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**REAP** Restoring Efficiency to Agriculture Production  
საპროდუქტოს სანდოლო-სამეურნეო  
ნარჩენების ეფექტიანობის აღდგენის პროექტი

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

Quarterly Progress Report Project Year 3  
April 01, 2016 – June 30, 2016



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

## **Quarterly Progress Report**

April 1, 2016 – June 30, 2016

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## Acronyms

APMA	Agricultural Projects' Management Agency
BRC	British Retail Consortium
BSP	Business Service Provider
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
GAP	Good Agricultural Practices
GHGA	Georgia Hazelnut Growers Association
GoG	Government of Georgia
HACCP	Hazard Analysis & Critical Control Points
ICC	Information - Consultation Center
I/E	Individual Entrepreneur
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
PY3	Project Year Three
Q3	Quarter Three
REAP	Restoring Efficiency to Agricultural Production
SEAS	Strengthening Extension and Advisory Services in Georgia
SME	Small and Medium Enterprises
STTA	Short Term Technical Assistance
TOC	Terms of Cooperation
USAID	United States Agency for International Development
USG	United States Government

## Executive Summary

The third quarter (Q3) of project year three (PY3), is marked by the success of two long-expected transitions. First, with 40 fully procured grantees and 80% of REAP's grant funds spent, REAP's technical assistance component is leading the support to ensure that each of REAP's 70 grantees is, and remains, a successful and sustainable enterprise. Second, REAP completed the transition from an expatriate Chief of Party (COP) to a local COP. Envisioned in REAP's technical proposal, this streamlined transition represents USAID's confidence in REAP's ability to maintain a similarly high level of performance.

Initially a straight-forward matching grants program with well-defined priority sectors and goals, REAP's transition to technical assistance is leading to a diversification of program activities. REAP continues to expand and broaden the scope's impact with multiple, yet simultaneous, technical assistance interventions ranging from food safety certifications to the promotion of minimum tillage agriculture. While new opportunities for technical assistance will continue to arise, each intervention must continue to be evaluated on its contribution to supporting successful enterprises that increase employment and rural incomes. These two indicators, in addition to the sustainable success of grantees, are REAP's ultimate goals.

As the central figure of REAP, the grantee, finalizes construction and begins operations, REAP is pleased to observe that enterprises initially concerned solely with improving their infrastructure or equipment are now equally concerned with receiving focused technical assistance to improve specific business and technical operations. This subtle shift is a step forward and indicates the dynamism that exists in REAP's grantee portfolio.

To exemplify the advancement in technical thinking stimulated by REAP, one grantee requested cost-shared technical assistance to conduct a survey on their brand's performance and consumers' preferences. The results will be utilized to rebrand the company's products to better position them in the market. Another supported enterprise is pursuing British Retail Consortium (BRC) certification, opening up the potential for the export and marketing of their products at United Kingdom supermarkets. These REAP highlights demonstrate the interest, acceptance and utilization of consulting services by the private sector. In most cases, REAP's technical assistance is cost-shared with the beneficiary enterprise and this confidence in local consulting services speaks well for sustainable development within this important sub-sector.

One of the major impediments to Georgia's agricultural development is insufficient technical skills. Fortunately, the majority of FSCs are now not only interested in investing in their agronomists through continuing education, but are pursuing means of recruiting those with higher skill levels. Recently, REAP involved a local consultant to assess the skills of existing FSC agronomists. Through this consultancy and with the support of local universities, REAP will be launching a continuing education training program in PY4. This is regarded as the appropriate next step to address this issue.

REAP continues to be pleased by FSCs incorporating market driven demonstration plots into their facilities. Cognizant that it is through these demonstration plots that true technical advancements will spread to smallholder farmers, their increasing popularity and acceptance as a pillar of operations by FSCs is a significant indication of REAP serving as an agriculture change-agent.

Another key example is the improvement in opinion towards minimum and no-tillage agriculture. Many farmers were originally uncertain about the positive environmental and financial impacts. Now REAP expects that more than 1,000 hectares of land will be tilled this season utilizing approaches first observed on REAP's demonstration plots. Once the proper equipment is in place, this shift to minimum and no-till farming should be a game changer in the modernization of Georgia's agriculture. The minimum-tillage demonstration event, organized by REAP's grantee Lomtagora in Q3, attracted more than 100 people to its demonstration plot, including the Deputy Minister of Agriculture, local farmers, university students, and extension agents. Following the demonstration, the Ministry of Agriculture expressed interest in establishing similar demonstration plots aimed at showcasing this technology and increasing the availability of the appropriate mechanization to a larger number of farmers. With increased interest from Georgian farmers and support from both the public and private sectors, REAP believes this technology is primed to lead to transformational and sustainable change in agricultural production in Georgia.

As a private-sector and demand-driven development project, REAP places focuses on addressing specific, micro-level problems to improve the operations of its grantees and other private sector enterprises. However, within this process, REAP also confronts macro challenges inherent to Georgian agriculture. During Q3, REAP defined these priorities for the remainder of the project and these activities will be described in detail in REAP's PY4 Work Plan. A few examples of the macro challenges REAP feels vital to contribute to are:

- **Cold Storage Development:** The cold storage sub-sector is relatively new in Georgia, but is essential for import substitution and export promotion. Sophisticated technical skills are lacking, as is a clear understanding of appropriate business models. REAP is placing and will continue to place a significant focus on improving the technical skills and management of existing cold storage units and working with enterprises that come on line later.
- **Markets for Smallholder Farmers:** Linking smallholders with collectors and cold storage operators, while simultaneously establishing the needed support structures, remains a major, crucial challenge for market development. In Q3, REAP designed a pilot supply chain management project. It will attempt to reduce postharvest losses experienced between the farm gate and cold store, introduce incentives for the development of sustainable linkages between farmers, collectors and cold storage enterprises and increase cold storage utilization to lessen the necessity for imports during the off-season.
- **International Standards and Marketing:** The successful marketing of products is and will remain a key driver of successful agribusiness operations. With the majority of REAP supported enterprises now operational, focus will shift towards strengthening and creating market linkages. While the priority remains meeting market requirements by ensuring adequate standards, this intervention will eventually move towards active marketing and trade support for local and export markets.

During Q3, REAP's cooperative work with the Government of Georgia (GoG), MASHAV, and PUM began to show results. In particular, the fact that the GoG's entities now actively work with and financially contribute to REAP's activities reinforces that REAP's interventions are meeting the needs of important agriculture sub-sectors. The unique public-private partnership between REAP and the GoG leverages the financial resources of the Parties to augment their separate

activities of launching and supporting private sector agribusinesses. During the quarter, REAP and the GoG jointly launched eight ISO 22000 consultancies for food processors, with three more requests in the pipeline. We are pleased to note that APMA, REAP's main partner implementing agency, requested an expansion of their collaboration with REAP to include beneficiaries of the GoG's Plant the Future and Georgian Tea Support programs. REAP will be responsive to such requests and will continue close collaboration with GoG entities to best serve Georgian agribusiness.

During Q3, REAP received experience sharing-requests from other USAID supported projects. REAP recently hosted a delegation of seven professionals from USAID Ethiopia's Farm Service Center Support Project (FTF-FSCSP) and the Government of Ethiopia. The delegation visited REAP's grantees to learn from the entrepreneurs and learn from REAP's experience in the establishment of functional FSCs/MSCs. Together, USAID and the Government of Ethiopia are looking to adapt REAP's FSC/MSC model for Ethiopia, where more than 50 million farmers struggle with access to high quality inputs. This visit followed on the heels of two visits from a USAID-funded agribusiness development project in Azerbaijan. REAP is pleased to share its experiences and insights with development and agribusiness professionals from other countries. Outside interest in REAP motivates REAP project staff and reflects well on REAP's grantees, whose successful operations are becoming models for replication by entrepreneurs in other countries.

As REAP matures and deepens, so does its unique intern component. REAP now receives an average of 30 applications for each of its 16 six-month intern positions. This permits REAP to recruit competent and aspiring agriculturalists to contribute to and augment program activities. REAP strives to ensure each intern is fully utilized and engaged in the program. Upon completing the internship, on average nearly a third of interns secure full-time employment.

As REAP advances into PY3 Q4, REAP expects an increased workload from non-grantee technical assistance. As REAP operates based on market demand and REAP activities and partnerships continue to expand, non-grantee requests for technical assistance are likely to increase. In due course, the level of responsiveness to non-grantee assistance will be a subject of discussion between REAP and USAID.

In PY3 Q3, REAP concluded a significant management and operational transition and it is important that REAP's new management continues to maintain the program's original focus. Although REAP is expanding and broadening its scope, the program's paramount task it to ensure that all 70 of its grantee enterprises continue to grow, develop and prosper. REAP's new management faces the challenge of preserving this focus, while maintaining the flexibility to support new public and private sector initiatives. With proven systems and clearly defined goals in place, REAP continues to approach the remainder of its tenure with optimism and the confidence that by project completion, REAP will have led to a transformative impact on agriculture development in Georgia.

## Summary of Achievements

Component 1: SME Development	Component 2: Technical Assistance Program	Cross Cutting
<p>40 grant projects fully procured and 79% of grant portfolio disbursed.</p> <p>868 new rural jobs created by REAP's grantees to date.</p> <p>More than \$37M in new gross sales by REAP's grantees to date.</p> <p>More than 105,000 farmers trained in new agricultural practices to date.</p> <p>\$16.8M invested in the agriculture sector by grantees.</p>	<p>TOC between REAP and SCO/DANIDA RED Program signed to jointly introduce HACCP systems in local dairies and slaughterhouses.</p> <p>APMA and REAP launch joint TA projects to assist 8 APMA-supported food processors to become ISO 22000 certified.</p> <p>8 REAP-supported processors assisted to increase marketing effectiveness through the development of quality corporate brochures.</p> <p>Websites for 10 REAP-supported FSCs developed and ready to be launched.</p> <p>228 MOA extension agents, NFA staff and slaughterhouses trained to improve their knowledge in agriculture-related DCFTA issues.</p>	<p>32 women and young entrepreneurs attended four day training in agro marketing.</p> <p>41 students from Agrarian University attended trainings on integrated pest management (IPM) organized within REAP/AgriGeorgia joint program</p> <p>20 grant recipient companies participated in REAP Grantee Fair</p>

## Operations Report

### 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. The regional offices in Kutaisi and Telavi house regional coordinators and interns responsible for monitoring the progress of grantees and providing support for all REAP activities in their respective regions.

### Staffing:

#### *Transition to local Chief of Party*

As envisioned in REAP's technical proposal and in line with USAID Forward, REAP's expatriate Chief of Party departed the project in PY3 Q3 and REAP's local Deputy Chief of Party assumed the role of Chief of Party. Planning for this transition began early in PY3 with the then-Deputy Chief of Party taking on increased responsibilities and the expatriate Chief of Party serving as a key advisor. With REAP's grant funds fully committed and the conversion of the program to

technical assistance and grant monitoring, REAP is well positioned for this transition. To provide continued support to the new Chief of Party during the transition and in implementation, REAP and USAID extended the assignment of the expatriate Field Program Officer through the life of the project.

### *Change in Non-Key Personnel Staff Responsibilities*

To reflect the transition from grant making to technical assistance and grant monitoring, REAP redrafted scopes of work for non-key personnel. Following discussions with the COR, REAP placed a stronger emphasis on technical assistance development, delivery, and monitoring. An updated organizational chart will be included in the PY4 Work Plan.

### **Document and Deliverables Submission:**

A summary of documents submitted to USAID in Q3 may be found in the table below:

Document	USAID Submission	Submission Date	USAID Approval
<b>Project Reports and Manuals</b>			
<i>PY3 Q2 Report</i>	Submitted	April 15, 2016	Approved
<b>TOCs</b>			
<i>TOC with SCO/DANIDA funded RED Program</i>	Submitted	June 8, 2016	Approved

## **Component 1: SME Development in the Agriculture Sector**

With REAP's \$6M grant fund fully committed, REAP's PY3 Q3 activities for Component 1 continue to focus on grantee monitoring and procurement. To date, almost all of REAP's grantees have completed the agreed upon construction milestones and REAP has completed procurement for 40 grantees. The accelerated progress of REAP's grant program enabled the majority of grantees to be operational for three full seasons, amplifying their impact, increasing opportunities for technical assistance, and improving sustainability. A map of REAP's grantees may be found in Annex A.

### **Grant Cost-Share and Procurement**

As of the end of PY3 Q3, REAP's grantees spent more than \$16M through cost-sharing activities, or 97.5% of their commitment, and REAP has procured more than \$4.7M, or 79.5%, of its total grant fund. 40 of REAP's grantees are fully procured, 18 are undergoing procurement and by the end of PY3, REAP's remaining 12 grantees will be in the process of procurement.

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	\$17,327,086
Cost-Share Spent	\$10,771,509	\$5,922,539	\$137,830	\$63,682	\$16,895,560
Grant Funds Committed	\$3,246,380	\$2,634,325	\$55,050	\$64,245	\$6,000,000
Grant Funds Disbursed	\$2,500,268	\$2,163,945	\$40,204	\$64,180	\$4,768,597

## Grant Monitoring and Results

In order to effectively manage the implementation process, each grant project is assigned an activity manager. In coordination with field coordinators based in Tbilisi, Telavi, Guria, and Kutaisi, these activity managers are responsible for overseeing the implementation of the grant project. Through Q3 PY3, REAP's active grantees have created more than 850 new rural jobs, generated more than \$37M in new sales, provided trainings to more than 100,000 farmers and invested more than \$16.8M in the agriculture sector. These numbers will continue to grow as more of REAP's grantee become operational and are supported through technical assistance. Please see the *Monitoring and Evaluation Section* for REAP's progress against contractual indicators.

## Launch of New Agribusinesses

During Q3, REAP successfully launched four new agribusinesses. Providing cash markets to smallholders, high quality inputs such as seed, fertilizers and pesticides and farmer training, these enterprises will contribute to broad based economic development in Kakheti, Kvemo Kartli and Mtskheta-Mtianeti regions.

Company	Type	Region	Number of Beneficiary Farmers This Season
SP Marina Akolashvili	Cold Storage	Kakheti	500
SP Ambrosi Macharashvili	FSC	Kakheti	700
SP Giorgi Stepniashvili	FSC	Mtskheta-Mtianeti	1,000
DevePlus Ltd	FSC	Kvemo Kartli	1,000

## USAID/Ethiopia Study Tour to Georgia

During Q3, the USAID Feed the Future Commercial Farm Service Project (FTF-CFSP) based in Addis Ababa, Ethiopia, contacted REAP regarding sending project staff to visit Georgia and to gain insights on REAP's grant program and in particular, FSCs/MSCs. Funded by USAID and implemented with the Government of Ethiopia, FTF-CFSP seeks to replicate the Georgian FSC/MSc model to increase the availability of inputs and machinery services to smallholder farmers. In May, a delegation of four project staff, one Ethiopian FSC owner, the chairman of an input buying cooperative, and a representative from the Ethiopian Government's Agricultural Transformation Agency (ATA) visited five FSCs/MSCs in Shida Kartli, Imereti and Kakheti to gain knowledge from the FSC/MSc owners and to learn about private sector driven input supply. During their study tour, the delegation observed best practices and innovations offered by FSCs. This included mobile weather stations and the core principals of REAP's farmer outreach and training method. REAP is pleased to serve as a resource to USAID's FTF-CFSP and looks forward to serving as a model for other development programs globally.



Ethiopian delegation visiting REAP grantee FSCs

During their study tour, the delegation observed best practices and innovations offered by FSCs. This included mobile weather stations and the core principals of REAP's farmer outreach and training method. REAP is pleased to serve as a resource to USAID's FTF-CFSP and looks forward to serving as a model for other development programs globally.

## REAP Study Tour to Serbia

Based on the recommendations from REAP's niche market consultants, REAP staff are planning a short study tour to Serbia to learn from their experience in berry and plum production as well as cold storage and to establish market linkages. The study tour will utilize the knowledge and experience gained from Serbia's recent agriculture development to introduce the participants to

improved varieties demanded by EU countries and will leverage Serbia’s knowledge in propagating raspberry planting materials and EU approaches to nursery development for plums, persimmon and table grapes. In addition, the study tour will serve as the first step in establishing business linkages and transferring technology between Georgian agribusinesses and representatives from the Balkans. Three REAP grantees engaged in plum and berry production as well as three REAP staff members will attend the study tour in early Q4.

### Cooperation Between REAP Grantees

Building on connections made during REAP’s grantee summit held in Q2, grantees are continuing to improve their business cooperation. During Q3, Giorgi Stepniashvili, a REAP FSC owner, and Agrokartli, a REAP FSC, reached a business agreement on procurement of high quality pesticides, fertilizers and small agricultural tools. Furthermore, two of REAP’s cold storage grantees in Kakheti, GFC Ltd and Marina Akolashvili, agreed to purchase plastic crates produced by Adjara-based Agroexport Ltd. Cross-country cooperation is important for Georgia to realize its full agriculture potential and REAP will continue to promote business linkages amongst its grantee network through formal B2B meetings and informal networking opportunities.

## Component 2: Technical Assistance Program

Throughout Q3, REAP’s technical assistance component continued to provide individual consultancies and group trainings to grantees and non-grantee enterprises across a variety of technical areas including: marketing, food safety and quality management, and best agricultural practices. In addition, during the Quarter, REAP implemented cooperative technical assistance programs with the NFA, USAID/SEAS and APMA to train public extension agents, NFA employees and slaughterhouse managers on relevant chapters of DCFTA and to provide cost-shared ISO 22000 consultancies to food processors.

### Individual Consultancies

#### Marketing

In Q3, REAP continued to provide individual consultancies in marketing to REAP grantees to assist them position their products and services in the marketplace, to attract more clients and to generate increased sales. REAP is currently engaged in four distinct marketing activities:

#### Corporate Brochures

REAP assisted eight grantees to develop corporate brochures in Georgian and English. These grantees will use the brochures to market themselves at international and local trade exhibitions and during meetings with prospective buyers and clients. During Q3, corporate brochures were finalized for the total of eight processing enterprises.

REAP PY3 Q3 Completed Corporate Brochures	
Company	Products
Farkoni Ltd	Medicinal herbs and spices export
AgroInvestService Ltd	Fresh fruit export
Agroexport Ltd	Fresh fruit export
Anaseuli Experimental Tea Factory Ltd	Tea production
Santa Ltd	Cheese production

Georgian Fruit Company Ltd	Fresh fruit export
Laboratory Dr. George Ltd	Churchkhela and Georgian sweets
CAMPA Ltd	Fresh fruit juice production

### *Development of Websites for FSCs/MSCs*

In Q2, REAP launched a pilot project to develop tailored websites that will strengthen the marketing and outreach capacity of 11 REAP grantee FSCs. With increasing internet coverage in rural areas, functional and user-friendly websites are becoming an important tool for service providers to raise the visibility of their products and services to smallholder farmers. During Q3, REAP finalized the development of all 10 websites that include technical information on crops, an online catalog of products, a schedule of upcoming trainings, and the ability to ask questions directly to the FSCs’ agronomists. The websites will go live in Q4 and REAP will continue to provide technical trainings to FSC staff on the operations and management of their websites.



Screenshot of FSC Website for Agroservice

### *Website Development for Gemuani Ltd.*

In Q3, REAP began working with a local consulting firm to develop a bilingual website that will raise the visibility of Gemuani, a kiwi and dried fruit producing enterprise. With REAP’s assistance, Gemuani received Global GAP certification and is finalizing the construction of a modern fruit freeze-drying facility that will produce vacuum packaged dried fruits and berries for exports. As Gemuani looks to enter the European market, a modern website will strengthen the company’s ability to market and communicate with perspective clients. REAP anticipates the website being completed in Q4.

### *Brand Performance Research for CAMPA Ltd*

At the request of REAP’s grantee, CAMPA, REAP contracted a local research company to conduct brand performance research on CAMPA’s line of juice products. Co-funded by REAP and CAMPA, this research will provide CAMPA with reliable information on consumer preferences and opinions. This information will assist CAMPA to more effectively market their products and to inform their re-branding efforts.

### **Food Safety and Quality Standards**

With the signing of the Deep and Comprehensive Free Trade Area (DCFTA) agreement and market-demand for higher food safety standards, REAP continues to proactively work with grantee and non-grantee enterprises to assist them to improve their quality management practices and to obtain internationally recognized food safety certificates. In partnership with the NFA and USAID/SEAS program, REAP led nationwide group trainings on food safety, HACCP and Global Gap for the ICC’s network of extension agents and private slaughterhouse operators (for more information on these activities please see the section on Cooperation with Government of Georgia and Other Donors). In addition, in Q3, within the REAP/APMA Terms of Cooperation (TOC), the Parties launched a co-funded program to jointly finance ISO 22000 certification cost for emerging processing enterprises.

### *Consultations in Food Safety Requirements for Food Producers*

In Q3, REAP began providing three-day consultancies to four processing enterprises that envision ISO 22000 certification. These tailored consultancies review the enterprises construction plans to ensure compliance with ISO 22000 and provide a GAP analysis that identifies non-compliances. In addition, the consultants provide a general training on sanitary and hygiene requirements and give written recommendations to the company's management to assist in the streamlining of future ISO 22000 implementation.

REAP PY3 Q3 Three Day Consultancies in Food Safety Requirements		
Company	Type	Agriculture Sub-Sector
Kartuli Soko Ltd	APMA	Mushroom compost & fresh mushrooms
Investfeed Ltd	APMA	Animal Feed
Eurohazel Ltd	Non-grantee	Hazelnut processing
BaiaFood Ltd	Non-grantee	Cereal production

### *Individual Food Safety Certifications*

In Q3, REAP continued to provide and build a pipeline of individual consultancies that are provided on a cost-shared basis to processing firms to obtain international food safety and quality standard certifications including ISO 22000, FSSC 20000 and HACCP. These certifications demonstrate the enterprises' commitment to internationally recognized food safety and quality management standards. This can lead to an expansion of market opportunities, resulting in increased production and sales. Augmenting REAP's efforts to improve processing firm's food safety operations, APMA agreed to fund 30% of consultancy costs of ISO 22000 certification for their beneficiary enterprises. This unique public-private partnership combines the financial resources of REAP and the GoG to advance Georgia's processing sector and to support adherence to DCFTA. Below is a list of on-going and upcoming individual consultancies in food safety and quality management.

REAP PY3 Q3 Individual Consultancies in Food Safety and Quality Standards				
Company	Type	Agriculture Sub-Sector	International Standard	Certification Completion
Santa Ltd	Grantee	Cheese production	HACCP	September, 2016
Pirosmani Ltd	Non-grantee	Dairy products & animal feed	Bio certificate	September, 2017
Georgian Lemonade Ltd	Non-grantee	Lemonade & juices	ISO 22000	July, 2016
Geo Demo Ltd	APMA	Hazelnut processing	ISO 22000	September, 2016
NutInvest Ltd	APMA	Hazelnut processing	ISO 22000	October, 2016
GN Company Ltd	APMA	Hazelnut processing	ISO 22000	October, 2016
KTW-Agro-Keda Ltd	APMA	Fruit processing	ISO 22000	October, 2016
KTM-Agro-Chokhatauri Ltd	APMA	Fruit processing	ISO 22000	October, 2016
Vita Products Ltd	APMA	Cheese production	ISO 22000	December, 2016

AER Company Ltd	Non-grantee	Hazelnut processing	FSSC 22000	December, 2016
NutsGe Ltd	Non-grantee	Hazelnut processing	BRC FS 7 Standard	March, 2017
Kareli Agro Industrial Group Ltd	APMA	Dried fruits	ISO 22000	March, 2017
Anaseuli Tea Factory Ltd	APMA	Processed fruits	ISO 22000	March, 2017

## Improved Agricultural Practices

To improve the knowledge and skills of REAP’s grantee enterprises, REAP utilizes local short-term specialists to deliver theoretical and practical trainings. In Q3, REAP engaged specialists to support greenhouse strawberry production, vegetable production, and modern veterinary practices.

### *Greenhouse Strawberry Production*

In Q3, REAP began providing a customized consultancy in strawberry production technologies to grantee Alexander Nadareishvili. Operating a strawberry greenhouse and seedling nursery in Samegrelo, Alexander Nadareishvili provides improved seedling varieties to smallholders and sells strawberries on the local market. The consultancy will enhance the greenhouse’s operations and improve the quality of strawberries and seedlings grown, through a focus on improving the heating, water management, pest identification, seedling propagation and production techniques.

### *Vegetable Production Technologies*

REAP hired a local short-term consultant to lead group trainings and to provide individual consultancies to REAP grantee FSCs and primary producers engaged in open field vegetable production. Initially focusing on potatoes and onions, the consultant will work with three FSCs in Kvemo Kartli and Samtskhe-Javakheti as well as non-grantee agribusinesses and smallholder farmers that participate in REAP farmer field days. The consultancy will support the introduction of modern irrigation systems, varieties, and production practices.

### *Modern Veterinary Practices*

During Q3, REAP solicited proposals from qualified consultants to provide tailored trainings and on-the-job coaching to REAP FSC grantee Nektari Ltd. With REAP’s support, Nektari expanded their FSC operation by introducing a mobile veterinary diagnostic service. In early Q4, the consultant will work closely with Nektari to assess their staff and to provide technical training in modern veterinary practices to the firm’s designated staff.

### *Cold Storage Improvement*

During Q3, REAP continued to provide support and training to cold storage grantees to better utilize their equipment and to improve their postharvest handling practices. Utilizing a local consultant and in-house technical expertise, REAP provided customized technical assistance to seven cold storage grantees in Shida Kartli and Kakheti to optimize their harvesting process, manage precooling systems and improve temperature and humidity control. REAP will continue to monitor cold storage grantees and is working with their operators to develop a series of checklists, guidelines and posters for proper cold storage management based on the fruits they are storing. In upcoming quarters REAP will expand assistance to cold storage operators in West Georgia and will look to host demonstration days at supported cold storages to showcase best practices to REAP’s network of cold storage grantees.

REAP PY3 Q3 Cold Storage Consultancies					
Grant project	Crops	Capacity		Region	Harvesting period
		M3	MT		
GFC Ltd	Peach, Apples, Citruses	2592	933	Kakheti	All seasons
GFC Cooperative	Apples	756	272	Shida-Kartli	August - November
Iveria	Apples	800	288	Shida-Kartli	August - November
Eleniksta	Cherie, Plums, Apples	876	315	Shida-Kartli	June-November
Gile Ltd	Seasonal fruits	90	32	Kakheti	June-November
IE Marina Akolashvili	Peach, Grapes	968	348	Kakheti	July - August

### Group Trainings

#### *Mechanization Trainings for FSCs/MSCs*

Based on an assessment conducted by REAP’s local mechanization expert in Q2, REAP delivered customized trainings and coaching to machinery operators at 14 of REAP’s FSCs. The trainings focused on increasing the knowledge of new mechanization technologies and maintenance skills. The trainings are also paired with semi-annual site visits to all FSCs by REAP’s local mechanization expert to ensure equipment is properly utilized and maintained.

#### *Famer Field Days*

Within the framework of REAP’s modern demonstration plot development program, REAP continued to provide individual consultancies and trainings to REAP grantee FSCs, primary producers, and smallholder farmers to increase their awareness of modern agriculture technologies and practices. In PY3, REAP’s demo-plot development program has focused on the gradual transition of existing agricultural practices to modern farming technologies, including minimum tillage and no-tillage technologies. In addition, REAP is working to introduce new crops including haricot beans and other varieties based on region-specific soil and climate characteristics. These crops will help local farmers to diversify their farming operations and to increase the efficiency of agriculture production in the regions. REAP’s field days are led by local agricultural specialists and are attended by smallholder farmers, input suppliers, MOA representatives, private and public extension agents and university students. Below is a list of field days hosted by REAP’s partners during Q3.



Farmer Field Day in Bolnisi organized by DevePlus

REAP PY3 Q3 Farmer Field Days			
Supporting FSCs	Location	Activities Demonstrated	Number of Participants
LukAgro Ltd	Tsnori	Maize seeding with minimum tillage	61
SP Zurab Tetvadze	Dedoplistkaro	Wheat seeding with minimum tillage	51
Agrokartli Ltd	Gori	Vegetable production with plastic mulch	26

Minidia 2011 Ltd	Kvareli	Modern practices in strawberry production	41
DevePlus Ltd	Bolnisi	Sprinkler irrigation for potato production	61
Lomtagora Ltd	Marneuli	Wheat production with minimum tillage	94
Agrokartli Ltd	Gori	Plastic mulching and irrigation for tomato production	51

### International Consultants

During Q3, REAP continued to work with international experts to finalize an assessment and marketing guide that analyzes niche products produced in Georgia and developed a supply chain initiative to improve the ability of cold storages to source higher quality and quantity product from local farmers. These reports will be utilized by the donor community to inform new programming and by REAP to tailor support to grantees.

### Niche Market Analysis

During Q3, two international consultants completed the second phase of their consultancy to analyze niche products produced in Georgia. Their final report focuses on the potential of developing specific niche products in Georgia, as well as providing specific recommendations to REAP grantees already engaged in niche product production. In early Q4, the final report will be submitted to USAID. As a follow-up to the recommendations provided in this report, REAP identified a small group of grantees to participate in a study tour to Serbia that will be organized in Q4 (for more information on the study tour please see Component 1).

### Supply Chain Management

Based on recommendations from REAP's Domestic Market Assessment and the needs of grantees, REAP designed a supply chain management activity to strengthen supply chain relationships between REAP's grantees and smallholder farmers. Led by international consultants, the activity will first assess current supply chain practices, to identify potential companies for support. REAP will then work with these companies to design supply chain improvement plans to address bottlenecks and introduce incentives to promote cooperation and loyalty between producers and aggregators. Ultimately, this will serve the goal of increasing the enterprises' profitability while improving their ability to purchase more products from smallholders. Beginning in late Q3, the consultancy will be piloted through PY3 and based on results REAP will look to scale up in PY4 and PY5.

## 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, 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. Descriptions of cooperative activities between REAP and APMA that took place in Q3 may be found below.

### ISO 22000 Certifications

In Q3, joint activities between REAP and APMA focused on providing consultancies to APMA grantees to prepare for ISO 22000 certification. Within the framework of the cooperative program, REAP and APMA signed technical assistance contracts with eight processing firms to receive individual consultancies that will prepare the companies for and eventually lead to ISO 22000 certification. Led by local consultants, initial GAP analyses were performed in Q3 and training and pre-certification audits will take place in Q4. REAP and APMA expect international accreditation to be complete during Q1 of PY4.



Director of APMA and REAP Chief of Party sign technical assistance contracts.

### Expansion of Terms of Cooperation

Based on the successful implementation of joint technical assistance activities, APMA requested an expansion of the cooperative technical assistance program to include APMA beneficiaries that are involved in their *Plant the Future* and *Tea Plantation and Rehabilitation Program*. REAP and APMA are currently negotiating an amendment to the existing TOC which will provide support for primary producers to introduce Global GAP standards.

### NFA

During Q2, REAP and LEPL National Food Agency (NFA) signed a TOC to launch a cooperative program of technical assistance that will benefit Georgia’s slaughterhouses and improve their food safety standards. Based on the TOC, during Q3 REAP provided a one-day training in HACCP requirements and basic food safety systems to 110 individuals from the NFA and multiple slaughterhouses across Georgia. Taking place in seven cities, Tbilisi, Kutaisi, Zugdidi, Batumi, Telavi, Gori and Gurjaani, these trainings served to provide basic awareness to slaughterhouses on food safety requirements that will go into effect in 2017 as part of the DCFTA agreement.



HACCP Training in Batumi

### PUM

During the previous quarter, REAP and the PUM Netherlands, signed a Letter of Intent (LOI) to engage in a cooperative technical assistance program for REAP’s grantees. Currently, four agribusinesses are targeted for joint assistance to strengthen their capacity in relevant and modern production technologies.

In Q3, REAP and PUM finalized the selection of volunteers and logistics for two of these agribusinesses. Within the partnership framework, PUM will cover the airfare and per diem costs of the volunteers, and REAP and the beneficiary company will split the accommodation and in-country logistic costs. Information on the scheduled volunteer consultancies may be found below.

REAP/PUM Netherlands Planned Consultancies			
Grantee	Focus of Consultancy	Length of Consultancy	Expected Timing
Santa Ltd	Cheese production technologies	10 Days	PY3 Q4

## USAID/SEAS

During Q3, REAP and USAID's Strengthening Extension and Advisory Services (SEAS) delivered a technical assistance program that provided awareness training to MOA extension agents in DCFTA and food safety. Delivered across seven cities, a total of 118 individuals from regional Information-Consultation Centers (ICCs) and NFA offices attended this day and half training that raised awareness of ICC extension officers, NFA officials in DCFTA, modern agricultural practices and Global GAP. Based on reports from the ICCs, extension officers have further trained 45 smallholder farmers in Global GAP compliance.

## Terms of Cooperation with Rural Economic Development Programme

With Georgia's approximation with EU legislation for dairies and slaughterhouses going into effect in 2017, dozens of animal product enterprises must adhere to HACCP or may face the forced shutdown of operations. To assist enterprises comply with these standards and to obtain internationally recognized HACCP certification, REAP and the SCO/DANIDA funded Rural Economic Development (RED) Programme signed a TOC to jointly support HACCP certification to selected dairies and slaughterhouses in Kvemo Kartli and Samtskhe-Javakheti. REAP and RED jointly conducted site visits and in Q4 will begin providing consultancy services to select RED-supported enterprises.



REAP COP and RED Team Leader Sign TOC to provide HACCP support to slaughterhouses and dairies

## MASHAV

As part of REAP's cooperation with Israel's Agency for International Development Cooperation (MASHAV), two Israeli experts visited REAP-supported cold storage facilities in Kakheti and Gori to provide recommendations in postharvest handling and cold storage management. These recommendations will be utilized by the enterprises to more effectively store fresh fruits purchased from smallholders during this upcoming harvest season.

In addition, with the assistance of REAP's Gender Platform, REAP's Regional/Training Coordinator, Shorena Ghvachliani, attended a MASHAV training program in Israel on *Entrepreneurship, Marketing and Postharvest in Agriculture*. Ms. Ghvachliani is a key resource for REAP and REAP's Gender Platform and provides event and technical support during farmer field days, FSC trainings and Gender Platform trainings. Financed by MASHAV, REAP hopes to send staff members and grantees to attend relevant trainings in agriculture, entrepreneurship, marketing and food safety.



MASHAV experts visiting Iveria

## Entrepreneurship Development Agency of Ministry of Economic and Sustainable Development (MSED)

REAP continues to cooperate with the Export Development Department of the Entrepreneurship Development Agency to increase the export capacity of REAP supported agribusinesses. This will be accomplished through the engagement of REAP's grantees in training courses organized by the Export Development Department and co-funding their participation in international trade exhibitions and missions supported by the Entrepreneurship Development Agency.

In Q3, REAP organized a roundtable attended by grantees, the Export Development Department and the Export Development Association (EDA). During the roundtable, the Export Development Department presented their programs to support export oriented businesses and it was agreed to pursue cooperation in the following activities:

- Facilitate the participation of REAP-supported agribusinesses in match-making events organized by the Entrepreneurship Development Agency in different countries. Agribusinesses will have the opportunity to meet potential buyers to learn about market requirements and to facilitate linkages. Initially, the Baltic States have been designated as a priority for these events.
- Facilitate the participation of REAP-supported agribusiness in ANUGA 2017, one of the world's largest packaged and processed food and drink trade fairs. The Entrepreneurship Development Agency plans to co-fund 70 – 80% of the participation costs, with REAP and the participating companies covering the remaining costs. Preparing companies to exhibit at ANUGA 2017 will be a major activity for REAP in PY4. Activities regarding the selection and preparation of companies will be outlined in REAP's PY4 Work Plan.

## Collaboration with the Ministry of Diaspora Issues

In May 2016, REAP participated in a panel session on “Diaspora Business Mentors and Investments” under the framework of Second Diaspora Professional Forum “Share our Experience to Homeland” organized by Office of the State Minister of Georgia for Diaspora Issues. REAP's former COP, as well as Santa Ltd and Gile Cooperative, two REAP-assisted women-owned agribusinesses, delivered presentations on their business history to the potential investors.

## Collaboration with AgriGeorgia/GHGA

During the week of April 11<sup>th</sup>, REAP, AgriGeorgia and GHGA arranged the third round of hazelnut training for 41 students from the Agrarian University. Conducted by GHGA's local experts and AgriGeorgia's Italian agronomist, the theoretical and practical training focused on hazelnut orchard fertilization and integrated pest management and was held on a newly established demonstration plot by GHGA and AgriGeorgia. All 41 students successfully passed a test designed by AgriGeorgia and are eligible for the last round of trainings that will be organized in September.



Practical training in hazelnut orchards

## Cross Cutting Activities

### Monitoring and Evaluation

Throughout Q3, REAP’s M&E Manager continued to track the performance of all operational grant projects against their established targets and continued to introduce the data collection methodology to Round 4 and Round 5 grantees which are still in their mobilization phase. This Quarterly Report, provides performance data for 44 operational grantees and indicates REAP’s progress to date against LOP and contractual targets.

As an adopted and approved practice, all of REAP’s PMP indicators are collected on an annual basis, but to maintain data quality and to inform REAP’s management on the program’s performance, REAP’s M&E team continues to collect and analyze data on key PMP indicators that relate to REAP’s strategic goals, objectives and sub-objectives on a quarterly basis.

Initial data is collected by REAP’s Field Coordinators from regional offices with support from M&E team members. To ensure the validity of data, quality and proper collection methodology, REAP’s M&E Manager has revised data collection forms and verified data with Field Coordinators and grantees when necessary. Due to the increased analytical capacity and enhanced reporting skills of REAP’s Field Coordinators, the M&E Manager did not travel throughout the regions for data collection this quarter. For REAP’s Annual Report, field visits by REAP’s M&E Team will be conducted to collect and verify data from grantees and non-grantee impact data will be reported.

Below please find key performance data collected from REAP’s 44 operational grantees. For an update on REAP’s Cost Benefit Analysis (CBA) please see Annex C.

Indicator		Y3Q3 Accomplishments	Actual to date	Updated LOP Targets	Contractual targets	Progress Against Updated LOP target	Progress Against Contractual Obligations
Contractual Indicators	Number of jobs created with USG assistance	157	868	800	750	109 %	116 %
	Number of distinct clients purchased products or services from USG assisted SMEs	27,439	101,281	156,185	135,000	65 %	75 %
	Gross incremental sales by USG assisted SMEs (all type)	\$11,575,462	\$39,476,416	\$ 60,900,000	\$40,000,000	62 %	99 %
	Number of farmers supplying primary agricultural products	537	3,360	2,500	2,500	134 %	134 %
	Value of primary agricultural products supplied by farmers	\$755,999	\$4,808,832	\$ 12,400,000	\$10,000,000	39 %	48 %
	Value of new private sector investment in the agriculture sector	\$3,459,666	\$16,865,467	\$16,500,000	\$14,000,000	102 %	120 %

	Number of individuals who have received short-term agricultural training	28,135	106,888	164,505	150,000	65 %	71 %
Other Key Indicators	Value of additional financing obtained by the private sector	\$1,099,149	\$14,906,173	\$7,500,000	\$7,000,000	199%	213 %
	Number of hectares under improved technologies or management practices as a result of USG/REAP assistance (Ha)	76,242	446,392	240,000	240,000	154%	186%
	Number of MSMEs receiving business development services from USG assisted sources	364	364	220		165%	n/a

### *Non-Grantee TA Methodology Development*

With a growing portfolio of non-grantees across various technical assistance areas, REAP hired a local consultant to develop a methodology for attributing REAP’s impact. During Q3, the consultant analyzed REAP’s approved PMP and Performance Indicator Reference Sheets (PIRS) and reviewed non-grantee technical assistance activities. Throughout Q4, the consultant will refine the methodology and provide training to REAP staff on collection and analysis. The methodology will be provided in REAP’s PY4 Work Plan and once approved will be incorporated into REAP’s PMP to inform the monitoring, collection and analysis of impact data from non-grantees.

### *Access to Finance*

With REAP’s grantees financially equipped to meet their cost-share obligations and to fund their working capital needs, REAP’s Q3 Access to Finance assistance focused mainly on providing direct TA to FSC grantees to more effectively manage their loans to farmers and to support in the identification of proper accounting and inventory management software.

### *Portfolio Management Training*

Based on discussions held at REAP’s Summit in Q2, FSCs are facing challenges in managing credit provided directly to farmers. With delinquency rates exceeding 30% of total loan value, the successful management, monitoring, and collection of loans from farmers is essential to the sustainability of these enterprises. To assess and understand the situation, REAP’s Access to Finance Specialist designed and delivered a survey to FSCs across Georgia, where it was observed that 30% of all outstanding loans to farmers were overdue and no FSC had a policy for selling on consignment or collection of delinquent loans. To improve the quality of FSCs’ loan book, REAP assisted FSCs with the creation of an Account Receivables Policy. Included in this policy is the proper identification of solvent clients, developing contracts between FSCs and farmers, putting in place proper client monitoring, and developing a non-repayment protocol through the local credit bureau or local courts. Training on this policy will commence in early Q4.

### *Accounting and Inventory Management Software*

With more than 7,000 unique clients each year and more than 100 products in stock, it is imperative that FSCs accounting and inventory management capabilities keep pace with growing enterprises. Because of large inventories and diverse methods of payment, proper accounting and inventory

management is needed to streamline and improve accuracy of tax, finance, and managerial accounting. Proper accounting and inventory management will also improve enterprises' ability to forecast and analyze current income, balance sheet, and cash flow statements.

During Q3, REAP worked with three FSCs (Agrokartli, Agroservice and Alva) to identify an appropriate Enterprise Resource Planning (ERP) system that will be adapted to meet the company's specific needs in tax, finance, inventory management and managerial accounting. When the software is purchased by FSCs in Q4, REAP will look to provide tailored consultancies to the three FSCs to customize and adapt the ERP systems to company specific businesses processes. This includes establishing a standard for accounting transactions, customizing reporting templates and training staff in the system's functions and maintenance. Based off the adoption of the ERP system and feedback from the FSCs, REAP will look to expand ERP systems to other FSCs and cold storage enterprises.

## Gender and Youth

During the Q3, mainstreaming gender perspectives through REAP's activities continued through the following activities:

### *Agribusiness Management and Marketing Training*

Under the framework of REAP's initiative 'Facilitate the Development of Women-Owned Agribusinesses and Young Agricultural Entrepreneurs,' 32 participants, representing 20 grantee and non-grantee enterprises, and six young agricultural professionals attended a four-day event focused on capacity building in agribusiness management and marketing.

### *Sweet Cherry Demonstration and Training Event*

REAP's gender platform organized a training event in Shida Kartli on production practices for sweet cherries. Led by a local horticulture expert, the event included a practical training held on the demonstration plot of non-grantee Marika Kandorelashvili. After the field demonstration, the 16 attendees held a meeting to discuss strategies for fruit growing and processing. Information about the newly launched USAID/ZRDA program was also distributed.

### *Market Linkages and Business Matchmaking*

In Q3, REAP's Gender Team launched a new sub-initiative to develop market linkages and promote business match-making amongst platform participants. Beginning with an initial survey, this new initiative will help entrepreneurs to identify requirements of different shops and retailers, and establish market linkages. During Q3, REAP assisted two enterprises to market their produce at *Sunflower*, a Tbilisi based health food store.



**Winners of Gender Award:  
Darejan Kanteladze and Mari  
Kodua**

### *Launch of Gender Awards*

To reward platform members who demonstrate leadership and a commitment to new business ideas, REAP launched two awards for gender platform members, Start-up Entrepreneur of the Year and Role Model of the Year. The Award was given to Darajan Kanteladze - REAP's grantee Santa Ltd owner and Marika Kodua - a non-grantee hazelnut processor Keskia Ltd. Each company will receive technical assistance in branding and food safety.

## Environmental Management and Monitoring

During Q3, REAP’s Environment Management and Monitoring focused both, on monitoring grant activities and cooperating with REAP’s TA Component to design and deliver food safety related consultancies to grantee and non-grantee enterprises (please see Component 2 for more information). Due to the increasing demand for food safety related consultancies, REAP distributed the responsibilities of food safety related consultancies to REAP’s Environmental Specialist who holds a PhD in Biology and brings the necessary technical skills to oversee related consultancies. REAP monitored the progress of 10 grantees in accordance with their respective Environmental Monitoring and Mitigation Plans (EMMPs) and designed and reviewed environmental site memos with appropriate staff members. A list of the environmental monitoring visits by region may be found below:

REAP PY3 Q3 Environmental Management and Monitoring Site Visits	
Region	Monitored Grantees
Samtskhe – Javakheti	AgroJavakheti Ltd
	SP Serioja Ezoyan
	MTP Ltd
	Rural Advisory Service Ltd
	Caucasus Technical Service Ltd
	Zoreti Ltd
	GBZ Ltd
	Santa Ltd
Mtsketa – Mtianeti	Iberia Fruits Ltd
	Vinipera Ltd

## Workforce Development

### *FSC Agronomist Assessment*

Recognizing the bottleneck in agriculture development caused by the lack of qualified and current agronomists, REAP contracted a local consultant to conduct an assessment of FSCs’ agronomists. This person is responsible for evaluating agronomists’ knowledge and to make recommendations for future workforce development and continuing education activities. In Q3, the consultant surveyed 12 FSCs. The remaining 17 will be interviewed in early Q4. Based on the assessment and subsequent analysis, REAP and the consultant will work together to identify important training needs for FSC agronomists. This will also include the development of a training plan, by crop, to improve awareness of modern technologies that will be implemented in PY4 and PY5.

### *REAP Internship Program*

During Q3, REAP’s 22 interns, including those in regional offices, continued to work alongside their technical counterparts. To date, REAP has received 964 applications from more than 10 universities, emphasizing the popularity of REAP’s internship program, and the need for meaningful opportunities for Georgia’s university students and recent graduates.

Augmenting REAP’s in-house intern program is the opportunity to compete for a \$1,000 research grant financed by CNFA. During this quarter, REAP received six applications for the Mariam Kutelia agriculture research grant. On June 28<sup>th</sup>, REAP organized an award ceremony to announce the latest winner, Tamar Iagorashvili, and to hear a presentation of findings from the program’s previous winner, Mariam Zaldastanishvili, on the utilization of ICT by farmers in Shida Kartli Region.



Mariam Kutelia Grant award ceremony

## 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 cover the progress of grantees from the initial construction through project openings. These videos will be produced in English with Georgian subtitles and will both document REAP’s story and promote USAID’s work in Georgia. REAP anticipates the first videos being available in early PY4. Below is a list of representative companies being filmed to tell the REAP story:

REAP PY3 Q3 Grantees Filmed				
Processing Enterprises	Women Owned Enterprises	FSC/MSC	Cold Storage Facilities	Internship Program
AgroPharm Plus Ltd Agroexport Ltd AgroInvestService Ltd Geoflower Ltd Herbia Ltd AromaProduct Ltd Campa Ltd Farkoni Ltd	Santa Ltd SP Marina Akolashvili Gile Cooperative Dr. George Lab Ltd Ia Urushadze Ltd Zoreti Ltd	AgroSakhli Ltd Agrokartli Ltd SP Omanashvili Agroservice Ltd RAS Ltd SP Zurab Tetvadze SP Ambrosi Macharashvili	Cooperative GFC GFC Ltd Eleniksta Ltd Iveria Ltd	Mariam Kutelia Grant Award  Establishment of Intern Program

## USAID Visits to REAP Grantees

### USAID Assistant Administrator, Thomas Melia, Visits REAP Supported Agrokartli and CAMPA

During Q3, REAP was pleased to host USAID's Assistant Administrator (AA), Thomas Melia, and USAID/Georgia's Mission Director, Douglas Ball, as part of the U.S. - Georgia Strategic Partnership Commission's Economic, Trade and Energy Working Group. As part of the AA's visit to Georgia, he toured two REAP supported enterprises, Agrokartli and CAMPA, where he met with beneficiaries of USG assistance to Georgia. With the support of REAP, the Agrokartli FSC in Gori expanded to offer additional input and mechanization services to more than 10,000 local farmers. During his visit to Agrokartli, the AA spoke with local farmers about the challenges they face living and working along the Administrative Boundary Line (ABL), as well as the benefits of continued USG assistance. And, at CAMPA, the AA learned about and tasted new juice products sourced from wild fruits picked by local farmers in the mountainous municipality of Stepantsminda. With REAP's support, CAMPA established a mobile collection center in Stepantsminda that is providing additional income to this vulnerable community.



USAID Assistant Administrator Visiting REAP Grantee CAMPA

### REAP Grantees Showcase Products at CNFA Georgia 10 Year Anniversary Conference

As part of CNFA Georgia's celebration of 10 years of development assistance in Georgia, 20 REAP grantees participated in an agricultural fair attended by the Prime Minister of Georgia, USAID and US Embassy Staff, CNFA Board of Directors, and members of the donor and development community. REAP was pleased to showcase the development of products produced by these enterprises, made possible with support of USAID. At the conclusion of the fair, remaining grantee products were donated to Catharsis, a local social support complex center that provides social aid to economically vulnerable people.



Georgian Prime Minister Attending REAP Grantee Fair

### REAP Grantees Host USAID Deputy Mission Director

In May, USAID's Deputy Mission Director, REAP's COR and the U.S. Embassy's Political and Economic Chief visited five grantees (Farkoni, AgroPharm+, AgroInvestService, Primary Producer Valerian Mgeladze and FSC Zeinab Tsikoridze) in Imereti, Guria and Adjara regions. The five projects visited represented each of REAP's four priority directions (FSCs, primary production, processing and information service providers). During the site visits, the Deputy Mission Director interacted with the grantees, observed their progress, and tasted their products.

### **REAP Grantees Host USAID Representatives**

In late April, REAP grantee Santa Ltd, located in a remote area of Tsalka district, hosted a group of USAID representatives at their factory. Guests were able to observe the Gouda cheese-making process, test other dairy products produced by Santa, and observe the ways the company has revitalized the neighboring villages with employment and other economic opportunities. Without Santa and the support they have received from USAID, this village would cease to exist.

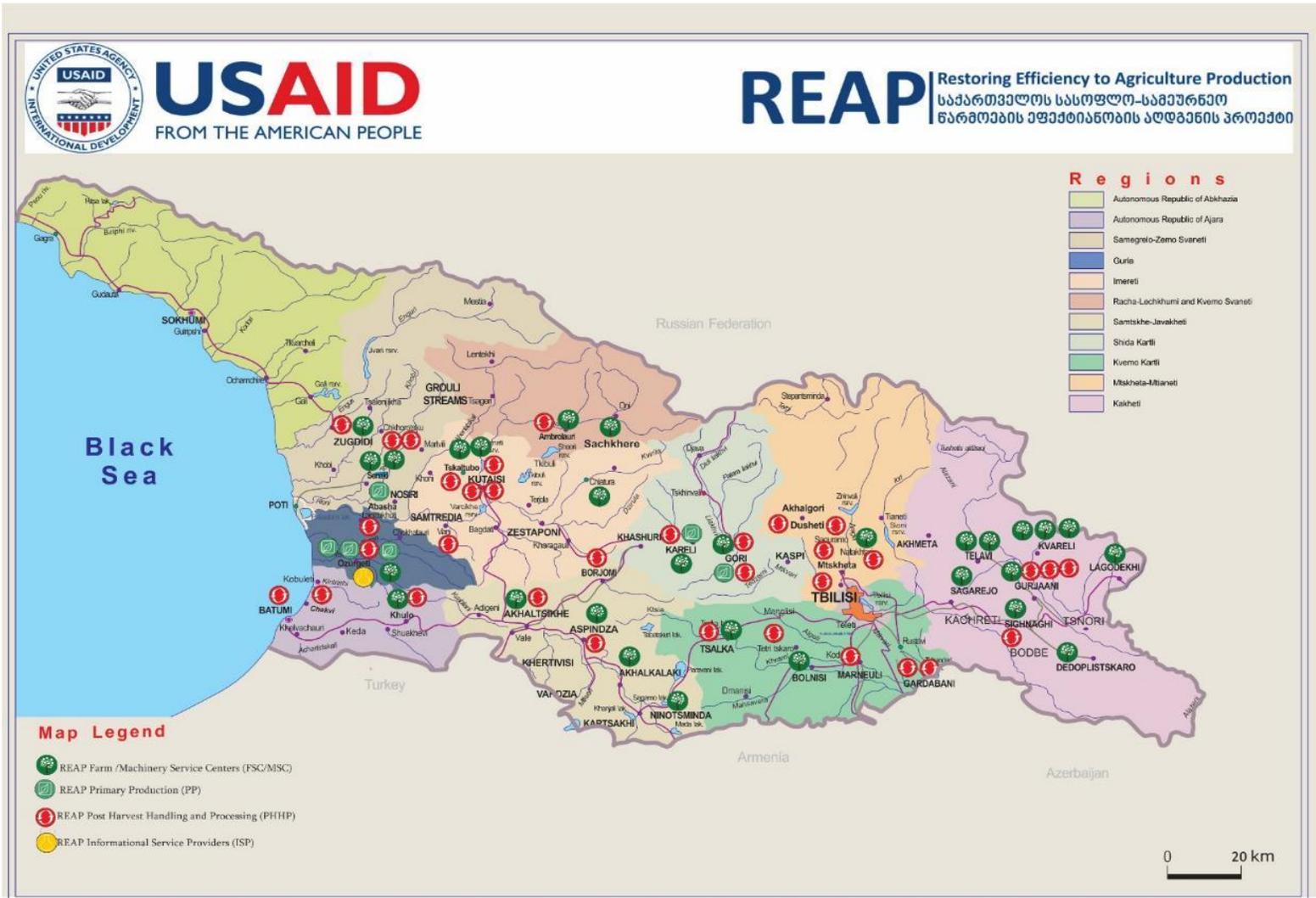


**USAID delegation in Santa's cheese factory**

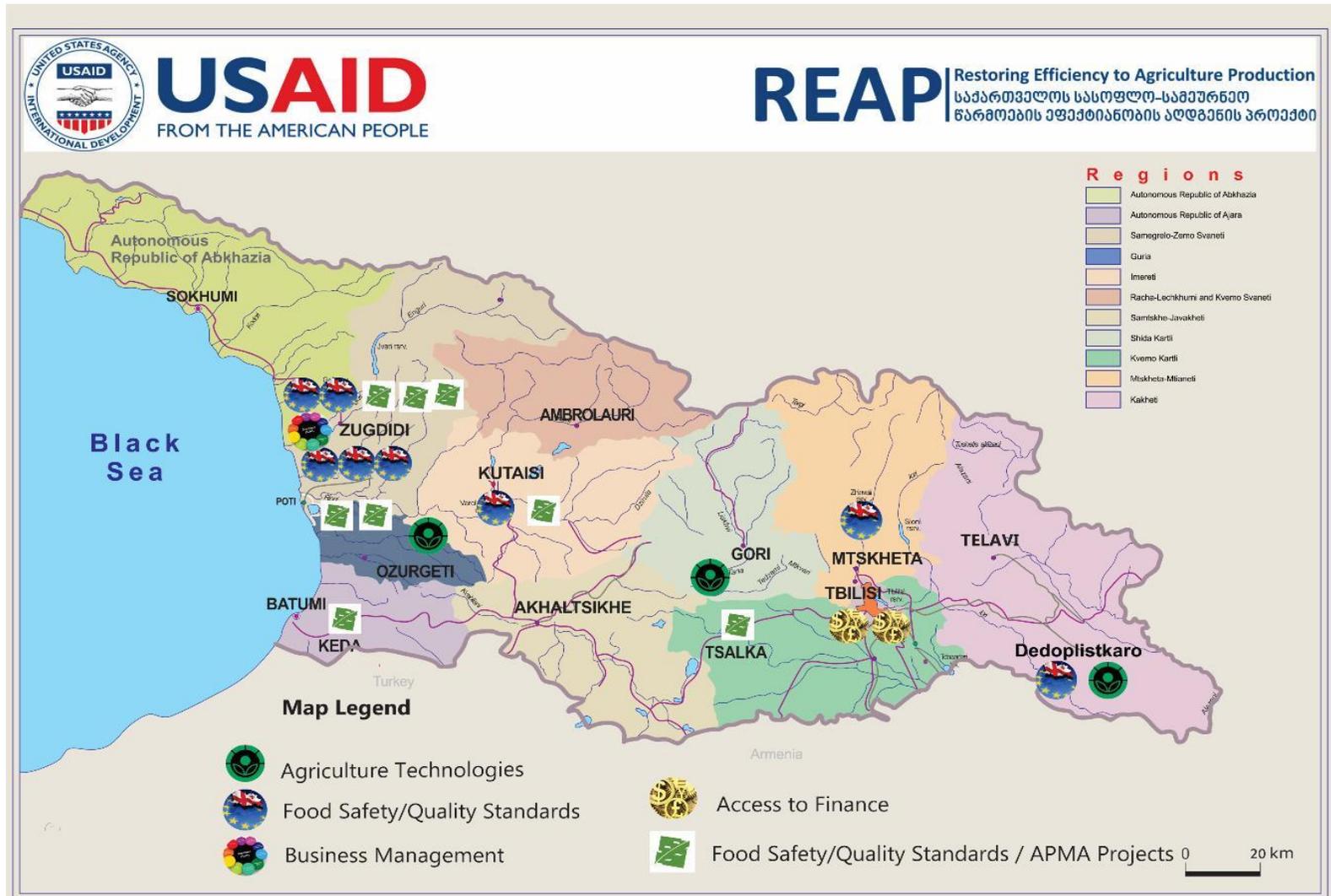
### **Key Constraints:**

No major programmatic or operational constraints were observed this quarter.

# Annex A: REAP Projects Map



## Annex B: Map of REAP Non-Grantees



## Annex C: CBA Update

In Q3, REAP continued to fulfill its contractual obligation towards integrating a CBA into REAP's M&E system. During the Quarter, REAP updated the financial and economic CBAs for 12 grantees. To inform the economic CBA, REAP surveyed 30 beneficiary farmers per enterprise. Updated results of REAP's CBA are found below.

### Financial CBA Results

Type	Company Name	NPV	Existing + New	Existing	New
		IRR			
FSC	Alva Ltd	NPV	612,380	388,781	223,600
		IRR	33.9%	40.5%	27.2%
FSC	Agrokartli Ltd	NPV	4,587,301	3,146,767	1,116,843
		IRR	42.1%	68.5%	24.4%
FSC	Farmer's House Ltd	NPV	2,326,122	(155,672)	2,481,794
		IRR	84.4%	4.6%	418.0%
FSC	SP Tsikoridze	NPV	987,182	731,607	164,274
		IRR	44.7%	64.2%	23.2%
FSC	Akhali Fermeri XXI Ltd	NPV	61,087	111,863	(50,776)
		IRR	21.3%	31.5%	1.8%
<b>FSC AVERAGE</b>		NPV	1,714,814	844,669	787,147
		IRR	45.3%	41.9%	98.9%
PHHP	Iveria Ltd	NPV	894,668	430,657	464,011
		IRR	57.2%	55.7%	59.0%
PHHP	Geoflower Ltd	NPV	10,790	(386,187)	333,771
		IRR	15.2%	6.6%	49.4%
PHHP	Herbia Ltd	NPV	2,607,611	1,975,796	631,815
		IRR	62.6%	61.1%	72.9%
PHHP	GBZ Ltd	NPV	584,681	430,543	154,138
		IRR	31.7%	30.6%	36.8%
PHHP	Agroexport Ltd	NPV	558,992	(74,707)	633,699
		IRR	42.3%	-1.4%	61.3%
<b>PHHP AVERAGE</b>		NPV	931,348	475,220	443,487
		IRR	41.8%	30.5%	55.9%
ISP	AgroPharm + Ltd	NPV	320,686	463,175	(142,489)
		IRR	159.7%	496.5%	698.7%
PP	SP G. Tediashvili	NPV	158,827	(5,691)	164,518
		IRR	24.2%	14.6%	109.2%

REAP's CBA analysis suggests that the majority of REAP's grantees have positive incremental NPV and prove to be financially viable. To conduct a broader CBA that includes the social impact attributed to farmers, REAP's M&E Team continues to survey representative clients of REAP's grantees and to obtain updated information on their agricultural activities. Details on the full CBA will be presented in REAP's Annual Report. During Q4, REAP's M&E Team will add an additional 13 enterprises to REAP's CBA to complete the sample size as it was anticipated in the beginning by REAP.

### Sample Size Determination

With 12 projects now analyzed, trends and patterns have emerged regarding data verification and reliability from farmers' surveys. To validate data collected from farmers' surveys, REAP's M&E Manager utilized the formula below to determine the minimum number of farmers, 31, that should be interviewed to provide a 90% confidence level with a 75% response rate.

Required sample size	n	?	
Number of people in the population	N	4500	
Estimated Variance in population	P	0.5	(0.5 is given for 50-50 and 0.3 for 70-30)
precision desired	A	0.17	other possibilities are: 0.03; 0.05...
Based on Confidence level	Z	1.6445	for 90% other possibilities are: 1.96 (95%), 2.5758 (99%).
Estimated response rate	R	0.75	

In order to calculate "n" we have the following formula:

$$n = \frac{\left( \frac{P[1-P]}{\frac{A^2}{Z^2} + \frac{P[1-P]}{N}} \right)}{R}$$

After substituting in the formula the information we have given above we receive the required sample size.

$$n = 31.0311$$