAP plans to finalize mini survey results collected in September 2015 from round 2 representative projects and to add those results to the existing financial CBA.

At the end REAP expects that 70% of all grant projects will undergo the Financial CBA and among them only half (35%) will fall under the full scale CBA (financial + economic). The full scale CBA requires regular field visits of M&E to conduct farmers' mini surveys that are highly time and resource consuming and will not be affordable with REAP's existing resources.

To date financial CBAs for the following 43 enterprises from rounds 1-4 are finalized:

Round 1 – 8 projects in total:

3 projects FSC/MSC: Agroqartli, Alva, Lukagro
3 projects PHHP: GBZ, Iveria, Geoflower
1 project PP: I/E Giorgi Tediashvili
1 project ISP: Agropharm +

Round 2 – 15 projects in total:

6 projects FSC/MSC: Agroservice, Alexi Tediashvili, Farmer's House, Gvaza, Mamuka Tsikoridze, Agrovita
7 projects PHHP: Agroinvestservice, Aromaproduct, Georgian Fruit Company, Herbia, Lomtagora, Anaseuli tea, Agro-export.
2 projects PP: Mgeladze, Papunashvili

Round 3 – 10 projects in total

1 project FSC/MSC: Nektari
7 projects PHHP: Akolashvili, Dioknisi, Gemuani, Zoreti, Santa, Dr George, Gile
2 projects PP: Urushadze, Chankseliani

Round 4 – 10 projects in total

9 projects FSC/MSC: IE Ambrosi Matcharashvili, Axali Fermeri XXI, Oriental, GeJeti 2010, Guria Farmer House, Agroservice Kareli, Sosiko Amirkhanian, Zurab Kartvelishvili, Agrotrading, Caucasus Technical Service.

The preliminary results suggested that most of selected projects were financially viable, as measured by the Financial Net Present Value (FNPV) and the Financial Internal Rate of Return (FIRR). This PY is first full financial year for REAP grantees and therefore it is anticipated to have first actual financial CBA by December 2015, as for that time the projected performance data will be replaced with actual numbers in CBA model. The following Program Years will be used to add new representative projects in this CBA pool and at the same time it will continue to gather real financial indicators from representative projects analyzed in PY1 and PY2. Table below gives the preliminary data on CBA indicators for above mentioned 43 grant projects:

| ROUNDS | Directions | Grantees | NPV / IRR | |
|-------------------|------------------------|--------------------|----------------------|-------------------|
| I ROUND | FSC | Agroqartli | 4,234,080 43% | |
| | | Alva | 551,013 29% | |
| | | LukAgro | 573,543 38% | |
| | PP | Giorgi Tediashvili | 23,246 16.28% | |
| | | PROCESSING | GBZ | 486,796 24.61% |
| | Iveria | | 369,176 21% | |
| | Geoflower | | (4,355) 15% | |
| | ISP | Agropharm+ | 189,080 37% | |
| | | II ROUND | FSC | Agroservice |
| | Alexi Tediashvili | | | 288,954 85% |
| | Farmer's House | | | 1,990,135 57% |
| Gvaza | 1,059,029 51.305% | | | |
| Mamuka Tsikoridze | 420,330 36% | | | |
| Agrovita | 2,417,809 47.88% | | | |
| PP | Mgeladze | | (16,664) 11% | |
| | Papunashvili | | 71,393 22% | |
| PROCESSING | Agroinvestservice | | 220,938 18% | |
| | Aromaproduct | | 3,458,739 33% | |
| | Georgian Fruit Company | | 1,275,488 35.569% | |
| | Herbia | | 1,781,785 37% | |
| | Lomtagora | 744,482 23% | | |
| | Anaseuli | 144,731 21% | | |
| | Agroeksporti | 612,187 43% | | |

| ROUNDS | Directions | Grantees | NPV / IRR | | |
|--------------------|----------------|-------------|------------------|---------------|----------|
| III ROUND | FSC | Nektari | 339,930 51% | | |
| | | PP | Urushadze | 80,661 70% | |
| | Chankseliani | | 45,595 50.77% | | |
| | Processing | Akolashvili | 127,306 18% | | |
| | | Dioknisi | 14,337 22% | | |
| | | Gemuani | 301,824 21% | | |
| | | Zoreti | 208,429 30% | | |
| | | Santa | -117,973 13% | | |
| | | Dr George | 314,545 46% | | |
| | | Gile | 275,163 20% | | |
| | | IV Round | FSC | IE Ambrosi | -284,067 |
| | | | | Matcharashvi | 11% |
| | | | | Akhali | 33,237 |
| Fermeri XXI | 18.25% | | | | |
| Orientali 2013 | 531,357 42% | | | | |
| Sosiko | 464,618 | | | | |
| Amirkhaniani | 33% | | | | |
| Kartvelishvili | 987,863 53% | | | | |
| Kareli | 86,052 19% | | | | |
| Gejeti | -250,269 6% | | | | |
| Agrotrading | 456,889 38% | | | | |
| Caucasus Technical | 45,372 17% | | | | |
| Guria Farmer House | 234,598 27% | | | | |

Based on these analyses, the representative projects were grouped per round, direction and per region, which allowed us to show expected aggregated financial impact of REAP investments.

Below are Cumulative Incremental NPV and IRR:

- 1) Cash flows of each projects are summed up and
- 2) Total NPV and IRR are calculated

Round 1:

| | |
|-----|-----------|
| NPV | 6,672,004 |
| IRR | 29.40% |

Round 2:

| | |
|-----|------------|
| NPV | 17,842,330 |
| IRR | 38.02% |

Round 3:

| | |
|-----|-----------|
| NPV | 2,278,561 |
| IRR | 23.86% |

Round 4:

| | |
|-----|-----------|
| NPV | 2,305,650 |
| IRR | 24% |

All rounds

| | |
|-----|------------|
| NPV | 29,098,545 |
| IRR | 32% |

This suggests that, over the 8 year time period these businesses will generate income with current value of **29,098,545 GEL (\$12,651,541)** with annual rate of return on capital **32%** against REAP's investment value of **\$ 4, 048, 298**.

Monetary benefits of REAP's Economic Impact

The CBA allows us to estimate the monetary benefit provided by grant projects to its direct beneficiary farmers. In particular, the project focuses on additional net income that REAP grantee beneficiaries received.

Non-monetary impacts in different domains

In addition to the monetary benefits discussed above, there are many non-monetary benefits generated by the REAP project. The following is a partial list of the development services provided by REAP grantees to their beneficiary farmers. These activities contribute to the non-monetary impacts:

- Availability of inputs and product development;
- Provision of training and knowledge to farmers;
- Increased market access for farmers;
- Access to long-term finance;
- Sustainable infrastructure, such as cold and dry storage and processing facilities;
- Transport and loading equipment;
- Collection centers for agricultural products.

Positive and negative externalities from the new products and technologies

The economic analysis should take into account positive and negative externalities of new products and technologies. These impacts may not be captured in the analysis of farmers' net incomes. The

introduction of new technologies leads to increases in agricultural efficiency and production, which in turn leads to increases in net incomes of farmers or suppliers of agricultural outputs.

- In the frame of REAP’s grants program there are several externalities that can increase the capacity of smallholder farmers: Crop genetics (new seeds), pest management, disease management,
- Soil related fertility conservation, integrated soil fertility management,
- Use of irrigation,
- non-irrigation based Water management, and,
- Planting density

However, application of new technologies or increased utilization of mechanization services may result in a reduction of employment and serves as one example of a negative externality associated with new products and technologies.

Key variables used in REAP’s CBA model are listed below:

1. Number of new farmers per year;
2. Monthly income for a typical farmer: 400 GEL;
3. Annual increase in income (real): differs from project to project; and
4. Number of months worked in a year: depends on the project.

Based on data obtained through grantees and farmers’ survey and consultations provided by agricultural experts, we assume that on average in PY2 90% of indirect beneficiaries (the farmers) will apply new technologies and management practices. Consequently, the economic welfare of farmers will be enhanced, based on increases in their net income. The similar methodology was applied to measure % of increased yield and % of increased income.

Table with assumptions:

| # | Grantee | % increase in crop-yield | % increase in income | REAP's contribution % | % (out of 100 farmers) who adopt new technology | Type of technology the grantee will use |
|---|----------------|--------------------------|----------------------|-----------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| 1 | Agropharm Plus | 30% | 30% | 70% | 20% | Pest Management, Disease Management, Soil Analysis |
| 2 | Tediashvili | 50% | 20% | 70% | 40% | Crop Genetics, Irrigation, Planting Density, improved mechanical and physical preparation and harvesting |
| 3 | Alva | 50% | 20% | 50% | 25% | Crop-genetics, Pest Management, Disease Management, Soil Analysis, Drip-Irrigation |
| 4 | Agrokartli | 50% | 30% | 30% | 30% | Crop Genetics, Planting Density, Pest Management, Disease Management, Soil Analysis, Drip-Irrigation |
| 5 | Iveria | 35% | 20% | 70% | 50% | Crop genetics, Pest and Disease Management, Soil Analysis, Drip-Irrigation, Planting density |
| 6 | Geoflower | 20% | 15% | 70% | 40% | Crop genetics, Soil-related fertility and conservation |
| 7 | GBZ | 30% | 20% | 50% | 50% | Crop genetics, Pest and Disease Management, Soil Analysis, Drip-Irrigation, Planting density |
| 8 | Agroservice | 32% | 25% | 50% | 38% | Agro seasoning, Pest and Disease Management |

| | | | | | | |
|----|----------------------|-----|-----|-----|-----|----------------------------------------------------------------------------------------------------------|
| 9 | Gvaza | 35% | 28% | 30% | 40% | Agro seasoning, Pest and Disease Management |
| 10 | Anaseuli tea factory | 18% | 13% | 30% | 32% | Crop Genetics, improved mechanical and physical preparation and harvesting |
| 11 | Agroinvestservice | 19% | 16% | 50% | 35% | Crop Genetics, improved mechanical and physical preparation and harvesting |
| 12 | V.Mgeladze | 25% | 30% | 50% | 33% | Crop Genetics |
| 13 | Nadareishvili | 23% | 28% | 30% | 30% | Crop Genetics |
| 14 | Papunashvili | 25% | 27% | 70% | 35% | Crop Genetics |
| 15 | Nektari | 30% | 25% | 30% | 34% | Pest and Disease Management, veterinary service |
| 16 | Dioknisi | 10% | 15% | 70% | 33% | Crop Genetics, Irrigation, Planting Density, improved mechanical and physical preparation and harvesting |
| 17 | L.Chankseliani | 10% | 15% | 50% | 30% | Bee keeping and Honey production |

Those selected projects from each round represent all four categories of REAP's grant program. Key assumptions for the REAP CBA model are the following:

1. Prices of outputs and inputs will grow by 1% from year 5 to year 8;
2. Quantities of outputs and inputs are assumed to be constant;
3. Salary of the direct (unskilled) labor will grow by 1% in the case of men and by 0.8% for women;
4. Increase in salary of the indirect labor:
 - 4.1. Skilled labor: 3% for men, 2.80% for women.
 - 4.2. Semi-skilled labor: 2% for men, 1.90% for women.
 - 4.3. Unskilled labor: 0% for both.
5. Domestic inflation rate 5%, foreign inflation rate 2%;
6. Exchange rate 2.2 GEL/USD;
7. Financial discount rate (nominal): 15%; and
8. Economic discount rate (real): 15%.

Ranking Methodology and Assumptions

In Economic Cost Benefit Analyses of REAP's grant projects, we decided to use ranking system in order to determine the contribution attributable to REAP. Improvements in the performance reported by different type of businesses assisted by REAP cannot fully be attributed to our program, hence by using different key performances indicators we are able to rank all analyzed projects and select corresponding contribution value for them. There are different values set for each of these indicators according to their importance in evaluating companies' performance. Afterwards, each company receives average value based on these 5 values which designate them to one of 3 ranges set by us.

We assume that strong companies with high performance values will go under 30% contribution range, which suggests that only 30% can be plausibly attributed to REAP from all improvements achieved by such companies within the REAP's grant program.

Companies with medium performance will go under 50% contribution range and weaker ones – under 70%.

| Companies by performance | % |
|--------------------------|----|
| Strong | 30 |
| Average | 50 |
| Weak | 70 |

We are taking into account 5 different indicators. The problem is that different indicators are measured differently. To calculate one number for ranking (score), we need to make corrections and somehow ensure to have one measurement for all variables.

Dummy variable is the way to solve the problem. In statistics, a dummy (categorical) variable is a variable that can take on one of the limited, and usually fixed, number of possible values, thus assigning each individual to a particular group or "category." For all indicators we use DUMMY (categorical) variables. For each indicator the range was divided into three equal parts and were given values: zero for weak, one for average, and two for strong position of the firm. The indicators and exact dummies are the following:

- **Increase in labor force hired (percentage).** Assuming that if the company was strong before, REAP's marginal effect of the grant would be less. If increase is small, than the firm can be considered as strong and given the two points, if increase is bigger and goes under next range, then 1 point is given. If increase is even bigger and goes under the 3rd range, then 0 point is given.
- **Years of operating before REAP.** Assuming that If the company has long experience this means that it would be stronger than firm with less experience. According to this, more years somehow means more potential and probability to improve performance with less external assistance.
- **Historical gross profit margin (Year 0).** If the company has high historical profit margin, we can assume that it's been strong for the time when partnership with REAP started. According to this, higher profit margin means higher category in dummy variables.
- **Operational profit over total assets.** If operational profit is high, firm is strong. The upper part of the range in this variables will get the two score.
- **Increase in Sales after grant.** This is somewhat similar to the increase in labor force indicator. Marginal profit should be less in case of strong firm. According to this, upper part here should evaluate as weak and get zero score.

The next step after correcting data is to calculate the average score for each company. Score is calculated as weighted average, according to the importance of indicators. The weights are chosen as shown in the chart:

| | |
|-----------------------------------------|------|
| Increase in labor force hired | 0,3 |
| Years of operating before REAP | 0,1 |
| Historical gross profit margin (Year 0) | 0,15 |
| Operational profit over total assets | 0,15 |
| Increase in Sales after grant | 0,3 |

The range we get in this score should be divided into three equal parts. In the upper part there will be strong firms, in the middle - average and in the lower part - weak firms. After this ranking is done, we can estimate the development potential of each company with and without REAP assistance by assigning one of percentage values mentioned above: 30%, 50% or 70%. By doing so we can evaluate the REAP's contribution in their performance.

Given methodology enables us to use these findings in Economic Cost Benefit Analyses well. Our assumptions are following:

Strong grantees without the REAP's support anyway would have reached 70% of those farmers reported to us by the end of reporting year, which suggests that incremental impact caused by REAP is 30% from total number of farmers reached with REAP's support.

Weak grantee on the other hand without support from the project would have reached only 30% of those farmers reported to us. Which suggests the whole 70% from total impact can be attributed to REAP's assistance.

| Direction | Grantees | REAP' s contribution rate | Increase in labor force hired (percentage) | RANKING | Years of operating before REAP | RANKING | Historical gross profit margin (Year 0) | RANKING | Operational profit over Total assets | RANKING | Increase in Sales in Year1 | RANKING | SCORE | CATEGORY |
|--------------------|----------------------------|---------------------------|--------------------------------------------|---------|--------------------------------|---------|-----------------------------------------|---------|--------------------------------------|---------|----------------------------|---------|-------|----------|
| FSC | Agroqartli | 30% | 0.24 | 2 | 9.00 | 1 | 0.15 | 1 | 0.31 | 1 | 0.14 | 2 | 1.40 | ST |
| | alva | 50% | 1.00 | 2 | 9.00 | 1 | 0.16 | 1 | 0.18 | 0 | 0.08 | 2 | 1.20 | M |
| | lukagro | 50% | 1.29 | 2 | 5.00 | 0 | 0.12 | 1 | 0.19 | 0 | 0.06 | 2 | 1.00 | M |
| | Agroservice | 50% | 0.75 | 2 | 2.00 | 0 | 0.16 | 1 | 0.30 | 1 | 0.09 | 2 | 1.20 | M |
| | A.Tediashvili | 30% | 0.83 | 2 | 10.00 | 1 | 0.15 | 1 | 0.56 | 2 | 0.23 | 2 | 1.60 | ST |
| | Omanashvili | 70% | 1.25 | 2 | 2.00 | 0 | 0.09 | 0 | 0.12 | 0 | 0.55 | 2 | 0.80 | W |
| | Farmer's House | 30% | 0.26 | 2 | 11.00 | 1 | 0.18 | 1 | 0.24 | 1 | 0.06 | 2 | 1.40 | ST |
| | Gvaza | 30% | 1.29 | 2 | 7.00 | 1 | 0.13 | 1 | 0.34 | 1 | 0.19 | 2 | 1.40 | ST |
| | Tsikoidze | 50% | 1.50 | 2 | 6.00 | 0 | 0.14 | 1 | 0.41 | 1 | 0.27 | 2 | 1.20 | M |
| | Agrovita | 50% | 0.62 | 2 | 6.00 | 0 | 0.20 | 1 | 0.22 | 0 | 0.14 | 2 | 1.00 | M |
| | Nektari | 30% | 0.30 | 2 | 17.00 | 2 | 0.11 | 0 | 0.19 | 0 | 0.27 | 2 | 1.20 | ST |
| | IE Ambrosi Matcharashvili | 30% | 1.25 | 2 | 17.00 | 2 | 0.19 | 1 | 0.13 | 0 | 0.12 | 2 | 1.40 | ST |
| | Akhali Ferneri XXI | 50% | 2.00 | 2 | 2.00 | 0 | 0.22 | 1 | 0.13 | 0 | 0.18 | 2 | 1.00 | M |
| | Orientali 2013 | 30% | 2.70 | 2 | 4.00 | 0 | 0.17 | 1 | 0.64 | 2 | 0.45 | 2 | 1.40 | ST |
| | Sosiko Amirkhaniani | 70% | 1.75 | 2 | 9.00 | 1 | 0.15 | 1 | 0.04 | 0 | 5.08 | 0 | 0.80 | W |
| | Kartvelishvili | 30% | 1.80 | 2 | 10.00 | 1 | 0.21 | 2 | 0.69 | 2 | 0.35 | 2 | 1.80 | ST |
| | Kareli | 50% | 1.40 | 2 | 7.00 | 1 | 0.17 | 1 | 0.22 | 0 | 0.26 | 2 | 1.20 | M |
| | Gejeti | 50% | 1.70 | 2 | 8.00 | 1 | 0.30 | 2 | 0.11 | 0 | 2.58 | 1 | 1.20 | M |
| | Agrotrading | 30% | 1.00 | 2 | 8.00 | 1 | 0.22 | 1 | 0.41 | 1 | 0.46 | 2 | 1.40 | ST |
| | Caucasus Technical Service | 50% | 1.60 | 2 | 8.00 | 1 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 1.00 | M |
| Guria Farmer House | 70% | 9.00 | 0 | 1.00 | 0 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 0.40 | W | |
| Agrosakhli | 50% | 0.42 | 2 | 1.00 | 0 | 0.33 | 2 | 0.12 | 0 | 1.10 | 2 | 1.20 | M | |
| Mindiashvili | 30% | 1.25 | 2 | 4.00 | 0 | 0.33 | 2 | 0.52 | 2 | 0.21 | 2 | 1.60 | ST | |
| Processing | GBZ | 50% | 0.94 | 2 | 6.00 | 0 | 0.33 | 2 | 0.10 | 0 | 0.09 | 2 | 1.20 | M |
| | Iveria | 70% | 0.50 | 2 | 3.00 | 0 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 0.80 | W |
| | GeoFlower | 70% | 0.30 | 2 | 6.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.35 | 2 | 0.80 | W |
| | AgroinvestService | 50% | 1.16 | 2 | 7.00 | 1 | 0.27 | 1 | 0.07 | 0 | 1.00 | 2 | 1.20 | M |
| | Aroma | 30% | 0.19 | 2 | 18.00 | 2 | 0.33 | 2 | 0.17 | 1 | 0.06 | 2 | 1.80 | ST |
| | Farkoni | 30% | 0.83 | 2 | 17.00 | 2 | 0.16 | 1 | 0.06 | 0 | 0.03 | 2 | 1.40 | ST |
| | GeorgianFruit Comp | 70% | 2.18 | 1 | 1.00 | 0 | 0.16 | 1 | 0.08 | 0 | 2.20 | 0 | 0.40 | W |
| | Herbia | 30% | 1.45 | 1 | 7.00 | 1 | 0.22 | 1 | 0.29 | 2 | 0.15 | 2 | 1.40 | ST |
| | Lomtabora | 30% | 1.45 | 1 | 18.00 | 2 | 0.39 | 2 | 0.13 | 0 | 0.46 | 2 | 1.40 | ST |
| | Anasuli | 30% | 0.94 | 2 | 13.00 | 2 | 0.31 | 2 | 0.01 | 0 | 0.33 | 2 | 1.60 | ST |
| | Agroeqsporti | 30% | 0.37 | 2 | 12.00 | 1 | 0.16 | 1 | 0.42 | 2 | 0.32 | 2 | 1.60 | ST |
| | Akolashvili | 30% | 0.78 | 2 | 4.00 | 0 | 0.15 | 1 | 0.31 | 2 | 0.23 | 2 | 1.40 | ST |
| | Dioknisi | 70% | 1.00 | 2 | 1.00 | 0 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 0.80 | W |
| | Gemuani | 70% | 0.63 | 2 | 2.00 | 0 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 0.80 | W |
| | Zoreti | 30% | 1.00 | 2 | 18.00 | 2 | 0.43 | 2 | 0.12 | 0 | 1.51 | 1 | 1.40 | ST |
| | Santa | 30% | 0.17 | 2 | 17.00 | 2 | 0.24 | 1 | 0.07 | 0 | 0.62 | 2 | 1.40 | ST |
| Dr George | 70% | 4.00 | 0 | 4.00 | 0 | 0.41 | 2 | 0.27 | 1 | 3.02 | 0 | 0.60 | W | |
| Gile | 70% | 3.00 | 0 | 1.00 | 0 | 0.00 | 0 | 0.00 | 0 | 1.00 | 2 | 0.40 | W | |
| Primary Production | G.Tediashvili | 70% | 1.50 | 2 | 5.00 | 1 | 0.22 | 0 | 0.02 | 0 | 1.14 | 2 | 1.00 | W |
| | Mgeladze | 50% | 1.00 | 2 | 6.00 | 1 | 0.33 | 1 | 0.07 | 0 | 0.77 | 2 | 1.20 | M |
| | Nadareishvili | 30% | 1.50 | 2 | 9.00 | 2 | 0.49 | 2 | 0.10 | 1 | 0.85 | 2 | 1.80 | ST |
| | Papunashvili | 70% | 2.56 | 0 | 4.00 | 0 | 0.48 | 2 | 0.07 | 0 | 1.22 | 2 | 0.80 | W |
| | Urushadze | 50% | 1.50 | 2 | 1.00 | 0 | 0.42 | 2 | 0.20 | 2 | 1.90 | 0 | 1.20 | M |
| Chankseliani | 50% | 1.00 | 2 | 1.00 | 0 | 0.43 | 2 | 0.17 | 2 | 2.38 | 1 | 1.40 | M | |

As a result of ranking among 47 grantees:

| | Strong | Medium | Weak |
|---------|--------|--------|------|
| FSC/MSC | 10 | 10 | 3 |
| PHHP | 9 | 2 | 7 |
| PP | 1 | 3 | 2 |
| ISP | | | 1 |

As far as “Information Service Provider” grantee we have only 1 grantee “Agropharm +”, so we could not include this company in the same ranking system and decided to rank it separately as “weak” project, considering the fact that most probably they would not be able to start operation at current scale at all without REAP’s assistance, hence 70% of contribution would be a realistic estimate for REAP’s impact. Besides cost benefit analyses this ranking methodology can be used for grantee’s cost-share calculation in order to define more objectively what part from their performance data can be considered as project impact per each reporting quarter and year.