



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

# RESTORING EFFICIENCY TO AGRICULTURE PRODUCTION (REAP) ACTIVITY IN GEORGIA

## Quarterly Progress Report Project Year 3 October 01, 2015 - December 31, 2015



# **Restoring Efficiency to Agriculture Production (REAP) Activity in Georgia**

## **Quarterly Progress Report**

October 1, 2015 – December 31, 2015

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## Acronyms

|         |  |
|---------|--|
| AACREA  | Argentina Association of Regional Consortia for Agricultural Experimentation |
| APMA    | Agricultural Projects' Management Agency                                     |
| BSP     | Business Service Provider  |
| CEO     | Chief Executive Officer  |
| COP     | Chief of Party   |
| COR     | Contracting Officer's Representative   |
| DCFTA   | Deep and Comprehensive Free Trade Area                                       |
| EMMP    | Environmental Mitigation and Monitoring Plan                                 |
| ERC     | Environmental Review Checklist   |
| EU      | European Union   |
| FSC     | Farm Service Center  |
| FTE     | Full time equivalent   |
| GAP     | Good Agricultural Practices  |
| GHGA    | Georgia Hazelnut Growers Association   |
| GOG     | Government of Georgia  |
| HACCP   | Hazard Analysis & Critical Control Points                                    |
| I/E     | Individual Entrepreneur  |
| ISET    | International School of Economics at Tbilisi State University                |
| ISO     | International Organization for Standardization                               |
| ISP     | Information Service Provider   |
| LOP     | Life of Project  |
| M&E     | Monitoring & Evaluation  |
| MOA     | Ministry of Agriculture  |
| MOU     | Memorandum of Understanding  |
| MSC     | Machinery Service Center   |
| NFA     | National Food Agency   |
| PERSUAP | Pesticide Evaluation Report and Safer Use Action Plan                        |
| PHHP    | Postharvest Handling and Processing  |
| PMP     | Performance Monitoring Plan  |
| PP      | Primary Production   |
| PR      | Public Relations   |
| Q1      | Quarter One  |
| Q2      | Quarter Two  |
| REAP    | Restoring Efficiency to Agricultural Production                              |
| RFA     | Request for Application  |
| SME     | Small and Medium Enterprises   |
| STTA    | Short Term Technical Assistance  |
| TA      | Technical Assistance   |
| TEC     | Technical Evaluation Committee   |
| TOC     | Terms of Cooperation   |
| USAID   | United States Agency for International Development                           |
| USG     | United States Government   |

## Executive Summary

The first quarter of Project Year 3 (PY3) reflected the completion of grant-making, transitioning toward intensive technical assistance (TA), validating program directions, and capturing new ideas for implementation in year three and beyond. The project has reached full transition mode, having an approved Work Plan, substantial experience, and a vision through to project completion.

An important benefit of the fast start sought in REAP grant-giving was early recognition that grants to processing facilities have major impact on the level of technologies used by small-holder farmers. Processors are prime players in establishing market links between supply and demand. It is noteworthy that grants for some form of food processing were by far the most requested by grant applicants. At the same time it has become clear that Farm Service Center (FSC/MS) grants, given the central role they play in everyday farm operations, have the most impact on the greatest number of farmers. These grants contribute more to rural well-being than any other type of REAP grant.

With substantial real-time implementation experience, REAP has had opportunity to gather credible impact data directly from farmers. The data is beginning to document substantial benefit to all levels of farmers from the range of fully active REAP grantees. While early, this data is most encouraging and suggests the project will significantly improve agricultural efficiency in Georgia.

With the completion of grant-giving and full entry into grant support activities, it is clear that demand for TA is increasing and is likely to continue doing so. Interest in this element of the project is growing among grantees as well as non-grantee enterprises, both of whom better understand the need to augment their technical knowledge to maximize profits. There will be no slowing of REAP operations as grant activities diminish. This expanding desire for TA represents an encouraging attitude shift for Georgian agriculture and complements overall REAP efforts.

As REAP emerges from intensive grant-making and moves into grant support, several positive developments are worthy of note. Among these are that the tripartite agreement with AgriGeorgia has gained significant traction. All five agreement components are being implemented with signs that they are well-conceived, necessary, and relevant. The components of this agreement were drawn on the basis of both REAP grant and TA experience. Thus, it represents a clear program transition activity which was inspired by both REAP components. In a sense the growing success of this agreement reflects a maturing of the overall REAP program.

Different combinations of REAP grant and TA experiences have given rise to other promising initiatives during the current quarter. These include a re-casting of project demonstration plots from display of production options to strategic activities designed to promote adoption of specific higher-level technologies. One example of this is demonstrating the impact of minimum and no-tillage agriculture. Georgia's terrain and its weather realities ensure that the impact of these technologies will be significant. Benefits in production costs, increased yields, and preservation of soils suggest that these approaches should be adopted immediately. REAP's focused demonstration plots will begin this process in a number of locations. We note another demonstration activity that addresses a strong felt need and offers potentially high technological

transfer is irrigation. Conceptualizing and designing these initiatives are now underway within REAP and progress will be noted in the following quarter.

Because REAP is market-oriented and private sector-driven there often are emerging issues that were not anticipated. Yet REAP must deal immediately with such issues since it operates in a real-time environment. In Q1 the unique problem of exchange rate fluctuation arose with obvious implications for REAP grantees and for the sector in general. In response REAP undertook an analysis of the rate fluctuations and their implications generally for agribusinesses and specifically for grantees. The resulting analysis and conclusions were useful for both categories of enterprises, placing the facts in proper perspective. Other instances will occur when REAP must quickly respond to real-time issues as they emerge. This has become a normal requirement for REAP as it grows and expands its reach. Ability to do this well will augment project impact.

Selected other notable facets in Q1 implementation include growing popularity and impact of the unique REAP intern program. It grows in interest within universities as well as among senior students. The program already is beginning to demonstrate concrete results, 12 interns having obtained permanent employment and three interns winning international exchange program places. Included in these selected program observations is the increasing demand from significant banks for REAP to assist them to gain effective entry into the agriculture sector. REAP now works at their request on a cost-shared basis with four major lending institutions to expand their markets into agriculture. It also cooperates with hazelnut firm Ferrero in training both farmers and bankers in accessing each other for agriculture financing. This will result in permanent presence of lending institutions within the hazelnut subsector in West Georgia. It is clear that access to finance will continue to be an important component of the REAP program throughout its project life.

The impact of the transition from grant to TA activities essentially was completed during the current quarter. The resulting change in project orientation and shift to new priorities are now better understood and more fully engaged. The emerging REAP picture is that of a continuing rapid implementation pace, an increasing non-grantee interest in cooperative efforts, the inevitable appearance of new opportunities as well as problems, and the increasing availability of hard impact data for reporting and for informing management. The succeeding quarters of REAP project life will be busy, action-oriented, and interesting. Above all REAP is confident that the near future will begin to demonstrate that the project is in fact increasing the efficiency of Georgian agriculture.

## Summary of Achievements in Quarter One

| Component 1: SME Development   | Component 2: Technical Assistance Program   | Cross Cutting  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• In Q1 REAP completed submission of investment proposals from the last two rounds; as a result REAP's \$6M grant portfolio is fully committed to 70 enterprises</li> <li>• 12 grant projects approved by USAID</li> <li>• 22 grant projects in process of procurement; procurement of 28 grant projects completed; 62.5% of grant portfolio disbursed.</li> <li>• Official ribbon-cutting ceremony of two grant projects (Geoflower Ltd and Alva Ltd) organized</li> <li>• 232 jobs created by REAP supported enterprises</li> </ul> | <ul style="list-style-type: none"> <li>• 47 students from Agrarian University participated in the second round of agronomists trainings conducted through a REAP/AgriGeorgia joint program.</li> <li>• One grantee and one non-grantee project successfully completed implementation of ISO and GlobalGAP standards and received certification.</li> <li>• TOC on technical assistance between REAP and APMA signed</li> <li>• Training on food safety and quality standards delivered to 14 APMA grant recipients</li> </ul> | <ul style="list-style-type: none"> <li>• Presentation of GHGA delivered to management of 8 commercial banks</li> <li>• 110 GHGA farmers trained on access to finance topics</li> <li>• Two regional meetings of Gender Platform in Kakheti and Shida Kartli organized</li> <li>• PERSUAP training delivered to REAP supported FSC representatives and primary producers</li> <li>• Bank Republic utilizes REAP's ag strategy to lend 9M GEL in agriculture sector</li> </ul> |

### Detailed REAP Progress by Activity and Component

#### Operations, Facilities and Equipment:

REAP continues to maintain three offices located in Tbilisi, Kutaisi and Telavi. The Tbilisi office serves as the main project office, while the regional offices in Kutaisi and Telavi house regional coordinators and interns who are responsible for monitoring the progress of grantees and provision of support in all activities REAP is conducting in their designated regions.

#### Staffing:

##### Key Personnel

At the end of PY2, two of REAP's key personnel, the Director of Administration and Finance and Component 2 Lead, left REAP to pursue new opportunities. REAP made filling these positions swiftly a top priority and early in Q1 REAP conducted interviews and identified candidates whom were subsequently approved by USAID. To fill this position, REAP promoted the Grants Manager, a development professional who previously filled a similar role on USAID programs and with technical assistance activities taking the forefront in PY3-PY5, REAP recruited an experienced agriculture professional, David Shervashidze to lead REAP's technical assistance activities. A former Minister of Agriculture, Mr. Shervashidze brings more than 20 years of private and public sector experience in the agriculture sector.

## Non-Key Personnel Staff Transitions

As the project transitions from grants making to grant implementation and technical assistance, REAP will adjust non-key personnel scopes to efficiently manage implementation. REAP will be placing additional resources and focus on day-to-day monitoring of grantees, data collection, development of technical assistance programs and identifying other technical assistance opportunities. To respond to these increased needs, REAP's management will work to revise the scopes of work of three Project Analysts previously involved in investment proposal development. In addition, with the completion of REAP's grant program, the main responsibility in terms of grants management will be the procurement and management of assets. REAP will look to merge the positions of Grants Manager and Procurement Specialist into a new position-Grants and Procurement Specialist. The scope of work for this and all other amended positions will be submitted to the COR for no-objection.

## Internship program

In Q1, REAP welcomed a new class of interns consisting of 14 students and recent graduates from 6 universities. In addition to being paired with one of REAP's technical specialists, this new intern class will take part in the first call for applications from interns to implement an agriculture research project. Named for Mariam Kutelia, a former REAP intern who tragically passed away during the Tbilisi flood in the spring of 2015, the research grant will provide up to \$1,000 to an intern to conduct research that benefits Georgia's agriculture sector. This unique experience directly integrates youth into agriculture development and provides both a learning and professional opportunity.

## Document and Deliverables Submission:

A summary of documents submitted to USAID in Q1 may be found in the table below:

| Document  | USAID Submission | Submission Date    | USAID Approval |
|---|------------------|--------------------|----------------|
| <b>Project Reports and Manuals</b>                |                  |                    |                |
| <i>PY3 Work Plan</i>                              | Submitted        | September 30, 2015 | Approved       |
| <i>PY 2 Annual Report</i>                         | Submitted        | October 30, 2015   | Approved       |
| <b>TOCs</b>                                       |                  |                    |                |
| <i>TOC with APMA in technical Assistance Area</i> | Submitted        | December 11, 2015  | Approved       |

## Program Outreach and Communications:

### USAID/REAP Video Production

REAP's Communication and Outreach Specialist continues to work with two video production companies to document project activities. 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 promote USAID's work in Georgia. Below is a list of representative companies being filmed to tell the REAP story.

| Processing Enterprises  | Women Owned Enterprises     | FSC/MSC          | Cold Storage Facilities |
|-------------------------|-----------------------------|------------------|-------------------------|
| AgroPharm Plus, LTD     | Santa, LTD                  | AgroKartli, LTD  | GFC, LTD                |
| AgroExport, LTD         | I/E Marina Akolashvili      | I/E Omanashvili  | GFC, Cooperative        |
| AgroInvest Service, LTD | Gile, LTD                   | AgroService, LTD | Eleniksta, LTD          |
| GeoFlower, LTD          | Laboratory Dr. Georgia, LTD | RAS, LTD         | Iveria, LTD             |
| Herbia, LTD             | I/E Ia Urushadze            |                  |                         |
| AromaProduct, LTD       | Zoreti, LTD                 |                  |                         |
|                         | AgroSakhli, LTD             |                  |                         |

**Outreach Events**

In Q1, REAP actively participated in two trade fairs held in Tbilisi, organized a graduation event for the outgoing intern class and supported GHGA in preparation of their First Annual Conference.

*15th International Exhibition for Agro, Food, Drink Tech Expo 2015*

On November 18-20, five grantees, Santa, Georgian Fruit Company, Lomtagora, Campa and Herbia, participated in the 15th International Exhibition for Agro, Food, Drink Tech Expo. Held on the premises of Expo Georgia, the international trade fair was attended by international suppliers, producers, retailers and government officials. REAP’s grantees displayed their products and REAP was pleased to receive an award from organizers “for the best initiative”, representing both effective REAP support of and participation in the Forum. Coverage of the event may be found [here](#).



**REAP grantee CAMPA at International Exhibition Expo 2015**

*USAID Annual Farmers’ Market*

REAP was pleased to organize the participation of 11 supported enterprises to take part in USAID’s Annual Fair where USAID and US Embassy workers had the opportunity to meet beneficiaries and purchase fresh products. REAP supported companies sold cheese, hazelnuts, juice, tea and the favorite Georgian snack Churchkhela to a crowd of happy new, and hopefully repeat, customers. The income generated by REAP beneficiaries during this event exceeded 3000 GEL.



**Keskia Ltd's produce presented at USAID's farmer's market**

### *Intern Graduation Event*

REAP organized a graduation ceremony of REAP interns from PY2 and formally named the intern program the Mariam Kutelia Internship Program. The event was organized at the premises of Agrarian University that included REAP's COP, USAID and Deans of the Agrarian University, and ISET. Speeches focused on the importance of practical internships and experience for young people. The event was covered in "Georgia Today" and the article may be found [here](#).



**Interns' graduation event**

### *Georgian Hazelnut Growers Association (GHGA) First Annual Conference*



**Hazelnut growers' first conference in Anaklia**

REAP assisted the Georgian Hazelnut Growers Association (GHGA) to organize its first annual conference in Anaklia on November 24-25. The event increased awareness of the organization's activities and outlined future plans of the association to farmers and actors in the hazelnut sector. In addition, the conference focused on key issues in the hazelnut sector such as pest management, soil management, traceability, fertilization, crop insurance and the outlook for the world hazelnut market.

The conference was attended by more than 250 growers, hazelnut processors, foreign and local

specialists, the Deputy Minister of Agriculture, USAID representatives, NGOs, insurance companies, financial institutions, and input suppliers.

### **Project Openings**

Throughout Q1, REAP hosted various project openings and official visits by USAID and Department of State officials.

### *Opening of GeoFlower Ltd*

On 15 October, REAP held an official ribbon cutting ceremony to mark the opening of a newly established drying facility located in Ambrolauri, Racha Region. The opening ceremony was attended by USAID/Caucasus Contracting Officer and local municipality representatives. With REAP's support, GeoFlower upgraded its processing lines and established a modern cold storage facility that will enable the company to collect and process wild fruits, citrus, herbs and roots from smallholder farmers from rural areas. Through this activity, more than 120 collectors will benefit from supplying wild fruits, herbs and roots to GeoFlower, which has since created nine new jobs including four for women.



**Apples drying process at GeoFlower's processing facility**

### *Ribbon Cutting Ceremony of Alva, LTD Farm Service/Mechanization Service Center*

On 15 October, REAP hosted an official ribbon cutting ceremony for the newly established FSC/MSC facility located in Sachkhere, Imereti Region. Attended by the Deputy Government of Imereti Region, the opening of the Alva FSC/MSC will enable smallholder farmers to access a wide range of products. Alva's new services will include: plant protection products, improved mechanization, financial services for smallholders and a real-time disease control system. During project implementation, more than 7,000 new farmers will benefit from improved access to inputs and machinery services. A minimum of 4,000 small and medium size farmers will receive practical trainings on agricultural production topics. A video of the opening may be found [here](#).



**USAID Contracting Officer Michael Rossman and Sachkhere Municipality Officials at Alva's ribbon-cutting ceremony**

### *Jonathan Katz's visit to USAID/REAP funded AromaProduct Ltd*



**Jonathan Katz and USAID representatives at AromaProduct Ltd**

On October 17, Jonathan Katz, USAID's Deputy Assistant Administrator for the Bureau for Europe and Eurasia, together with Acting Mission Director, Tom Morris, and Acting Deputy Mission Director, Carol Wilson, visited the REAP supported fruit processing/juice making company - AromaProduct Ltd. AromaProduct is an exporter of high quality natural juices, jams and preserves, dried spices, and other boutique products. AromaProduct is buying raw materials such as pomegranate, cherries, and other high quality fruits from farmers across Georgia. To expand AromaProduct's business and link them to new suppliers, REAP provided AromaProduct with a matching grant enabling the

company to expand their business line and improve the quality of their products in order to meet international standards.

### *Chef Ben Ford's visit to Georgian Fruit Company*

On October 21, visiting Chef Ben Ford toured the REAP funded Cold Storage Facility – Georgian Fruit Company Ltd, located in Kakheti Region. Georgian Fruit Company Ltd collects fruits from smallholder farmers and has already purchased more than 1,000,000 kg in fresh fruit from Georgian farmers this year.



**Ben Ford visits the REAP grantee, GFC Ltd**

### *Alina Romanowski's Visit to USAID/REAP funded AromaProduct Ltd*

As a follow on to Jonathan Katz's visit in October, on November 21<sup>st</sup>, while being on a short business trip in Georgia, Alina Romanowski, Coordinator for U.S. Assistance to Europe and Eurasia, visited AromaProduct where the owner of the company organized a tour in his facility.



Alina Romanowski and USAID representatives are given a tour at AromaProduct's processing facility

Ms. Romanowski, accompanied by Thomas Morris, Deputy USAID Mission Director, Carol Wilson, Director of Economic Growth Office, Prakah Dickey, Assistance Coordinator, US Embassy Tbilisi and Shamenna Gall, REAP COR, had an opportunity to see the juice bottling process as well as taste different fruit and vegetable juices produced by AromaProduct. The company exports their products all over the world including USA, Australia, Hungary, Italy, Latvia, and China.

## **Component 1: SME Development in**

### **the Agriculture Sector**

In Q1, REAP's Component 1 activities focused on the development and submission of 12 grant proposals from Rounds 005A and 005B to USAID. All 12 grant proposals were subsequently approved by USAID, and as a result, REAP has fully committed its \$6M matching grant fund before the end of PY3 Q1. REAP's grant portfolio consists of 70 agribusinesses and will leverage at least \$17.3M in private investment. This represents a 75% leverage ratio, well exceeding REAP's contractual target of 70% and serves as a testament to REAP's ability to attract private sector investment into the agriculture sector. Detailed information on grant amount as well as cost-share contribution of REAP's grant projects is provided in Annex A. A map of REAP's grant projects can be found in the Annex B.

### **Portfolio Analysis**

During the course of implementation, REAP announced six requests for applications. All six calls were accompanied by an outreach campaign consisting of town hall meetings where potential applicants could ask questions to members of Component 1 and learn more about REAP's grant program. These meetings proved effective at mobilizing potential applicants and enabling REAP to engage rural entrepreneurs. In response to REAP's request for applications, 231 enterprises from 11 regions of Georgia submitted applications. The detailed breakdown on submitted and approved applications by region is provided in the table below.

|                        | Submitted applications | Rejected applications | Below 70 score applications | Passed applications | Canceled Projects | Approved Grants |
|------------------------|------------------------|-----------------------|-----------------------------|---------------------|-------------------|-----------------|
| Adjara                 | 12                     | 2                     | 5                           | 5                   | 1                 | 4               |
| Guria                  | 16                     | 1                     | 7                           | 8                   | 1                 | 7               |
| Imereti                | 22                     | 1                     | 10                          | 11                  | 2                 | 9               |
| Kakheti                | 43                     | 9                     | 16                          | 18                  | 3                 | 15              |
| Kvemo Kartli           | 26                     | 9                     | 9                           | 8                   | 2                 | 6               |
| Mtskheta-Mtianeti      | 11                     | 3                     | 3                           | 5                   |                   | 5               |
| Tbilisi                | 7                      | 1                     | 5                           | 1                   |                   | 1               |
| Racha-Lechkhumi        | 3                      |                       |                             | 3                   | 1                 | 2               |
| Samegrelo-Zemo Svaneti | 46                     | 9                     | 27                          | 10                  | 3                 | 7               |
| Samtskhe-Javakheti     | 10                     | 1                     |                             | 9                   | 2                 | 7               |
| Shida Kartli           | 35                     | 4                     | 22                          | 9                   | 2                 | 7               |
| <b>Total</b>           | <b>231</b>             | <b>40</b>             | <b>104</b>                  | <b>87</b>           | <b>17</b>         | <b>70</b>       |

The most active regions in submitting applications were Samegrelo-Zemo Svaneti and Kakheti, with the latter leading with 15 approved projects. This not surprising, as Kakheti is a large producer of both annual and perennial crops and consequently, there is a high demand for agricultural input and machinery services as well as postharvest handling enterprises.

Requests for assistance to postharvest handling and processing were in highest demand, consisting of 52% of the total number of applications and 48% of grantees. Early surveys by REAP indicated that Georgia required significant support and upgrading to cold storage, processing and value addition enterprises as this sector is not well developed and requires large capital investment.

The priority direction with the highest rate of successful applications, 48%, proved to be FSC/MSCs. This is most likely due to the fact that the number of existing FSC/MSCs are relatively small and the barriers to entry for this sub-sector is relatively high. FSC/MSC owners bring years of experience working in input supply business in their target regions and have successfully implemented USG supported programs in the past.

Primary production saw the least number of applications. With a maximum grant amount of \$10,000 that required more than \$23,000 in matching investment, this attracted many primary production applications from smaller, subsistence level farmers.

More detailed information on submitted applications per each priority direction is provided in the table below:

|                                      | Submitted applications | Rejected applications | Below 70 score applications | Passed applications | Canceled Projects | Approved Grants |
|--------------------------------------|------------------------|-----------------------|-----------------------------|---------------------|-------------------|-----------------|
| Primary Production                   | 46                     | 14                    | 23                          | 9                   | 3                 | 6               |
| FSCs/MSCs                            | 60                     | 9                     | 16                          | 35                  | 6                 | 29              |
| Information and Service Providers    | 4                      | 0                     | 3                           | 1                   | 0                 | 1               |
| Post-harvest handling and processing | 121                    | 17                    | 62                          | 42                  | 8                 | 34              |
| <b>Total</b>                         | <b>231</b>             | <b>40</b>             | <b>104</b>                  | <b>87</b>           | <b>17</b>         | <b>70</b>       |

## Grant Cost-Share and Procurement

As of the end of PY3 Q1, REAP's grantees have spent more than \$11M in cost share, 64.5% of their commitment, and REAP has disbursed more than \$3.7M, or 62% of its total grant pool. 50 projects are in the process of implementation, with procurement complete for 28 grantees, partial procurement underway for 13 grantees and open tenders to identify proper vendors announced for 9 additional projects. The remaining 20 projects are in their pre-mobilization phase and procurement will begin in Q2. Below is a table that illustrates cost-share and grant funds disbursed by priority direction.

|                       | FSC/MSC     | PHHP        | PP        | ISP       | Total               |
|-----------------------|-------------|-------------|-----------|-----------|---------------------|
| Cost Share Committed  | \$8,806,602 | \$8,209,549 | \$159,350 | \$151,585 | <b>\$17,327,086</b> |
| Cost Share Spent      | \$6,958,830 | \$4,067,499 | \$96,348  | \$62,242  | <b>\$11,184,920</b> |
| Grant Funds Committed | \$3,246,380 | \$2,634,325 | \$55,050  | \$64,245  | <b>\$6,000,000</b>  |
| Grant Funds Disbursed | \$1,851,093 | \$1,799,391 | \$39,799  | \$64,180  | <b>\$3,754,463</b>  |

## Grant Monitoring

In order to effectively manage the implementation process, each grant project is assigned an activity manager who, in coordination with field coordinators based in Tbilisi, Telavi, Guria, and Kutaisi, is responsible for overseeing the implementation of the grant project. As the project has evolved and matured it has become more field oriented. Therefore, REAP will increasingly utilize its regional coordinators to monitor grants. Information regarding cost share, sales and purchases of raw materials, as well as information on new jobs and commercial finance are collected on a monthly basis. Below are some highlights from grantees activities in Q1.

### Campa Ltd

Operating since 2008, Campa Ltd is one of the leading natural juice producers in Georgia. With REAP's assistance, Campa has expanded its product offerings by launching two new juices made from barberry and sea-buckthorn. Found in the wild mountainous area of Kazbegi Municipality, the collection and sale of barberry and sea-buckthorn provides new economic opportunities for vulnerable populations. To facilitate the collection of these raw materials, Campa arranged a mobile collection center in Stepantsminda. With the commencement of sea-buckthorn season in December, CAMPA has already purchased 4MT of sea-buckthorn from around 100 farmers, generating \$8,900 in new cash markets.

To maintain efficiency and meet increased workload, CAMPA hired eight new permanent employees, including four women. Campa is also party to the MOU facilitated by REAP with Tbilisi State University and offers internship opportunities to students studying biotechnology.



Collection of sea-buckthorn in Kazbegi municipality

### **Farkoni Ltd**

Established in 1997, Farkoni Ltd is engaged in the collection and processing of medicinal and dried fruits. With REAP's assistance, Farkoni has established a new high end processing facility and is receiving ISO 22 0000 certification. This modern production facility is equipped with machines for cleaning, cutting, milling and packaging herbs. Currently, Farkoni utilizes this new equipment for processing 30MT of rose hip that was purchased from 35 farmers in Imereti and Racha-Lechkhumi Regions, generating more than \$14,500 in cash markets. To work at the new processing facility, Farkoni has hired nine new employees, including four women. In the near future, Farkoni intends to introduce a new product line of compound/emulsifier-free phyto teas.

### **AgroInvestService Ltd**

AgroInvestService Ltd is involved in citrus collection, processing and export. With REAP'S support, the company has expanded and upgraded its processing facility by establishing a modern citrus fruit sorting line in Chakvi Village of Adjara. The company constructed a processing facility adjacent to a cold storage unit to house its sorting line in compliance with food safety and international industry standards. The new processing facility incorporates a conference room where workshops on harvesting and postharvest handling practices are held regularly to farmers that supply raw materials. In Q1, AgroInvestService purchased 150MT of tangerines from more than 30 farmers from Adjara and Guria, generating \$54,000 in new cash markets. The fruits have been sorted, waxed and are now being stored in their cold room. To keep up with the heavy harvest period, the company has hired two permanent employees and eighteen seasonal staff that are engaged in the processing facility.

### **Luk-Agro Ltd**

Luk-Agro Ltd. is an input provider in Kakheti Region that supplies a wide range of services to more than 3,000 farmers. With the assistance of REAP, Luk-Agro has established a new modern farm service and mechanization service center that provides farmers with improved inputs, onsite consultations and small and large scale mechanization services. Luk-Agro's newly established facility consists of a trade hall, showroom, training center and a mechanization park. Luk-Agro is the first modern farm service center in an area adjacent to Signaghi and contributes to increased on-farm productivity and incomes for smallholders. In its newly opened FSC/MSC, Luk-Agro has already generated more than \$182,000 in gross sales of input supplies and mechanization services to around 700 farmers from Signaghi Municipality. The company has hired 8 new employees including 4 women. In Q2, Luk-Agro will begin developing a demonstration plot to showcase new varieties and proper harvesting techniques for grains.

### **AgroVita Ltd**

Established in 2008, AgroVita Ltd is an authorized partner of BASF SE and provides high quality inputs along with free consultation service to local farmers of Kvareli and Sagarejo Municipalities. With REAP's support, AgroVita has expanded its current business activities by establishing a new 250 m<sup>2</sup> FSC Center along with a 300m<sup>2</sup> mechanization park in Akhasheni Village, Kakheti Region. The new FSC/MSC center delivers high quality fertilizers, seeds, tools, veterinary medicine and disinfectants as well as technical consultations to smallholder clients. In addition, the grantee provides tractor rental, and trainings on the use of modern agricultural technologies which allow the enterprise to expand their reach to clientele who have significant needs for modern agricultural inputs and machinery services. The newly established farm service center has already generated

\$104,500 in gross sales and provided mechanization services to more than 300 farmers in Gurjaani Municipality. The company has hired six new employees including two women.

## Component 2: Technical Assistance Program

REAPs technical assistance component provides individual consultancies and group trainings to agricultural enterprises and commercial farmers to support the sustainability of increased investment in agribusiness and to improve on-farm production and quality. Throughout Q1, REAP continued to provide individual consultancies to organize farmer field days and group trainings to grantees and non-grantee enterprises across a variety of technical areas including: packaging and labeling, food safety and quality management, GlobalGAP, and best agricultural practices.

### Individual Consultancies

#### *Branding and Labeling*

In Q1, REAP launched a new packaging and labeling initiative with nine grantees to increase awareness of their products and to assist them in accessing new international markets or better position themselves in local markets. Utilizing local branding companies, REAP is assisting the grantees with the following:



- Farkoni: New brand identity, logo, labels/packaging and corporate brochure.
- AgroExport: Corporate brochure.
- AgroInvestService: Corporate brochure.
- Anaseuli Tea Factory: Corporate brochure.
- CAMPA: New logo, labels/packaging and corporate brochure.
- Georgian Fruit Ltd.: Corporate brochure.
- Santa: Corporate brochure.
- Dr. George Laboratory: Corporate brochure.

#### *Food Safety and Quality Standards*

With the signing of the Deep and Comprehensive Free Trade Area (DCFTA) agreement and the market demanding higher food safety standards, REAP continues to work with grantee and non-grantee enterprises to assist them to obtain internationally recognized food safety certificates and to improve their quality management practices. This continues to be the most requested TA intervention by grantees and non-grantees.

**Principles of HACCP for Processing Grantees:** With the DCFTA effective as of September 2014 and the ongoing approximation of Georgian legislation to EU standards, Georgian processing companies are obligated to adhere to globally recognized food safety standards and to introduce HACCP principles by the end of 2016. To assist REAP's grantees conform to Georgian legislation

and improve their food safety operations, REAP identified two consulting firms to provide individual consultancies to 11 grantees engaged in processing operations from REAP's 005A and 005B rounds and one firm. The consultancies will evaluate the companies' compliance with general hygiene and sanitary rules and will conduct an analysis against HACCP requirements, provide food safety trainings and deliver recommendations for improvement.

**Global GAP Gemuani:** Beginning in PY2, REAP and a local service provider worked with grantee Gemuani, a fresh fruit producer and collector, to achieve Global GAP certification for its kiwi orchard. In Q1 of PY3, the international certification body TUV Hellas (Member of TUV Nord group) conducted the final audit and passed Gemuani. Gemuani's Global GAP certificate has been issued in the end of Q1, allowing the firm to earn a premium price on the domestic market and to export to European countries

**ISO 22000 Farkoni:** Throughout PY2, REAP worked with grantee Farkoni implement and receive ISO 22000 certification. This certification will demonstrate Farkoni's commitment to international food safety and management practices. In Q1, the final audit was conducted by Lloyd's Register LRQA and issuance of the ISO 22000 is expected in early Q2.

**ISO 22000 Anka Fair Trade:** A processor of hazelnuts in Zughdidi, non-grantee Anka Fair Trade worked with REAP on a cost-shared basis to implement ISO 22000. In Q1, Anka Fair Trade successfully passed the final audit and obtained full ISO 22000 certification, enabling it to meet requirements of European markets and expand the sales of Georgian hazelnuts.

**ISO 22000 Westnut:** In Q1, REAP continued to provide technical assistance on a cost-shared basis to non-grantee hazelnut processor Westnut. Together, REAP and Westnut are working towards achieving ISO 22000 certification. Westnut is in the final stages of its consultancy and certification is expected to be achieved in Q2.

**ISO 22000:2005 Unifish:** During Q1, REAP began to provide cost-shared technical assistance in fish and seafood production to non-grantee Unifish. Engaged in sturgeon farming and caviar production, Unifish is seeking ISO 22000:2005 certification to demonstrate to customers its adherence to globally recognized standards which will allow them to access new markets, expand operations and create new jobs.

**Bio-Certification Pirosmani:** REAP is providing a cost-shared bio-certification consultancy to non-grantee Pirsomani. During Q1, consultants visited Pirsomani and conducted their first inspection to identify non-compliances against Green Standard requirements. The consultants provided a report to REAP and Pirsomani that will guide the firm through corrective measures. The consultancy will continue throughout PY3.

**Global GAP Agricultural Cooperative Georgian Herbs:** In Q1, Agricultural Cooperative Georgian Herbs applied for cost-shared technical assistance to receive a consultancy in Global GAP for primary production. With assistance from the EU funded ENPARD program, Agricultural Cooperative Georgian Herbs unites 12 members with approximately 10.7 ha of greenhouses in Imereti. Global GAP certification will assist the cooperative to increase its production volume and

will lead to the employment of additional 50 seasonal workers. Assistance to the cooperative will begin in early Q2.

**ISO 22000 Georgian Lemonade:** REAP is working with non-grantee Georgian Lemonade to introduce ISO 22000 certification. Consolidating inputs from smallholders, Georgian Lemonade is engaged in the production of lemonade and juices. Introduction of food safety management systems will assist the firm to increase its production efficiency and to expand sales into new markets. It is anticipated that ISO 22000 certification will contribute to a 10-15% annual increase in production. The consultancy to Georgian Lemonade will continue throughout PY3.

### *Improved Agricultural Practices*

Throughout Q1, REAP continued to provide cost-shared support to non-grantee Olivgreen. Engaged in olive production, Olivgreen seeks to strengthen its capacity to manage its 60 ha olive plantation and to work with local farmers to facilitate crop diversification and promote this high income commodity. To this end, an international agronomist worked with Olivgreen and 12 local farmers providing consultancies in proper olive variety selection for Georgia's climate and modern practices in olive plantation establishment and production.

### *Improved packaging and postharvest handling*

Postharvest handling represents one of major challenges for Georgian farmers. To address this problem, REAP provided a grant to citrus collector in Ajara region. With REAP's support, AgroExport procured a crate molding machine that will enable the company to supply plastic boxes to local farmers and exporters that will ensure proper postharvest handling and a reduction in loses. In December, REAP on a cost-share basis with the vendor and grantee, deployed an engineer to Batumi to provide technical assistance in installation of the molding machine as well as to train the company's staff on proper operation and maintenance of the equipment.



Chinese engineer conducting training to AgroExport staff on proper use of the moulding machine

## **Group Trainings**

### *Food Safety Training for APMA Grantees*

Within the framework of the Terms of Cooperation signed between REAP and APMA (See Collaboration with Donors/Projects for more information), REAP organized a 2-day training event in international food safety and quality management systems for 14 APMA grant recipient food processors and 3 APMA representatives. The participants were welcomed by Deputy Minister of Agriculture of Ajara who underlined importance of international standards. The training introduced participants to the key concepts and principles of GMP, GHP, HACCP, and ISO 22000:2005 to facilitate their certification process that will lead to increased sales and job opportunities. In the future, REAP and APMA will work with these 14



Training of APMA grantees on food safety and quality standards

enterprises to provide individual consultancies to obtain these important food safety certifications in accordance with the agreed upon TOC.

### *Demonstration Plot Development and Farmer Field Days*

In PY3, REAP will expand its demonstration plot program promoting the gradual transition of existing agricultural practices to modern farming technologies. In Q1, REAP arranged two demonstration plots and farmer field days in Kvemo Kartli and Samtskhe-Javakheti to promote minimum tillage technology and modern machinery to an audience of local farmers and extension specialists.

Hosted by REAP's grantee Lomtagora (Kvemo Kartli), REAP's field day focused on increasing knowledge of farmers, extension officers and students in modern soil cultivation technologies through theoretical trainings and a practical demonstration of wheat seeding, and utilization of minimum tillage equipment. In total, 55 individuals participated in the event. After the event, an onsite survey indicated that 35 local farmers are interested in applying minimum till technology to their fields next year.

A second field day hosted by REAP's FSC I/E Serioja Ezoian (Samtskhe-Javakheti) targeted farmers, extension officers and agrarian faculty and students from Akhaltsikhe University. The demonstration focused on increasing the knowledge of participants in wheat seeding, comparing traditional and modern methods. In total, 30 individuals participated in the event.

### *PERSUAP Training for FSCs*

In PY2, REAP's Environmental Specialist and an international consultant conducted a PERSUAP analysis covering all of USAID's agriculture programs in Georgia. To improve the knowledge and skills of FSC owners and agronomists, REAP translated relevant sections of the PERSUAP into Georgian and conducted three day-long trainings in Gori, Telavi and Kutaisi. The training covered the following topics: pest management matrix and elements of IPM program, pesticides registered in Georgia and rejected by the PERSUAP, pesticide safe use, storage, transportation, disposal, monitoring and mitigation practices. In total employees from 25 FSCs, 6 primary producers and 2 MOA Extension Centers participated in the training program.

### **Awareness Meeting with Partner Business Service Providers (BSPs)**

To facilitate the effective delivery of technical assistance to grantees and non-grantees, REAP utilizes a pool of local BSPs. In order to enhance the scope of cooperation, REAP hosted partner BSPs to highlight TA program priorities, receive feedback on REAP's technical assistance program and provide a platform for open and interactive discussion. Key messages received during the awareness meetings and collected from onsite surveys include:

- Demand for private sector driven consultancies in the agriculture sector is growing;
- Agribusinesses are more willing to pay for consulting services than in the past;
- The climate for agribusinesses in Georgia is improving.

## Cross Cutting Activities

### Monitoring and Evaluation

During Q1, REAP's M&E Manager continued to track the performance of Round 1-3 grant projects against their established targets and introduced REAP's data collection system to the twelve FSCs selected from Grant Round 4.

While REAP's PMP indicators are reported on an annual basis, REAP's M&E team collects performance monitoring and evaluation data quarterly to maintain data quality and update REAP's management on the program's progress. Initial data is collected by Field Coordinators and interns and then assessed by REAP's M&E Team. To ensure the validity of the data collected, REAP's M&E Manager reviews all data collection forms and verifies the data with Field Coordinators and grantees as necessary. In Q1, data from 33 operational agribusinesses was collected. These agribusiness consist of: 12 FSC/MSCs; 16 postharvest handling and processing enterprises; 3 primary producers; and, 1 ISP/laboratory.

Key performance indicators for these businesses may be found below.

| Indicator  | PY3Q1 Results | Actual to date | LOP Targets   | Progress Against LOP target |
|--|---------------|----------------|---------------|-----------------------------|
| Number of jobs created with USG assistance                                       | 232           | 713            | 800           | 89%                         |
| Number of distinct clients purchased products or services from USG assisted SMEs | 19,214        | 60,013         | 156,185       | 38%                         |
| Gross incremental sales by USG assisted SMEs                                     | \$ 4,904,050  | \$ 23,860,818  | \$ 60,900,000 | 39%                         |
| Number of farmers supplying primary agricultural products                        | 652           | 1,886          | 2,500         | 75%                         |
| Value of primary agricultural products supplied by farmers                       | \$ 731,361    | \$ 2,744,463   | \$ 12,400,000 | 22%                         |

**Jobs:** During Q1, REAP's grantees created 232 new jobs. Consisting of 93 permanent jobs and 139 full-time equivalent seasonal jobs, Q1 was a strong for job creation as activities of harvesting and consolidation are very labor intensive. Based on the data from PY1 and Py2, duration of each seasonal job is assumed to be five months, resulting in full time equivalent (FTE) jobs of 139. At the end of PY3, the M&E Manager will revise and verify all permanent and seasonal jobs created while collecting annual data according to REAP's contractual reporting requirements.

**Sales:** In Q1, REAP's operational grantees reported 11,769,720 GEL (\$4,904,050) in new gross sales. Through PY3 Q1, sales reported by REAP's grantees is \$23,860,818, achieving 39% of LOP target.

**New Cash Markets for Smallholders:** In Q1, farmers supplied more than 2M KG of fruits, vegetables and other products to REAP supported enterprises, generating income of 1,755,268 GEL (\$731,361). To date, farmers have supplied more than 5M KG of product, generating sales of \$2,744,463. The breakdown of suppliers may be found below.

|                            | Women | Men | Total | Total to date | Progress against LOP target |
|----------------------------|-------|-----|-------|---------------|-----------------------------|
| <b>Number of suppliers</b> | 215   | 437 | 652   | 1,886         | 75.4%                       |

### Farmers served and trained

In Q1, REAP's grantees served more than 19,000 clients and provided short-term trainings to more than 11,000 smallholders.

|   | Women | Men    | Total  | Total to date | Progress against LOP target |
|---|-------|--------|--------|---------------|-----------------------------|
| <b>Number of clients</b>  | 5,018 | 14,196 | 19,214 | 60,013        | 38.4%                       |
| <b>Among them Number of farmers who have applied new technologies or management practices</b> | 2,230 | 8,893  | 11,123 | 49,462        | 69.3%                       |

### Private sector finance leveraged

In Q1, REAP's grantees reported \$1,737,021 in cost-share investment. To date, REAP has leveraged \$11,184,920 in cost-share from grantees. The distribution of cost-share value among business directions is the following:

| Category     | PY3Q1              | To date results     |
|--------------|--------------------|---------------------|
| <b>PHHP</b>  | \$460,788.96       | \$4,067,499         |
| <b>FSC</b>   | \$1,269,323.77     | \$6,958,830         |
| <b>PP</b>    | \$4,677.17         | \$96,348            |
| <b>ISP</b>   | \$2,231.00         | \$62,242            |
| <b>Total</b> | <b>\$1,737,021</b> | <b>\$11,184,920</b> |

### CBA

REAP continues to monitor and collect data from enterprises involved in the cost benefit analysis (CBA). REAP's CBA consists of two distinct analyzes, an economic CBA and financial CBA. The economic CBA is utilized to analyze social benefit of an intervention while the financial CBA

provides insights on financial performance ratios. In Q1, REAP added 20 new grant projects to REAP's financial CBA pool, bringing the total number of projects under this analysis to 56. The pool of representative sample projects now consists of 20 FSC/MSC, 29 PHHP, 6 PP and 1 ISP project:

12 grant projects are being analyzed through the economic CBA. The breakdown of the number of grantees included in the economic CBA by grant round is as follows:

| Grant project                 | Round    | Category |
|-------------------------------|----------|----------|
| <b>Alva Ltd</b>               | Round I  | FSC/MSC  |
| <b>Gvaza Ltd</b>              | Round II | FSC/MSC  |
| <b>Agrokartli Ltd</b>         | Round I  | FSC/MSC  |
| <b>Agroservice Ltd</b>        | Round II | FSC/MSC  |
| <b>Anaseuli Tea Factory</b>   | Round II | PHHP     |
| <b>Geoflower Ltd</b>          | Round I  | PHHP     |
| <b>IE Valerian Mgeladze</b>   | Round II | PP       |
| <b>IE Giorgi Tediashvili</b>  | Round I  | PP       |
| <b>IE Nugzar Papunashvili</b> | Round II | PP       |
| <b>AgroInvestService Ltd</b>  | Round II | PHHP     |
| <b>Iveria Ltd</b>             | Round I  | PHHP     |

To inform the economic CBA, REAP's M&E Manager conducted a second round of farmers' mini surveys to the same participants from last year's survey. These surveys serve as an effective tool for capturing the benefits that REAP's grantees have on the broader agricultural sector. This year, "actual" data is being provided and compared with farmers' "projections" from last year. Financial data collected will be included in the CBA framework to provide a broader picture of REAP's financial and economic impact. CBA analysis will be provided in March in REAP's PY3 Semiannual report

### Gender and Youth

Mainstreaming gender perspectives throughout REAP's activities continued through the following activities.

#### REAP's Strategic Platform: Gender-Equitable Agriculture Development

REAP's Gender Team facilitated two regional meetings in Kakheti and Shida Kartli to present women agriculture entrepreneurs information on REAP's forthcoming gender and youth related activities for PY3 and to receive their feedback. During the meetings, REAP's Gender Team also received feedback on activities conducted in PY2. In total, 23 women, consisting of grantees and non-grantees, attended the regional meetings.



Regional meeting in Kakheti

## REAP's 2016 Calendar: Georgian Women in Agribusiness

REAP developed an annual calendar that highlights 12 female entrepreneurs that benefit from REAP's technical assistance program. The calendar highlights both grantees and non-grantees and aims to promote women-owned agribusinesses, raise the profiles of women engaged in executive



positions at agribusinesses and encourage young women to pursue careers in agriculture. The calendar has been distributed to donors, REAP's grantees including non-women owned agribusinesses, the Entrepreneurship Development Agency of the Ministry of Economy and Sustainable Development, MOA, APMA, Agency for the Development of Agricultural Cooperatives and 54 local information and consulting centers of MOA.

## Development of Gender Integration Plans for Grant Recipients

REAP's Gender Specialist finalized the development of gender integration plans for all successful applicants of RFA 005A and RFA 005B. These plans are tailored to each successful grant application and is included in the final investment proposal submitted to USAID for approval.

## Participation in MASHAV Training Program

To continue to build the capacity of REAP's Gender Specialist, she participated in a 23 day intensive regional workshop organized by MASHAV entitled "Agribusiness-A Tool for the Empowerment of Rural Women". The program shared Israeli methodologies, interventions and best practices for rural women's empowerment through agriculture entrepreneurship. In addition, during field visits REAP's Gender Specialist interviewed other participants to prepare materials for upcoming bulletins for REAP's Strategic Platform and discussed with the organizers further cooperation between REAP and MASHAV.

## Access to Finance

### Accounting Software

Advancing Georgian businesses' accounting skills and software is essential to upgrading their operational efficiencies and ensuring sustainability. To improve the ability of REAP's grantees to manage inventories, analyze cash flow needs and effectively manage their accounts, REAP is piloting the installation and training of modern accounting software at three advanced FSC grantees (Agrokartli, Agroservice and Alva). Supported by a local accounting software system's expert, REAP solicited and identified appropriate software for grantees and installation and training will occur in early Q2. Based on the results and experiences of the three grantees piloting the software, REAP will look to expand the software's installation and training to six additional FSCs in Q2.

## Bank Republic

Throughout PY2, REAP worked with Bank Republic to develop an agriculture lending strategy that recommended sub-sectors for investment, organizational adjustments to streamline the approvals and disbursements and a training program for appropriate staff. Based on the development of the strategy, Bank Republic committed 20 million GEL in new financing to the agriculture sector. During Q1, REAP's Access to Finance Specialist and international consultant met with and monitored Bank Republic's progress implementing the strategy. Bank Republic's management reported formal adoption of REAP's agriculture lending strategy by its Chief Executive Officer (CEO), the formation of an Agricultural Business Unit (ABU) and streamlined approval and disbursement processes in accordance with the strategy. REAP is pleased to report that utilizing the agriculture lending strategy, Bank Republic has already increased the value of agriculture loans by 9M GEL.



## Environmental Management and Monitoring

REAP continues to provide environment monitoring and oversight for all new and existing grantees. During Q1, REAP's Environmental Specialist focused on the following activities:

**Developing Environmental Review Checklists (ERCs):** ERCs were developed and subsequently approved by USAID for all 12 grant projects from rounds 005A and 005B. ERCs are embedded within the investment proposal and contains an assessment of environmental risks and mitigation measures during the grant project.

**Monitoring of Existing Grant Projects:** REAP's Environmental Specialist and Regional Coordinators monitored construction of grant projects awarded under rounds 3 and 4 in accordance with grant projects' respective Environmental Monitoring and Mitigation Plan (EMMP). In Q1, REAP conducted 15 monitoring visits, consisting of site memos, recommendations and on-site consultations to grantees.

**Translation of PERSUAP:** During PY2, REAP updated the PERSUAP for USAID/Georgia that covers all agricultural development programs in the country. In Q1, REAP's Environmental Specialist and a local short-term environmental consultant translated the relevant chapters of the PERSUAP and produced a training book for FSCs, extension centers and processors that informs on safe pesticide use, storage of pesticides, and the list of legal pesticides.

## Collaboration with Donors/Projects

### APMA Technical Assistance Program

To effectively coordinate and leverage financial and technical resources, REAP and APMA entered into a joint program of technical assistance that will be in effect until July 1 of 2018. Under the terms of cooperation, REAP and APMA will jointly provide group trainings and individual

consultancies to APMA's grant beneficiaries. Initially focusing on food safety and DCFTA, group trainings will be provided free of charge to APMA's grantees, while individual consultancies will be cost-shared 50% by REAP, 30% by APMA and 20% by the grantee. This commitment from APMA demonstrates the Government of Georgia's confidence in REAP's technical assistance facility and will enable REAP to expand its reach. This joint technical assistance program builds on REAP and APMA's successful cooperation to jointly fund two processing enterprises.



APMA Director and REAP COP signed the TOC on technical assistance

## NFA

During Q1, REAP received a formal request from the National Food Agency (NFA) to develop a cooperative program to provide technical assistance to slaughterhouses and milk collection centers in HACCP. As part of the approximation of Georgian legislation to EU standards, all slaughterhouses and milk collection centers must adhere to HACCP standards by the end of 2016. The NFA identified 90 at-risk enterprises that need consultancies in adherence to HACCP to maintain operations. REAP and NFA will continue to discuss a cooperative program in Q2 to provide cost-shared assistance to these enterprises to ensure they can remain operational.

## Collaboration with AgriGeorgia

In Q1, REAP continued the cooperative program with AgriGeorgia and GHGA to develop Georgia's hazelnut sector. Under the agreed upon TOC, the parties provided assistance to the hazelnut sector in access to finance, training agronomists, soil testing/analysis and expanding the membership of GHGA.

### *Hazelnut Financing Conference*

To improve the financial sector's awareness of and interest in lending to the hazelnut sub-sector, REAP, AgriGeorgia and GHGA organized a joint conference with 24 representatives from leading commercial banks, leasing companies, micro finance institutions and APMA. For the first time, GHGA presented to financial institutions current and future programs of technical assistance to the hazelnut sector, current conditions of Georgia's hazelnut market, access to finance constraints for growers and possibilities for future collaboration. The conference served to facilitate connections between GHGA and the financial sector to increase the availability of financing to the hazelnut sub-sector, encourage direct relationships between the association and banks and to identify new products needed to serve this market. Throughout Q2, REAP will continue to further the relationships between GHGA and financial institutions and will work closely with USAID's newly launched Georgia Hazelnut Improvement Project (G-HIP).

### *Access to Finance Training to Hazelnut Growers*

Improving the financial management skills, record keeping and awareness of financial institutions' requirements is essential for improving the bankability of hazelnut growers. To this end, REAP and GHGA designed and delivered a tailored financial management training course to 110 hazelnut growers. Topics of the training course included, financial management topics and aspects

important for access to finance. In addition, to build GHGA's in-house capacity to provide access to finance advice to its members, REAP's Access to Finance Specialist and short-term finance consultant conducted a more advanced training to GHGA staff members. REAP and GHGA envision the continuation of these training programs to build the capacity of both growers and staff members in financial management and services.

### *Agronomist Training*

In Q1, REAP, AgriGeorgia, GHGA and the Agrarian University organized the second of four planned training and learning programs which will train students in all aspects of hazelnut growing and prepare them for advanced studies or jobs in the hazelnut sub-sector. Within the program, 43 Agrarian University students and one professor spent a week at AgriGeorgia's plantation and were trained in the proper way to establish new orchards, effective pruning methods for existing orchards and nursery management. To provide the students with hands on learning and training, AgriGeorgia prepared 0.5 ha that was planted by the students as a modern orchard that can also be utilized for future trainings and demonstrations. In total, more than 300 seedlings were planted by the students.



**Agrarian University students planting hazelnut plants on a demonstration plot**

### *Soils Testing*

To improve GHGA's members access to reliable soils tests, REAP, GHGA and AgriGeorgia solicited applications from accredited soil testing laboratories to provide training to GHGA members in proper soil collection and to analyze the soil content of their orchards. Under agreement with the Anaseuli Soil Testing Laboratory, 24 lead farmers were trained and more than 230 soil tests were taken and analyzed by the laboratory. The results of the soil tests are being uploaded to GHGA's digital platform S4, and are being reviewed by GHGA and AgriGeorgia's specialists to develop recommendations for proper input application and to provide focused consultancies to growers. In total 110 growers received soil tests, covering more than 200 ha.

### *Grower Group Development*

In Q1, REAP and AgriGeorgia worked to successfully contract the Argentina Association of Regional Consortia for Agricultural Experimentation (AACREA) to provide capacity building support to GHGA. Building on assistance provided to GHGA under USAID's EPI program, AACREA will be responsible for expanding the number of grower groups, developing and delivering a training curricula to build the capacity of GHGA employees and providing an action plan for GHGA's development. With the assistance of AACREA, GHGA's grower groups have doubled from 10 to 20 and total membership in grower groups now exceeds 200. Advancing the membership of GHGA will continue to be supported by the newly launched GDA with Ferrero, G-HIP.

**Key Constraints:**

No major programmatic or operational constraints were observed this quarter.

# Annex B: REAP Projects Map

