



**RESTRUCTURING ASSISTANCE AND POLICY ADVICE FOR THE
MINISTRY OF AGRICULTURE AND FOOD OF GEORGIA**

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**PHASE IIIB
TWELFTH REPORT
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Chief of Party

MISSION

To assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that more effectively facilitates increasing the welfare of the country's agri-food producers and consumers.

MAJOR ACHIEVEMENTS DURING THE REPORTING PERIOD

- As a result of RAPA assistance, the Ministry of Agriculture has reduced the number of its units from 36 in 2000 to 17 directly-funded now.
- Designed, at the request of the Ministry, a further simplified structure for the Ministry
- Worked intensively with the World Bank to support the Food Law Working Group drawing up a new framework food safety law
- Assisted with the process of development and passage through second reading of major amendments to the Veterinary Law
- Jointly with World Learning START, supported two four-day training sessions on food safety and standards for 70 registered participants
- Jointly with the World Bank, organized and supported a study tour for the Food Law Working Group to Latvia and the United Kingdom. During the UK visit, negotiations to allow Borjomi mineral water to be imported into the European Union were successfully completed by the head of Sakminkhiltskali, a member of the FLWG
- Assisted the Ministry in organizing and monitoring the receipt and initial sales of a US Food for Progress donation of 50,000 tons of wheat
- Provided continuing policy advice to the Minister and his deputies on a wide variety of issues
- Assisted the Ministry with legal drafting and legal analysis
- Continued development of the Ministry's public information activities, including a daily survey of the local press on agricultural-related issues and periodic surveys of new agricultural-related legislation
- Provided information, translation assistance, advice and "good offices" for the Ministry in dealing with many international donors and programs

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Agriculture may now be the most important economic activity in Georgia, estimated to provide up to 30 percent of the country's gross domestic product. Agriculture is not glamorous, and agricultural development has been out of favor in recent years because it is difficult. However, as the most recent USAID Agricultural Strategy paper notes, agricultural development is vital for two reasons: First, in Georgia as throughout the world, "food is not distributed equally to regions, countries, households and individuals. ... many families have insufficient food to meet their basic needs and must be considered chronically food insecure."¹ This is certainly true of many of the fifty percent of all employed Georgians who work in agriculture, mostly on subsistence plots. Preliminary results of the most recent baseline study of Georgia by the World Food Programme, released in May 2004, suggest, in fact, that Georgian subsistence producers are sinking deeper into poverty and food insecurity. Until this situation is addressed, Georgia cannot break out of its deepening decline into poverty and misery. Second, as the USAID paper goes on to comment, "Nearly every country that has reached sustainable development has undergone a similar process. The agricultural sector must be the driving force of development at all stages of economic growth. Profit generating change is the key to successful agricultural sector performance in the growth process."²

Government can do much less to address these challenges than policy-makers and citizens brought up in the stifling Soviet command economy would like to believe. But what governments do for agriculture in market economies is vital. Most people immediately think of government's role in agriculture as that of insuring food stockpiles and regulating consumer prices, and indeed governments in developed market economies still do these things, although they are becoming more controversial and less effective (and necessary) as world trade becomes more important.³

Georgia has a comparative advantage in certain kinds of agricultural products, and, an increase in the value and quantity of agricultural exports is a goal set in the USAID Caucasus strategic plan. However, Georgia is not self-sufficient in basic foodstuffs and probably should not seek to be. Although world supplies have been unusually tight this year, at base the world is not short in basic, relatively low-value agricultural commodities such as grain. It makes economic sense for certain regions of Georgia that are particularly favorably endowed for grain production to pursue it, but it makes no sense for the country to seek to become self-sufficient in such a relatively low-value commodity. Rather, it should export higher-value agricultural products and import much of its basic consumption. Pursuing this strategy, however, requires two things: first, it requires peaceful relations with the countries of the region that normally produce grain surpluses, both those in the Black Sea basin and Central Asia. Second, it requires that Georgia's

¹ United States Agency for International Development, "Draft Agricultural Strategy Paper 3" (October 24, 2003).

² United States Agency for International Development, "Draft Agricultural Strategy Paper 3" (October 24, 2003).

³ The expiration of the "peace clause" in the WTO Agreement on Agriculture, which already helped motivate Brazil to challenge United States' cotton subsidies, and the difficulties generated for the recent expansion of the European Union by Central European farmers' economically impossible demand for subsidies at the level enjoyed by older member states – a demand which again puts the entire Common Agricultural Policy in question – are recent indications that the era of agricultural protectionism by the developed countries is coming to an end. This model is in any case not very applicable to Georgia, which traded away its rights to large subsidies in WTO accession negotiations, in which agriculture is too big a part of the economy to be subsidized by the rest, and which does not have the funds to do so even if it wanted to.

ability to trade -- its producers knowledge of possible markets, their requirements and how to produce appropriate products for them; the reputation of its producers for meeting their commitments to those markets; and of its products for their quality -- be unsullied.

Provision of public goods such as overall market information and assistance with production and market development, the unbiased enforcement of freely-made contracts, the ability of market actors to take action when claims of quality and safety are false, and the enforcement of health and safety standards are all functions of government in all developed countries. Indeed, all but the provision of public goods – where the appropriate balance between private and public activity can be and is hotly debated – are activities that in their nature can only be performed by government, since only the institution that possesses an effective monopoly of coercive force that is accepted by the citizenry in a given territory can carry them out.

During the three years of its existence, the RAPA project has helped to transform the Ministry of Agriculture of Georgia from an ineffective, Soviet-style command structure notably primarily for the high percentage of former party district committee officials among its employees to an agency that is increasingly conscious of its responsibilities to the public, more capable of carrying them out, and more aware of the limits of its capacity and the complexity of its tasks.

Like any policy-oriented effort, the project deals with a wide variety of issues simultaneously. This report is therefore equally wide-ranging. The next four major subsections, describing the genesis of the project, offering some reflections on the problem of “policy” in a post-Soviet state, presenting the idea of an agricultural policy unit and summarizing the project’s diagnosis of the weaknesses of the Ministry of Agriculture and Food, are largely restatements of previous submissions. The following long section considers in turn work to counter corruption, policy analysis, organizational restructuring and other activities during the quarter being reported. The text concludes with a discussion of current management and strategy issues and a brief consideration of upcoming work. A series of annexes include materials related to particular topics covered in the main text, as well as some summary data on project work during the reporting period. Although all the items in the annexes are important, it is unlikely that any reader will find them all of equal interest. Not all annexes are included in the Georgian version of this report prepared for the Ministry, as many annexes are translations of Georgian documents.

PROJECT BACKGROUND

The present Ministry of Agriculture of Georgia, chartered by a Cabinet of Ministers decree of May 21, 2004, is the latest incarnation of an institution which has existed, in one form or another, throughout almost the whole Soviet and post-Soviet period, and which has always been primarily concerned with directing agricultural production. The Ministry is organized hierarchically with smaller versions of its major departments located in each district of the country. As a consequence of the breakup of the Soviet Union and, in Georgia, the extensive civil conflicts that accompanied and followed that disintegration, however, the Ministry has largely lost control of “its” local units.

The United States Agency for International Development established the RAPA project in response to then Minister of Agriculture and Food of Georgia David Kirvalidze’s

October 2000 letter, distributed to USAID, the IMF, the World Bank, the European Commission and others requesting donor support for a “temporary agricultural policy analysis group.”

The project’s three primary activities were specified in its original task order and by the USAID/Caucasus Mission Director at project inception. A fourth task has followed in practice from the first three:

- Providing a policy advisor who can build a close working relationship with the Minister
- Supporting reform of the Ministry as an agency of the Government of Georgia to make it useful and effective in a market economy
- Carrying out analytical and other work to ensure that the Ministry of Agriculture receives “best practice” advice about both its policy and institutional form
- Supporting Ministry efforts to root out existing corruption and prevent its recurrence

The RAPA project, organized as a task order to Development Alternatives, Incorporated (DAI) under the USAID BASIS indefinite quantity contract, began in December 2000 when the USAID mission arranged an initial two-week visit to Georgia for the proposed expatriate senior advisor and began its formal Phase I operations on February 3, 2001. Initially contracted for four months, a contract modification for a Phase II of the activity through August 28, 2002, was completed by USAID on August 27, 2001.

On April 25, 2002, Minister of Agriculture and Food Kirvalidze, in a letter to the USAID Caucasus Mission Director, requested that USAID extend support for the project for a further two years. The Mission then prepared a new Statement of Work for an extended Phase II of the activity which it released in July, 2002. DAI responded with a technical proposal covering the period up to December 31, 2003. This proposal was accepted, subject to the completion of a set of benchmarks, and a contract modification extending through the end of 2003 was issued by USAID on August 26, 2002. The USAID Cognizant Technical Officer accepted the benchmarks on October 31, 2002, within the time period required by the Contract modification. The USAID Regional Contract Office Caucasus issued a request for a further extension proposal on October 17, 2003. The response was accepted by the mission and the project extended for a further six months, until June 30, 2004, with an option for a further twelve months. The USAID mission exercised that option in June, 2004, and the project’s current end date is, therefore, June 30, 2005. The project has, therefore, been redefined and prolonged by the Mission five times within a four-year period.

POLICY AND INSTITUTIONS

The RAPA is, by definition “working with the government.” In a situation where the Georgian government is often at best ineffective and not infrequently actively harming its citizens’ clear collective interests, that is not always popular nor easy. However, Georgia is an independent country with an internationally-recognized government. Foreign assistance is offered under a bilateral treaty that assumes the government is sovereign. So, if there are issues of policy that are government concerns—and world practice shows that there are many such, including basic regulation to ensure a “level playing field” for all economic actors, trustworthy and accepted standards, and provision of public goods

such as market information—there is no real alternative to dealing with the government. That is not, of course, to say that a donor should deal only or primarily with the government, but it is the natural counterpart of this particular technical assistance effort.

In any government, policy making is a process of balancing many interests and deciding which are to have priority. Whether considered as a feedback loop, a continuous set of transactions between governors and governed, or a structure in which government sets limits and civil society acts within those limits, governmental policy making always requires hard choices. Georgian governmental institutions in the Soviet era never had that fundamental responsibility, existing only as local agencies of the imperial power, charged with implementing decisions made elsewhere. Georgian officials and politicians continue to see their problem more as one of policy implementation than of policy-making. The very weakness of Georgia's institutions makes hard choices harder because of lack of knowledge and information and the capture of many government agencies by those interests the agencies should be regulating and balancing against other social concerns. The Georgian government lost any possible ability to manage all of society as soon as it lost free access to the resources of the rest of the former Soviet Union. But the government has not yet ceased trying to manage everything, nor have all citizens ceased trying to make it attempt to do so. Georgian government officials at all levels and of all ages are uncomfortable with freely associating, unregulated groups in "civil society." Moreover, the government is only slowly developing the new capacities that will allow Georgia to function effectively in an open international system. New governmental functions require fundamental structural change.

For a moment in 1990 and 1991, it appeared that the transformation of former Soviet-type economies and polities into market-oriented democracies could be done fairly quickly, and, in large part, with "the stroke of a pen." Whether or not that was ever really true is now a matter for historians to debate, but the fact is that thirteen years after Georgia declared its independence, and twelve years after it took it, Georgia is still far from having a functioning set of market and democratic institutions. As a result, grand policy prescriptions have come to be more and more distrusted among donors and residents in and donors to the region. No one still expects that economies and institutional arrangements developed over several generations can be quickly and easily transformed.

Attempts simply to translate Western market institutions and laws into post-Soviet states have too often failed or led to serious unintended consequences. Reasonably enough, consultants and foreign officials have tended to push for the institutional framework with which they are most familiar and which they know works—arrangements like those in their own home countries. Because many often incompatible, specific institutional arrangements exist in the various countries offering advice, however, different consultants have emphasized various, often equally incompatible, institutional solutions to a transitional problem and occasionally have even come into conflict with one another over the "right" institutional and policy framework. This conflict of models is particularly severe in agriculture. Because both the European Union and the United States have extraordinarily productive agriculture and food systems in which well-organized but highly competitive producers often turn to government regulation as a way to mitigate competitive pressures and absorb excess production, because both Europeans and Americans choose to subsidize their producers heavily, and because experts from either side of the Atlantic tend to take their own institutional framework for granted—and reflexively defend it when challenged—there have been especially many attempts to

translate what turned out to be questionably applicable institutional frameworks for agriculture to the independent states of the former Soviet Union, including Georgia.

A model of policy reform that presumes that “if we just tell them how they should do it, the job is done” assumes away the problem it is trying to fix. Recommendations that Georgia adopt institutional models that work somewhere else presume that the current political structures in Georgia are strong enough to adopt those changes and actually implement them. Getting real change on the ground by government action is difficult enough in the most developed Western systems⁴; it is especially hard in a country like Georgia, whose institutions developed not for “policy-making” but as transmission belts for decisions made elsewhere. The Georgian system continues to be based on the assumption—precisely parallel to the donor assumption about “stroke of a pen” change noted above—that giving an order at the top is equivalent to having a change made in everyday life. This false assumption was central to the collapse of the Soviet Union, and it is no more correct in a much less capable post-Soviet state. The leaders of the institutions, both those identified as progressive and receptive and those often considered incorrigible, know very well that their system is not working as it should. But they neither have clear ideas about how to change their institutions to more effectively accomplish their ends, nor the resources—financial, institutional, or political—with which to do so. The purpose of the RAPA is to assist in developing those ideas and creating and mobilizing the needed resources.

THE ROLE OF AN AGRICULTURAL POLICY UNIT

The Minister’s original request to donors asked for help in establishing an agricultural policy unit of a sort that has been funded by various donors in many of the transition economies of Central Europe and the former Soviet Union. The most successful APU and the model for others is the Agricultural Policy Analysis Unit of the Foundation for Assistance Programs to Agriculture (SAEPR) in Poland which is supported by the World Bank, the European Union and the Polish government. Agricultural policy units are also functioning in Ukraine, Latvia and Bulgaria. Attempts to establish them were made, unsuccessfully, in the Russian Federation by the EBRD and in Uzbekistan by EU TACIS. One of the three principal recommendations for advancing agricultural sector reform in Georgia made by the CASE analysts led by former Polish Minister of Finance Leszek Balcerowicz in the spring of 2001 was for the establishment of such a unit in the Georgian Ministry of Agriculture.

Agricultural Policy Units:

- help develop and implement market-oriented agricultural policy;
- train their staff in Western analytic techniques and approaches;
- serve as points of contact between donors and recipients; and
- act as catalysts in transforming the structure and functions of government agencies concerned with agricultural policy.

⁴ The classic commentary on this problem is Jeffrey L. Pressman and Aaron Wildavsky, *Implementation: Or why great ideas in Washington often fail miserably in Oakland* (Berkeley and Los Angeles: University of California Press, 1984).

Successful agricultural policy units such as the Polish SAEPR drive overall agricultural reform in their country. Like all public policy activities, they blend quality research, data collection and analysis with policy advice and advocacy that flows organically from their attempts to carefully and critically understand the real situation and issues in the sector, to develop policy alternatives to address those issues, and to dispassionately present the costs and benefits of those alternatives to policy-makers. Although initiated and supported by donors, APUs are locally-run and managed, and do not work if they do not eventually acquire value and importance in the eyes of the country's agricultural policy-makers. The SAEPR was eventually institutionalized in the form of a foundation incorporated in Poland supported by funds from a variety of domestic and international sources. Its work, and the people it trained, have played a key role in moving Poland toward the European Union.

One goal of the RAPA is to create a similar capacity within the Ministry of Agriculture and Food of Georgia. As with the SAEPR in the comparatively much wealthier Poland, the policy unit is likely to need some donor support for a considerable period of time. However, also like the SAEPR or its present Ukrainian cousin a relatively low level of support from a variety of international and domestic sources can suffice to create a catalyst for many beneficial changes. That support can most usefully come, as it has in both those other cases, from shifting coalitions of donors and a variety of sources.

A well-functioning APU will multiply the effectiveness of pressure from outside the government from policy change. Such pressure from civil society is critical if better policy is to be developed and implemented. Yet an entrepreneur or a business association is most deeply concerned with immediate policy problems encountered in trying to do business. So such "demand driven" policy reform is likely to be narrowly focused at the immediate objective of the businesses concerned, and in a weak regulatory environment may actually run counter to good policy by furthering too-specific goals. "Demand-driven" policy also tends to be reactive. In a poorly-functioning market economy like Georgia businesses are often too busy trying to survive to do much systematic thinking about their future, nor do they often have the time and resources to stay abreast of issues that do not obviously directly concern them. A well functioning APU can help to alert both the Georgian government and the private sector to potential policy problems before they become real constraints to economic activity.

In Georgia, policy advice must be complemented with organizational change. Making the particular institution of the Ministry of Agriculture and Food of Georgia function as a policy-making and policy-implementing agency that assists economic actors in the agri-food sector to prosper is, therefore, an equally important aim of the RAPA project. An organization is a set of structures and functions. Functions are defined by policy goals. Therefore, the RAPA project must work simultaneously to assist the Ministry to define clear policy goals and to develop and put into place structures capable of supporting those policies. Policy reform within the Ministry cannot work without pressure from outside, from the Ministry's various constituencies, for change. However, pressure from society will become mere lobbying of special interests unless the Ministry is systematically reformed to become an institution strong enough to carry out policy which is more than the sum of lobbyists' immediate concerns. Nor can reform in one Ministry work unless it is supported at critical points in the government and the donor community. Thus the RAPA project is part of a broader effort to reform both the economic sector of agriculture

and food and Georgian public administration which simultaneously can help the private sector and civil society develop.

STRATEGY FOR MINISTRY REFORM

Despite—or because of—its size and complexity, the Ministry of Agriculture is a weak institution. It has little policy or implementation capacity, although the tasks assigned it by the government and performed by its analogues in market economies are many and important. Therefore, the task of reforming the Ministry of Agriculture is to help it develop the policy resources to become more effective.

Because the Ministry of Agriculture is a sectoral Ministry, not a functional one, its difficulties can only be resolved by many coordinated actions. No single change or remedy can fundamentally reform the Ministry in the way that a similar drastic alteration might affect the operations of a functional agency such as the Ministry of Tax Revenues or the Customs Service. While it might be easier simply to eliminate the present Ministry entirely and start from scratch, the Ministry of Agriculture is what it is because a web of laws, institutional histories and political requirements make it so. For good or ill, as with all the Georgian government, institutional strengthening and capacity building must begin with the organizations that exist. Moreover, there are some things that the Ministry of Agriculture is supposed to do, such as dealing with disease and pests, that are everywhere taken to be largely government functions. Those functions are not, despite the existence of Ministry of Agriculture units that are supposed to carry them out, being done very effectively in Georgia at present. However, if the Ministry of Agriculture is not reformed to have the capacity to carry out those activities, some other part of the Georgian government will have to take them on. Since there is no evidence that the Ministry of Agriculture is less competent than other parts of the government, and there is expressed willingness by the Ministry of Agriculture management to reform and build capacity, it is sensible to work with it.

The Ministry of Agriculture of Georgia suffers from a number of underlying problems. The project's work and that of other donors has now substantially countered many of these weaknesses, but they still must be kept in mind.

1. The Ministry of Agriculture has been a Soviet-style organization operating in a Soviet-type government. That is, missions, procedures and mindsets have remained those of the Soviet command economy. Moreover, employees have continued to behave in Soviet ways, hoarding information, failing to report fully and truthfully to their superiors, and generally not acting as a cohesive organization with a common mission—and common threats and possible penalties (i.e., unemployment) if the organization's core missions are not reasonably well performed.
2. Until recently the Ministry of Agriculture has had very weak management and no effective internal controls. The Ministry has continued to operate as part of a single command-economy structure in which organization boundaries have been very fluid and have had little meaning. To the extent they existed, those management checks and balances used to be provided by the parallel organization of the Communist Party, and no new procedures or institutions have yet evolved to replace the Party.

3. The Ministry has been almost entirely irrelevant to the political, administrative, and governmental needs of a successful market economy. Most of the work the Ministry of Agriculture has done is not done at all, or is performed by the private sector or other political bodies, in developed market economies. Much of the basic work of ministries of agriculture in OECD countries, particularly market development, general research and data collection and dissemination, and agricultural extension, has not been done at all by the present Ministry of Agriculture.
4. The Ministry of Agriculture possesses little systematic information about its sector. In this regard, it is probably worse off than any other post-Soviet Ministry of Agriculture. Nor does it possess a culture which values systematic, consistent and careful data or the research skills needed to generate such data and draw policy conclusions. As a result, it is very poorly equipped to serve its clients, whether agricultural producers or consumers, in ways that they would be likely to see as valuable.
5. The Ministry of Agriculture's capacity to absorb donor assistance usefully, or even to track it properly, has been overwhelmed. Almost every donor project that has been implemented in cooperation with the Ministry of Agriculture since Georgia regained its independence has been under- or mismanaged in such a way that the present Ministry leadership identifies it as a problem, in some cases involving significant legal and financial liabilities for the Ministry of Agriculture and the Government of Georgia. While the Ministry of Agriculture has now largely dealt with the most explosive of these problems, those stemming from the EU TACIS RARP, more efforts are required to ensure that the continuing quest for resources from donors—a quest which the Ministry of Agriculture must inevitably pursue—does not create new difficulties akin to the ones that have now been cleaned up.
6. As a result of these conditions, until recently the present Ministry leadership has been almost entirely occupied in trying to cope with the mess they had inherited, and so unable to concentrate on thinking about what they should be doing, redesigning the Ministry's institutions, or providing better service to their clients.

The assistance provided by RAPA seeks to help the Minister define what the Ministry of Agriculture should do and how it fits into government and the society as a whole, how the Ministry of Agriculture should look as an institution at the end of the process of reform and how to achieve that institutional transformation. As manifold donor studies, and the review of comparative experience commissioned for this project, make clear, there are many ways of organizing and structuring a Ministry of Agriculture to get the basic tasks done reasonably well. Institutional details are usually the results of particular history. The transformation of the Ministry of Agriculture is equally path-dependent, and therefore there is no reason to think that what emerges will look just like any particular OECD-country model. There are many institutional approaches to such issues as food safety in the developed countries. But if there is considerable disagreement among OECD country analysts on the precise institutional structure they prefer, there is equally

great agreement on the basic functions government agencies should and do perform, including the general activities of Ministries of Agriculture.⁵

The RAPA project seeks to maintain Georgian ownership of the restructuring activities and their results while insisting that real change is needed. This requires careful education of the Ministry of Agriculture management and coalition-building within the Ministry, as well as close attention to the complex and shifting political and economic situation in which the Ministry of Agriculture operates. Successfully defining new structures also requires that new functions be formulated and understood by the Georgian side. Thus Ministry restructuring, to be effective, must be accompanied by policy analysis and advice.

The project relies on local employees to do the restructuring work. No outside consultant, no matter how skilled, can match intelligent, motivated Georgian citizens' knowledge of, and ability to work with, the Ministry of Agriculture. Transforming and strengthening the Ministry of Agriculture requires painstaking day-to-day work with and within it. The alternative to this approach could only be to create another pile of reports explaining how things ought to be done. There are very many, often very good, such documents already, and the project collection of them continues to grow. But none of those reports can answer the inevitable objection from even the most thoughtful and committed Georgian policy-makers: "Yes, I know it would be better to do things as you recommend, but how can I become capable of doing things that way?" The RAPA project seeks to help the Ministry of Agriculture answer that question. In doing so, it builds the capacity of both the institution and its own local staff.

ACTIVITIES DURING THE REPORTING PERIOD

During the period since the Rose Revolution, the Georgian government has been less than entirely stable. One reason, as discussed in earlier reports, was the change to a cabinet system under which the Minister of Agriculture was instructed to act as a part of the cabinet team following cabinet discussion. This instability continued during the quarter under review. The new deputy ministers were still working into their jobs during the reporting period. The investigations into supposed malfeasance by former minister Kirvalidze finally ended during the quarter when the Prosecutor's Office dropped all charges against him on August 26. A similar investigation of former Deputy Minister Grigolia (who had left for Germany for medical treatment) apparently remained open, while Department head Omar Kacharava, who had been charged with Grigolia, successfully defended himself against all accusations in a series of legal actions. The full-time Ministry of Internal Affairs investigator resident in the Ministry charged with reviewing all use of humanitarian aid and funds from 2000 through the present turned up no evidence of any malfeasance beyond the charges already made. The investigator left the Ministry on July 21.

This suspicion and continuous investigation had had a significant chilling effect on Ministry operations already, however, and the Ministry acted sluggishly at best during the

⁵ The first policy note prepared for the Minister in phase I of the RAPA outlined the usual functions of Ministries of Agriculture in OECD countries. A modified version of this note was incorporated into the Phase II Extension Technical Proposal accepted by USAID/Caucasus in August 2002. See also the survey of experience of other nations' agriculture ministries prepared earlier in this project. All these documents can be found on the project web site, www.rapa-dai.com.ge.

quarter. The Ministry work plan for 2004, which had been revised following comments on it by RAPA project staff, was only approved on July 14. Through much of the summer, the Ministry seemed less than focused on, or entirely aware of, activities that it had begun earlier in the year as a series of crises broke out over South Ossetia, which the Minister visited several times, various Ministry tenders and subsidy programs, and, at the end of the quarter, demonstrations demanding government support for the sale of white grapes in Kakheti.

As noted in earlier reports, in early 2004 the project cooperated closely with the European Commission Food Security Program and the Ministry in designing a set of high-priority reforms which were incorporated by the FSP as conditions in the EU-Georgia Memorandum of Understanding on the calendar year 2004 FSP program. Since the FSP provides budget support to the government of Georgia, this cooperation greatly increased the RAPA project's capability to achieve these reform goals, as well as allowing the Ministry to refer to a unified donor opinion when seeking approval of the reforms in Cabinet and Parliament.

Staff Changes

During the quarter, Mr. Vazha Tabatadze accepted an offer of the position of head of the agricultural department in the Chamber of Control of Georgia, Mr. Jeko Mchedlishvili, who had been on unpaid leave to work with an international consultant to the World Bank Water Users' Community Development Association, resigned to take a position with the European Union Food Security Program, Mr. Koba Makharadze resigned to take a permanent position as a computer programmer with a local business, and Mr. Irakli Inashvili was terminated from project employment for cause. Ms. Sophie Kemkhadze was on unpaid leave for much of the quarter to work with the World Bank as coordinator of the Food Law Working Group. She has now returned to RAPA employment but continues to coordinate the working group.

Annex 1 shows project staffing at the end of the period.

Change in USAID management of the Project

During the quarter, the USAID Cognizant Technical Officer for the RAPA project, Al Williams, verbally informed the Chief of Party that Ms. Rusudan Kacharava, USAID Mission Caucasus FSN, had been appointed Activity Manager for RAPA, responsible for day-to-management of the project on the part of USAID Mission Caucasus.

Work Plan

The CTO determined that the project need not present a formal work plan during the phase IIIa extension (January-June 2004), but an approved work plan was required as part of the process of USAID's exercise of its option for Phase IIIb. A draft plan was submitted by the date requested in the extension documents from USAID and accepted by USAID as sufficient for the contractual exercise of the option for Phase IIIb on July 1, 2004, and the extension was duly executed by the Regional Contract Office as scheduled.

At the request of the USAID OEG, the entire USAID Office of Economic Growth staff, several project staff, and some staff from associated projects reviewed this work plan at a day-long meeting in the Ministry of Agriculture on July 29, 2004 (Annex 3). The project

work plan for Phase IIIb was finally approved by the project CTO on August 24, 2004(Annex 4). Following the work plan review, the USAID Activity Manager verbally relayed a request from the head of the Office of Economic Growth that the project prepare a “legal drafting action plan” and a short note “to be attached to the Contract” specifying specific tasks to be fulfilled during the project’s final year (the “one-pager” prepared at the request of the Regional Contracts Office as relayed through the OEG is attached as Annex 5). Both were submitted as requested and the Activity Manager indicated that they were accepted (Annex 6). The Activity Manager and CTO then relayed a further request from the Office Head requesting more detail on the “legal drafting action plan.” There was some confusion regarding just what was requested, and exchanges about this further document between the OEG and the project were continuing at the end of the quarter (Annex 7).

Activity status

The following sections of this report describe principal activities during the reporting period in more detail. The presentation follows the order of items in the project’s work plan for phase IIIb approved by USAID in June 2004.

1. Signature of a new Memorandum of Understanding on the project between USAID and the Government of Georgia

The memorandum of understanding covering the project expired some time ago and had been extended by an exchange of letters between the parties. Given the time since the original Memorandum of Understanding was drafted, USAID requested as an activity during the Phase IIIb project period the completion of a new Memorandum. During the quarter, the USAID OEG drafted a new memorandum. This took somewhat longer than anticipated in the Mission as a result of staff turnover and summer holidays. The draft memorandum was given to the Ministry for response on October 11, 2004, at the very end of this reporting period.

2. Ministry Strategy and Policy Development

The Ministry of Agriculture as an institution continues to show little understanding of why and how, or ability, to prioritize its tasks or to concentrate on the most important activities. To a large extent, this reflects the situation of the government as a whole, and pressures on the Ministry from the Cabinet. Discussion of and work on a new “Strategy for the Sustainable Development of Agriculture and the Food Security of Georgia,” as noted in previous project reports, has been under way since 2001. The former Minister presented one English-language draft to a high-level meeting of donors in 2003. This draft was approved by a Ministry of Agriculture Collegium in December 2003, but the official resolution approving it appears never to have been completed and filed in the Ministry’s records.

The Minister repeatedly stated his intention to present the strategy to the cabinet for formal approval during the quarter, but never in fact was able to do so, having the issue repeatedly put back for more urgent issues at cabinet meetings.

Although the strategy itself was not formally required of the Ministry by any donor as a condition for assistance, the Memorandum of Understanding on the 2004 European Union Food Security Program included a requirement that a group to draw on the strategy to

create a three-year medium term program for the Ministry be created with a specified schedule for completing their work. The Ministry did create such a group in April 2004.

However, the Ministry for most of the year claimed to be confused about this condition, despite repeated discussions with the resident FSP advisor in the Ministry of Finance, the Delegation of the European Commission, and RAPA project staff who had advised on the conditions. The delay in signing the Memorandum of Understanding with the European Commission, completed only on May 28 surely contributed to this problem. The document presented to the EC Food Security Program in July, 2004 to meet this condition was later judged by the FSP (and RAPA) to be less than satisfactory.

The working group formally met only once during the quarter, on July 3. The group decided that the strategy – the same document formally approved the previous December -- would be examined at a Ministry collegium at the end of August. That collegium approved the strategy subject to a final round of comments from all interested parties, and the strategy was duly confirmed in September. However, at the end of September 2004, the issue of creating a medium-term operational plan remained unresolved pending the arrival of a Food Security Program review mission at the end of the following month.

The Ministry strategy should fit with the national Economic Development and Poverty Reduction Program (essentially, a broad framework for the Georgia's development from which arise its commitments to the IMF, World Bank and so bilateral donors as well) on specific activities and reforms. The agricultural parts of this document, drafted under the old regime, are not very satisfactory and it was expected during most of the first half of the year that a public process of revision, including sectoral ministries such as the Ministry of Agriculture, would occur. It was announced at the meeting of the Georgia Food Security Working Group hosted by the World Food Programme on July 6 that a working group, to be called the "Poverty Reduction Commission," on revision of the EDPRP in the light of the Brussels' donors conference had been established by the Ministry of Economy including representatives of the Ministry of Agriculture. It was further stated at that meeting that each Ministry involved – which would include the Ministry of Agriculture – was to establish its own parallel working group. However, as of that meeting no line ministry had as yet established such a working group, as no guidelines or assignments had yet been received from the main Poverty Reduction Commission. To the best of the project's knowledge, the Ministry had not yet established its working group by the end of September, 2004. At least, despite earlier discussions with the Minister which led to the inclusion of the task of revising the EDPRP in the June 2004 work plan, no request for project assistance has been made. It appears that all work on any revision of the EDPRP is now concentrated in the Ministry of the Economy and that attention in the Ministry of Economic Development focused more during the third quarter of 2004 on preparation of proposals for the Millennium Challenge Corporation than on revision of the EDPRP with its focus on the international financial institutions.

3. Regulatory reform

The regulatory framework for the Georgian agri-food sector is a hodgepodge of Soviet-era law and regulation, newer items drafted by donor projects, and laws written by Ministry units or other interested parties. There is little coherence in the legal framework, and many gaps.

To address some of these issues, the project, with the advice of the USAID Mission Office of Economic Growth and in cooperation with the World Bank Agricultural Development Project and Rural Development Project preparation team and the European Commission Food Security Program, identified several legal reforms as urgent priorities. These priorities were written into the 2004 EC FSP conditions and later into the contact documents when USAID exercised its option to extend the RAPA project until June 30, 2005.

The Ministry with RAPA advice produced very brief plans to achieve these goals by the deadlines required by the FSP. However, they were not judged to be very adequate by the FSP, and were revised later. Much of the difficulty was the lack of a permanent FSP advisor on the Ministry of Agriculture; under the pressure of other business, senior Ministry management were not always willing to accept advice from RAPA staff that attempted to clarify what would be needed to meet the FSP conditions as they had been agreed among the donors.

Seed law and Law on Selectionists' Rights

Successful modern agriculture depends on the use of modern plants which have been selected and bred for the characteristics needed by farmers. Those needed characteristics vary depending on agricultural and market conditions. The last great surge in seed and plant development, the “green revolution” of the 1960s, transformed the world’s agriculture by greatly increasing Asian production, for instance. The world trade in seed and seedlings, international procedures for ensuring that seeds and varieties will perform as stated, and accepted means of ensuring that plant breeders earn an economic return on their efforts, are well developed.

Georgia is entirely outside this international community, and so continues to rely on varieties developed long ago in the USSR and seeds and varieties of unknown provenance and characteristics imported semi-legally in small batches and sold by bazaar traders. Therefore, its plant products are lower-yielding, less attractive to consumers in the OECD countries, and often of poorer quality than those of competitors. (On the other hand, some Georgian varieties, if properly cared for, could compete on those qualities precisely because they are not “industrialized.” But, again the framework for ensuring protection of seed and seedling producers’ get paid for their efforts, and that farmers can be sure what they are planting, still needs to be in place.)

The need for a new “seed law” to regulate the process for introduction and use (“commercialization”) of new types of seeds and seedlings has been recognized by the international community in Georgia since at least the mid-1990s. So has the need for a modern law on “selectionists’ rights,” which would provide a mechanism to ensure that developers and sellers of new varieties could expect to obtain an appropriate return for their effort and have their products relatively safe from theft and counterfeiting. David White, the former head of the seed testing organization in the United Kingdom, first visited Georgia to make recommendations for changes in the seed law in 1998. The UN Food and Agriculture Organization and others have since also worked on this issue. USDA Georgia investigated the problem in 2002-2003. USAID’s original draft memorandum of understanding for the AgVantage (SAVE) project included a provision that the seed and selectionists’ rights laws were to be reformed as a precondition for the beginning of the project. That requirement, if nothing else, reawakened the Ministry’s interest in the issue, although eventually it was dropped from the Memorandum of

Understanding. Most recently, the World Bank has indicated that in order for the planned Rural Development Project's component on improving agricultural practices to go into effect, the Seed Law and Law on Selectionists' Rights must be reformed. In fact, the World Bank considers changes in this field so important that the draft RDP even includes a budget item (a grant) to pay Georgia's dues to the International Seed Trade Association and the Union for the Protection of Varieties for a year. Minister Shervashidze, who as Deputy Minister had held direct responsibility for these issues and as a working farmer knows the importance of quality seed and varieties, repeatedly indicated his understanding of the need for reform in this area and his support for them in conversations with RAPA staff, the World Bank and the Food Security Program.

RAPA drafted a new Seed Law in 2003. The World Bank brought David White in on a short-term basis in early 2004, as reported earlier, and he had completed a detailed, step-by-step report on reform of seed testing and commercialization, as well as drafts of the needed legislation by April 2004. The World Bank gave Georgian versions of those laws, and a Georgian-language version of White's report, to the Agrarian Committee in May. However, it turned out that the translation of the laws (which was not done by the RAPA project) was very uneven and difficult to understand, and, without more of a push from the Ministry, the Agrarian Committee had not formally examined the drafts by the end of September 2004. Progress in developing these laws was a condition of the Food Security Program this year. Mr. Dangadze and Ms. Kemkhadze prepared, at the First Deputy Minister's request, a memorandum outlining the seed law issues in early July, and Mr. Dangadze worked with various Ministry staff members on a Ministry instruction to allow, as a special measures, the commercialization of several varieties of seed to less a shortage of winter wheat seed later in the quarter. However, the Ministry officials directly responsible for meeting the Food Security conditions repeatedly claimed that they did not understand that "reform of plant health" meant change in seed and varieties laws, and so they remained less than enthusiastic about efforts to resolve these issues throughout the period under review.

Food law

As noted in previous reports, the Ministry of Agriculture was given the job of drafting a new food law during the waning days of the Shevardnadze administration. The food safety system is a new concept in Georgia. Although there are and will continue to be institutional and bureaucratic politics issues, the tasks of modern food safety are not presently addressed of Georgia. So establishing an effective working group of Georgian stakeholders on food law met less resistance than some of the other legal tasks. Moreover, the World Bank was willing to provide substantial financial support for several visits by an international expert on food law, Dr. Ian Goulding, as well as hiring RAPA Senior Analyst Sophie Kemkhadze for sixty days to concentrate on work as facilitator of the working group. The group was established during the second quarter, and routinely met two or three times a week during July-September. Three senior members of the project staff are included in it (Annex 8). Using a law drafted by Goulding for Croatia as a basis for discussion, the group had made excellent progress in working out a new institutional system in full accordance with the 2000 European Union "new approach" to food safety by the end of the quarter.

Ms. Kemkhadze briefed the Minister on progress privately during the week of July 17, and the two agreed that she, and Omar Kacharava of the Ministry, would provide him with weekly updates thereafter.

By the end of the quarter, the law had been completed except for the section dealing with new institutions. There remained some disagreement within the group over what was appropriate, and, given the importance of the issues, it was felt by the working group that the Minister of Agriculture should have a major impact on the issue. He, in turn, wished to discuss the issue with the Prime Minister, as well as doing some informal sounding out of his colleagues in the Cabinet.

The working group began with a Georgian translation of an English document, and continued its work in Georgian. The RAPA chief of party – like the World Bank task managers and expatriate consultant who directly advised on the work -- judged that continuous English translations of a work in progress would be impractical as well as a waste of scarce resources, and so relied on regular briefings from Ms. Kemkhadze and others to follow progress and disputes. In mid-September, the project informed its USAID Cognizant Technical Officer (the USAID project manager) that, pending those high-level decisions on institutional structure, decisions fundamental to the shape of the law, the working group could go little further. The USAID Office of Economic Growth then requested a full translation of the law, indicating that the RAPA project could not submit the law even to the Minister of Agriculture – a responsible official of the Government of Georgia – before the OEG had approved the text. This request caused some confusion, since the Minister had been continuously kept aware of the drafting and therefore had already seen the law. Moreover, while it is clear that USAID must be aware of the precise contents of any legal drafting work it has supported that is submitted for formal approval to the Cabinet of Georgia and then to Parliament, this internal discussion within the Ministry was not yet that step. Eventually the issue was finessed by providing the Georgian text to Rusudan Kacharava, the RAPA activity manager, who read the original document. The food law activity is supported by a coalition of donors including the World Bank, European Union and USAID, and in fact the World Bank has provided the bulk of the financial support through its PHRD grant funds. While all the donors working on the law have views on what should and should not be in it, the law is being drafted by Georgians for their country. Should the process lead to a draft law containing something that a donor government or agency could not support, they would of course say so and cease their support. But, as with all policy advice, at the end of the day it is the people being advised who must make the final choices.

Food safety training

In support of the food law work, the project supported a number of training and outreach activities related to the food safety work. Project senior analyst Sophie Kemkhadze, the coordinator of the Food Law Working Group, spent a week (July 25-30) at Michigan State University in the United States on an intensive food safety short course. In parallel with her study, with the financial support of the USAID-funded START project implemented by World Learning, Incorporated, negotiations continued on an in-country training course on food safety and standards also to be implemented by MSU. (The original agenda for this training course had been written by RAPA staff in December 2003 at START's request.) Discussions of the agenda and procedures for that course continued for most of the next two months, requiring overall a significant investment of RAPA staff time.

World Learning supported training event, reaching a total of more than 70 people including formal participants, some walk-ins, and RAPA staff, met in two sessions

September 28-October 7. The final agenda as attached as Annex 9, and the list of registered participants is given in Annex 10. The course was greatly appreciated by all participants and gave a significant boost in awareness, visibility and understanding of the issues to both the government employees and private-sector representatives who attended. The first session was aimed more at government, the second at the private sector. The general sense of the organizers from World Learning and RAPA was that the second session went better than the first, partly because of the different group, partly because the trainers themselves had learned from their first session, and perhaps because of good “word of mouth.” During the second session, a half-day presentation on food standards was made two visiting short-term consultants supported by the TACIS IBPP project working with Sakstandarti, a cooperative effort that also had positive results. Georgians involved with the issues frequently claim that there are fundamental differences on food standards between the United States and the European Union. They are right to see differences of emphasis and approach, often with a very significant impact. However, they are wrong to think that there are real differences on fundamentals, and the participation of the German specialists in the MSU course was a fine demonstration of European-American harmony on these issues.

Following the first in-country training session, World Bank consultant Ian Goulding and Ms. Kemkhadze led a study tour to Latvia and the United Kingdom for most of the members of the Food Law Working Group. They were joined briefly in the UK by First Deputy Agriculture Minister Tkeshelashvili. As a result of this trip, the Working Group somewhat changed its approach to the issues. The draft law on which they had been working would have created a new agency to deal with risk analysis, but would not have itself affected the structure and powers of the various agencies of the Georgian government now tasked with food safety. It had been anticipated that such an institutional reorganization would be a following step in the reform process. However, based on what the group observed in Latvia, where a single food safety agency loosely attached to the Ministry of Agriculture had been established, the working group somewhat changed its emphasis and decided to recommend a more radical restructuring and streamlining of Georgia’s food safety system. The group continued to discuss these issues among themselves and with their principals in the Ministries of Agriculture and Health and elsewhere in the government of Georgia at the end of the reporting period.

The group also came back with a new understanding of the relationship between government and the private sector, including private voluntary organizations. The RAPA project had earlier suggested, in coordination with the USAID-funded AgVantage, that a PVO to act as a sounding board and conduit for private sector opinion to the intergovernmental Codex Alimentarius Commission, the FAO/WHO group that is the international reference body for food standards, should be established. This plan, which was delayed for political reasons discussed in earlier reports, had become somewhat garbled, as some influential Georgian voices had come to see such a Committee as a semi-government organization which might, for instance, act as a counterbalance and institutional counter to the Georgian State Committee on Standards. As a result of this misunderstanding, it was decided not to proceed to establish such a formal public organization until the food law drafting was further along. However, public presentation and discussion of the draft food law when it is completed are still planned.

Veterinary law

As extensively reported previously, working to change the Veterinary Department has proven to be particularly difficult. The Department has essentially pursued its own independent policy, aimed at maintaining the corporate interest of the existing body of professional veterinarians, to a very great extent. Moreover, its management, even after the appointment of Dr. Levan Ramishvili to head it earlier this year, has continuously been able to play off one donor against another in order to frustrate reform.

Earlier in 2004, the World Bank, EC Food Security Program and RAPA joined efforts to draft a new Veterinary Law. This was needed because the existing law was a Soviet-era command document that neither reflected the needs and capabilities of contemporary Georgia and the Department, nor was in accord with world practice. Attempts to redraft the law had been under way since 1998, and one redrafted law was defeated by Parliament because it would have privatized primary veterinary services at the end of 2002. However, the defeated law was eventually reworked and reintroduced under pressure from the Government to reduce the number of employees paid from the budget, evidence of the pervasive corruption of the Veterinary Department laboratories located in all farmers' markets in the country, and continuing insistence from society and the donors that the system was not functioning and needed reform.

During the first half of 2004 the Veterinary Department working group prepared a new set of amendments to the Law. As described in the project report for the second quarter of 2004, the donors recommended that an entirely new law be drafted, but the Department with support from the Agrarian Committee of Parliament insisted on a strategy of amending the existing law, and eventually won their point. The Veterinary Department, "taking into account" advice from the World Bank, drafted a set of amendments to the existing law which were presented to parliament. The Department worked very closely with the Agrarian Committee in working out the extensive amendments. It may be worth noting that one of the few comments not indicated as "considered" during the parliamentary legal drafting process was the following from the Ministry of Justice:

It should also be noted that majority of statements in the current Law "On Veterinary Medicine" (adopted in 1995) are, in fact, being changed in this draft, which leads us to suggest that it would be more appropriate to adopt a new Law on Veterinary Medicine which would be in full compliance with international agreements and the norms of other legislative acts in force in Georgia rather than make amendments and additions to the current law. (Annex 11)

However, as usual with Georgian legislation, the opinion of the agency concerned with the law overrode the opinions of mere legal technicians. The complete report on comments on the draft is attached as Annex 11.

During the third quarter of 2004, the parliament proceeded to consider the amendments. On September 23, the Agrarian Committee reexamined the law prior to its consideration at second (the decisive) reading by a plenary session of parliament. At that time, no text of the draft was available to RAPA or other donors despite repeated requests and a Food Security program condition requiring that the draft be acceptable to the FSP. Therefore, the European Commission sent the Minister of Agriculture a note on that date indicating

that the failure to discuss the draft in its present state with the donors was a violation of at least the spirit of the European Union-Georgian Memorandum of Understanding on the Food Security Program. The Minister of Agriculture was undoubtedly not the addressee for the letter, since the law was already effectively out of his hands.

The Parliament adopted the amendments at second reading on October 1. Since the third reading of a bill in Parliament is essentially the format, the amendments to the Veterinary Law essentially remaking it were effectively adopted on that date. As of the end of the quarter, no English text of the draft was available, and since, unlike the Food and Seed Laws, the RAPA project was not closely involved in coordinating the drafting, there remains some uncertainty about the precise contents of the new law. However, although much of the detail suggested by World Bank consultant Bill Watson was omitted on the grounds that it belongs in implementing legislation and regulations rather than a framework law, RAPA attorneys who have seen the Georgian text adopted at second reading state that it contains essentially all his recommendations. It is certain that, at last, primary Veterinary services and market laboratories are to be privatized.

The Law on Certification of Private Veterinary Services included as part of this package of drafts is so written that the Veterinary Department will have great power over private veterinarians. It might almost be said that under this draft law the “private” veterinarians will remain state employees, but ones who must live from the fees they can charge. In some ways, of course, that is nothing more than a legalization of the real present situation.

A great deal of work needs to be done to reorganize the Veterinary Department. The Department itself has prepared a number of schedules and plans for its reform, again, in part, to meet EC FSP conditions. Annex 12 gives the Department’s own schedule for change as of the end of the quarter. This schedule is a good deal slower than that suggested by the Food Security Program. The count of department employees presumably includes those presently formally subordinate to local Veterinary Department agencies and so not included in the Ministry’s usual count, since otherwise the Department alone would account for almost the entire declared staff of the Ministry as of the beginning of 2004 (2995 full-time positions). Considerable change in procedures within the department will also be needed. For instance, the World Bank supported Risk Assessment Exercise II, which has been conducting baseline inventories and audits of all Ministry units, reports that the accounts of the Veterinary Department are absolutely incomprehensible, and the chief accountant of the Department has been so uncooperative that they have decided to abandon efforts to bring order into the Department’s chaos. As of the end of the quarter, the Chamber of Control of Georgia was examining the Department’s financial management.

Lessons of the Veterinary Law Reform

The Veterinary Department has a history of actively resisting donor suggestions about its reform, whether those suggestions came from TACIS and DFID, the Netherlands, or, most recently, the World Bank, Food Security Program and RAPA. That corporate resistance would be less of a concern were it clear to all Georgian citizens, entrepreneurs and potential foreign investors and trading partners that the Veterinary Department as it has existed since 1991 has in fact ensured animal health, safeguarded the population from animal diseases harmful to humans, and effectively ensured the safety of food products (over which it claims such broad monitoring powers as to conflict not only with other Ministry agencies and Sakstandarti, but also with the Ministry of Health and even the

Customs Department). Unfortunately, the Department's operations have not been that successful or transparent (see the section on "Internal Control" below).

However, the newly-adopted amendments to the Veterinary Law at last establish the principle that private veterinarians are allowed to exist and practice. Now that the first step has been taken, further reform should be easier. It must also be noted, however, that transformation of the whole system of training and certifying veterinarians also will be needed to make the changes effective.

The amendments to the Veterinary Law adopted at the end of October do not entirely coincide with the provisions of the draft Food Safety Law. Therefore, a further set of amendments to the Veterinary Law will need to be prepared and passed as part of the overall Food Safety reform.

The Department has been very successful in playing off various donors against one another. In particular, it has relied on what it claims are recommendations from the International Animal Health Organization (OIE) to counter suggestions from Veterinary experts provided by the Dutch government and, more recently, the World Bank. It has also promised Ministry senior management that funding from the US Department of Defense under the Cooperative Threat Reduction Program would be forthcoming to allow it to continue to operate much as it has. These claims are somewhat disingenuous, but because of the number of donor agencies working in this important area and their constantly changing personnel, the Department has been effective in making these claims.

Finally, the story of the Veterinary Law to date indicates the continuing structural weakness of Ministry central management. This is not a matter of personalities. Rather, the Veterinary Department has been able over time both to obtain almost total structural independence from any oversight either by the Ministry, Parliament, or the government's control agencies. Its status as a legal entity of public law and access to considerable financial resources from its activities and donors have strengthened that independence. The passage of the new amendments to the Veterinary Law, therefore, is only one, if a long, step in a difficult but necessary process of administrative and organizational reform.

Cooperation with the Parliament of Georgia

While it has always been obvious that institutional reform and policy change in Georgia's agri-food sector require close cooperation between the executive and legislative branches of government, and so the RAPA project has always paid some attention to the activities of parliament, particularly its standing Committee on Agrarian Issues, the project design and terms of reference, as well as all previous work plans, have begun from the assumption that the project's counterpart is the Ministry of Agriculture and Food. Moreover, as a project which works very closely with the Ministry, project staff must always be careful to avoid, on the one hand, leaving the impression that they are speaking for the Ministry, and, on the other, carrying out activities which could, by seeming to contradict Ministry and Government of Georgia policy, complicate relations between RAPA and the Ministry. To avoid giving the appearance of undercutting or contradicting the Ministry, therefore, RAPA advice about needed policy changes has always been given within the Ministry rather than turning outside it.

The focus on passage of legislation mandated by the Office of Economic Growth at the July work plan review offered a welcome chance to increase the project's ties with

parliament. However, such increased work with the legislature raised two severe difficulties. First, the project, to retain its credibility and ability to work with the Ministry and so to carry out its contracted tasks of policy advice, research, and institutional reform of the Ministry, must be careful to work with the Ministry in dealing with parliament, not to contradict it. Second, the oral instruction to increase work with parliament, documented in the series of emails on the project work plan given in the annexes to this report, was not accompanied by an increase in resources. Moreover, the Agrarian Committee itself suffers from a number of institutional weaknesses that can probably be more appropriately addressed by on-going projects supported by the USAID mission Democracy and Governance Office in the framework of overall legislative strengthening than they can be by RAPA. (Consider the Committee's own report of its work during the first half of 2004 given in Annex 13.)

RAPA staff continue to attend all open meetings of the Committee, and the Project has made arrangements – sometimes frustrated by delays in the parliament and in the process of translation, admittedly, to obtain all significant public documents generated by the Committee of importance to the work of the project. Project staff also traveled with the Committee to its “away” session in the Shiraki Valley of Georgia in July.

AYEG draft law on amendments to Law on Licensing of Food Products and Tobacco Production

In July, the Association of Young Economists of Georgia (AYEG), which is supported by the USAID-funded IRIS project, presented a draft law on amendments to the Law on Licensing of Production of Food and Tobacco Products to staff from the Ministry of Agriculture (Giorgi Dangadze's report of this meeting is Annex 14) The amendment would eliminate the duplication of licenses and permits, an issue the RAPA project raised unsuccessfully with the Ministry of Agriculture at the time the law was adopted. By the end of the reporting period, however, hearings on the bill had apparently not yet been scheduled in the Agrarian Committee of Parliament.

Harmonization of Georgian laws and regulations with those of the European Union

In May, 2004, the Government of Georgia instructed all Ministries to prepare the appropriate sections of a national program to harmonize Georgian legislation with that of the European Union. This is a new iteration of a very ambitious goal that had been set by the previous Georgian regime and, indeed partly done by the Georgian-European Policy and Legal Advice Center (GEPLAC) and the government – with RAPA project assistance in the agri-food sector – earlier.

While it might be doubted that such an ambitious project, which might also be described as preparation for EU membership even before the EU has invited Georgia to join, is achievable, it is clear that for Georgian agriculture, which depends on imported inputs and seeks to increase exports, greater understanding of EU legislation and regulations, and closer congruence of Georgian laws with EU ones, is a goal that makes practical sense.

At the request of the Ministry, in July 2004 Giorgi Dangadze worked with a variety of Ministry agencies, including the Veterinary Department, the Food products expertise and monitoring service, the Department of food and processing industry, the Agrochemical and soil fertility service, "Samtresti" (wine), "Sakminkhiltskali" (mineral water), the Plant protection service and "Sakjishcentri" (legal entity of public law dealing with plant breeders' rights) to produce an overview of work to date to harmonize Georgian

legislation with that of the EU. The materials he assembled were transmitted to the Ministry. In August and September, in collaboration with the European Integration Unit of the Foreign Department of the Ministry, a plan for further work in harmonization was drafted. However, as far as can be determined, the Ministry had not yet discussed or adopted this plan as of the end of the reporting period.

Sakstandarti

During the quarter, the National Agency for Standardization, Metrology and Certification (“Sakstandarti”) circulated within the government its draft “Code of Technical Regulations” for comment for a second time. At the request of the Ministry, Mr. Giorgi Dangadze provided a detailed commentary on the document that was used by the Ministry of Agriculture in part as a basis for its comments on the draft law.

Sakstandarti’s “Code,” a direct copy of a Russian Federation law, would establish Sakstandarti as the single agency to confirm and enforce technical regulations. Despite its name, Sakstandarti is mostly concerned with such technical regulations. As Dr. Barbara Lehbruch of the TACIS IBPP project currently working with Sakstandarti explains:

“*Standards*” in the understanding of the WTO and the European Union are documented, voluntary agreements which establish important criteria for products, services and processes. Standards, therefore, help to make sure that products and services are fit for their purpose and are comparable and compatible. A *technical regulation* is a document adopted by an authority that provides binding technical requirements. Therefore, standardization is an activity which takes part in the private domain, while technical regulation is in the public domain.

Sakstandarti assumes that it has responsibility, among other things, for all technical regulations in all spheres of the Georgian economy, including food standards. This claim, together with their associated claim to the right to enforce those regulations on producers and retailers, has led to bureaucratic conflicts between Sakstandarti and the Ministry of Agriculture. So has the Agency’s habit, discussed in previous RAPA project reports, of presenting draft laws increasing its own power to the Cabinet without first clearing them with the responsible agencies, a clearance procedure standard in the Georgian government.

The RAPA project has also had some previous discussions with Sakstandarti about food standards. For instance, Sakstandarti earlier requested project permission (!) to enact into law the entire body of Codex Alimentarius. These international reference standards are produced by United Nations agencies and bear no copyright, and are ordinarily form the basis for national food standards, so the RAPA project cannot control their use. However, it seems unusual, at least, to want to adopt all Codex standards as national laws that would be legally enforceable.

One result of these continuing controversies was a request from the USAID OEG in mid-August that the RAPA project prepare a briefing paper on how to reorganize Sakstandarti (Annex 15). While the project staff is pleased that USAID would ask them to deal with such subjects, in fact, as the issue of the Code of Technical Regulation suggests, dealing with the State Standards Agency is a far broader issue than just agricultural policy extends far beyond the project’s area of expertise. Although a number of donors have

examined it in the last decade, how to restructure Sakstandarti required substantial new research. The subject has also been continuously addressed by the USAID-supported GEGI project, which had issued a paper on Sakstandarti shortly before USAID made this request of the RAPA project. Therefore, given the number of tasks directly related to the project's contracted work plan to be addressed, the white paper took substantial time to prepare and was in fact not given to USAID until after the end of this reporting period.

4. Structural Changes

Although during the second quarter of 2004 the project prepared, at the Minister's express request, a plan for downsizing the Ministry staff and eliminating several units which the Ministry Restructuring Commission had identified as superfluous in 2003, the Ministry seemingly did little or nothing to put those promised changes into effect during the quarter. (The English version of the presentation prepared for the Minister is bound in at the back of this report.) The Minister's explanation was that he wished, as a member of the new, collegial Cabinet, to present the changes to the Cabinet and obtain the Prime Minister's approval before acting, but that this presentation – which the project several times helped him prepare – was repeatedly postponed because of more urgent business before the Cabinet. The Government of Georgia did indeed confront a variety of crises during the quarter, and the Minister was heavily involved in several of them. The Ministry also found itself overloaded with work preparing a large number of public tenders. However, the failure of the Ministry to take organized action on these planned and promised changes was at least disconcerting.

Sakminkhiltskali

During the quarter, Mr. Zurab Chekurishvili was appointed to head *Sakminkhiltskali*, the Ministry agency responsible for regulating mineral waters, soft drinks, and beer. He repeatedly requested assistance from the project in understanding European regulations, including an assessment of the feasibility of creating a Georgian technical regulation about natural mineral waters based on existing Georgian legislation and the work of a German consultant to the Department. Chekurishvili also requested assistance from the project in developing a new charter for the department. Mr. Mamuka Matiashvili, RAPA project senior attorney, advised him on institutional design and drafting.

Until recently, Georgia's most famous mineral water, Borjomi, had not been approved for sale in the European Union because its particular chemical composition did not match that of approved mineral waters in the European Union. Mr. Chekurishvili, an active member of the food law working group, used the working group's World Bank-sponsored trip to London to negotiate acceptance of Borjomi with the UK Food Standards authority. As a result of UK acceptance of Borjomi, it can now be legally sold throughout the European Union, opening an important new market for one of Georgia's best-known products.

5. Institutional Strengthening

Institutional strengthening involves improvement of organizational processes rather than redesign of an organization chart. Personnel hiring, training, promotion and evaluation, internal reporting, budget development and accounting and purchases of goods and services for the organization are some major examples of such processes.

The Ministry of Agriculture, like the whole Georgian government, remains weak and fragmented in almost all these areas, although it has made some substantial improvements. In order to leverage the available resources, RAPA staff have worked with other donors for particular purposes. For example, the World Bank Risk Assessment Exercise, managed for most of the year by RAPA financial analyst Vazha Tabatadze and now overseen by RAPA accountant Otar Chigladze, has been carrying out baseline auditing and accounting training in the Ministry's subordinate agencies according to a terms of reference originally written by the RAPA chief of party and Mr. Tabatadze. The project consulted closely with the Ministry and the World Bank Project Coordination Center and Agricultural Development Project in designing the terms of reference for the World Bank Institutional Development Funds grant awarded to the Ministry earlier in 2004 that is to provide training for senior Ministry managers, improve internal information flows, and prepare two annual reports of the Ministry's activities for the Georgian public. Similarly, project staff were closely involved with the design of the TACIS "Increase of Financial Management Capacity within the Ministry of Agriculture and Food, Tbilisi, Georgia" project. Under its terms of reference, that project is to improve budget and accounting practices in the Ministry and reorganize the Ministry Department of Strategy and Policy, which currently performs planning and budgeting, economic analysis, procurement, program design and a variety of other functions. Reorganization of that department was identified as necessary in the RAPA project's phase II work plan, but only partly completed (by formation of a specialized procurement unit) due to the press of other events and limited RAPA resources.

At the request of the First Deputy Minister, during the quarter the project prepared a matrix to identify institutional strengthening tasks and indicate responsibility for them. This matrix, also based on previous analysis and work plans prepared by the project, is included as Annex 16. RAPA and the RAE were working on the issues noted in that matrix during the quarter. The EC Food Security Program was in the process of reopening its office in the Ministry in September and October 2004, while the IDF and TACIS budgeting activities were just being tendered.

The Ministry had indicated earlier in the year that it wished assistance in carrying out a personnel review, and so this task was included in the project work plan for this phase. However, the Ministry had not begun the review by the end of the reporting period.

6. Policy Research and Advice

During the quarter, the project did not have any major policy research efforts under way except to support the regulatory reform efforts described above. However, the project continued to pass the Ministry regular information on the world agricultural situation, and to answer occasional questions from the Ministry, USAID Mission Caucasus, other donors and the public.

7. Internal Control Unit

The RAPA project continues to support the Ministry's Internal Control Unit, which was originally organized with project help at the request of the Ministry and the recommendation of the EC Food Security Program. The Unit is now an independent group reporting directly to the Minister.

The Georgian Financial Police opened a criminal case against the director of Ltd Birtvisi on July 13, 2004. This firm had received equipment under the Japanese 2KR grant which was apparently not paid for and then illegally exported. When the Internal Control Unit investigated the situation earlier, the director wrote a letter to the Ministry complaining of its temerity in investigating him when he had made payment to Ministry staff members in earlier years. The Financial Police case was apparently largely based on the work of the Ministry's Internal Control Unit.

During the quarter, the Unit carried several major audits. Dates are those of the Ministry orders initiating the audits in agreement with the project.

July 5	Tbilisi Veterinary Union
July 8	Veterinary labs in food markets nationwide
August 5 and 8	Sales of Food for Progress grain
September 17	Tea tender winners

The Veterinary Department laboratories must approve all foodstuffs sold in food markets (farmers' markets, not food stores) nationwide. These markets are the principal source of food other than household production for most Georgians. Privatization of the laboratories will be the principal near-term change from the new Veterinary Law, and the law was resisted in some quarters because when those labs are privatized some staff in the Veterinary Department will lose a substantial source of illicit income.

The Internal Control Unit report on its audit of the Veterinary laboratories is Annex 17. As a result of this report, submitted at the very end of the reporting period, a number of resignations have been obtained and more departures from the Veterinary Department, as well as some criminal prosecutions, are likely.

The Ministry of Agriculture has also asked for close monitoring of the sale of US Food for Progress grain because of difficulties encountered in monetization procedures prior to 2000. The initial report on the grain delivery is Annex 18.

8. Legal Drafting and Assistance

The project continued to assist the Ministry with a variety of legal drafting and assistance during the reporting period, much of it concerned with the handling of US agricultural commodity donations to the Government of Georgia. In 2004, the US donated 50,000 tons of food wheat to Georgia under the Food for Progress ("FFP") Act.

Food for Progress donation and proceeds tender

As noted above, during the quarter Georgia received the wheat donated by the US under the agreement signed in the second quarter. In July-September 2004, in addition to the work of the Internal Control Unit in monitoring its receipt and handling, the project assisted the Ministry in preparing the public tender for Internal Transport, Shipment and Handling ("ITSH"), and project staff observed the sales of the grain.

Until 2003, the former "State Regulatory Board," now renamed "Ltd. 'Agrosystems'" and, like all other state-owned corporations, now managed by the Ministry of Economy, had automatically handled the ITSH and monetization. The Ministry of Agriculture held an open tender for ITSH for the first time for the 2003 Food for Progress donation.

Because ACDI/VOCA failed to submit its tender documents in the form required by Georgian law (that is, in Georgian) and so withdrew from the 2003 tender at the last minute, the only bidder for the ITSH tender in 2003 was “Agrosystems.”

In June 2004, ACDI/VOCA’s Washington, D.C. office contacted the RAPA chief of party for information about the 2004 ITSH tender. Eventually ACDI/VOCA decided not to participate in the tender after it became clear to them that, because the work of internal transport, shipment and handling would have to be done before the grain was sold, a substantial investment would be needed before payment for services would be received. The organization decided that it was unable to raise funds for that work and so ACDI/VOCA never actually applied to participate in the 2004 tender.

The Ministry formally requested that project staff assist the work of the Ministry’s ITSH tender commission. On August 5, the RAPA chief of party formally assigned Mr. Giorgi Misheladze and Ms. Tamuna Zedginidze to do so, with assistance if needed from Ms. Nana Tsuladze and Mr. Bidzina Korakhashvili. The latter two project staff members, among their other duties, monitor the international and domestic grain markets. This assistance was given subject to the explicit condition that none of these project staff should have voting rights on the tender commission or make policy determinations for it.

On July 7, 2004, the Ministry announced the tender for the 2004 FFP ITSH. On July 9, formation of the “Global Agro” association was announced. This Association, including several of Georgia’s large integrated grain elevator-flour mill-bakery combines and the Tbilisi Bread Producers’ Association was, according to informed sources, formed specifically to contest the ITSH tender. Although, as reported in the quarterly report for April-June 2004 the Ministry had resisted reduction of the permitted payment for ITSH to US\$25 per ton, the payment was apparently generous enough to make this new association believe it worth competing. Moreover, the founders of “Global-Agro” apparently were concerned that, if “Agrosystems” won the tender, they would not benefit from decisions on where to store, and perhaps to whom to sell, the US grain. (Since under the 2004 Agreement, as in previous years, the Ministry and its ITSH contactor were allowed to sell the grain over a period of several months, storage charges would provide a guaranteed revenue stream to elevators selected to hold the FFP donation.)

The tender commission found that two bidders were qualified, “Agrosystems” and “Global Agro.” The commission eventually found that Agrosystems’ bid was better substantiated and a better value for the Government of Georgia, and awarded the contract for the 2004 ITSH to Agrosystems.

Agrosystems, in turn, subcontracted the work of dockside unloading of the US grain from shipboard, transferring it to freight cars, and rail shipment to storage at several elevator-mill combines in Georgia to “Pace” Ltd.

As described in the project report covering the previous quarter, as a result of the insistence of the US Agricultural Attaché and the RAPA project during the contract negotiations, and then the continuing support of the US embassy, the Georgian government did not charge value-added or other taxes on the ITSH for the first time in 2004. However, under the new, more transparent system for obtaining and documenting the VAT exemption worked out by the Embassy and the USAID Regional Legal Advisor with the Georgian Ministry of Finance during the negotiations on the 2004 FFP donation,

it was necessary to obtain Ministry of Finance documentation exempting “Agrosystems” and “Pace” from taxes on the work they did under the ITSH contract and subcontract. Because of the timing of the tender, this exemption procedure had to be executed very rapidly. This could not have been done with assistance from the USAID Mission and its regional legal officer and the US Embassy.

The donated grain arrived in two shiploads. The US Embassy planned that Ambassador Miles and Minister Shervashidze were to travel to Poti to August 14 to publicize the arrival of the first ship. Giga Kurdovanidze, the RAPA project media specialist, did much of the coordination work between Embassy and Ministry to arrange this trip. Unfortunately, because of the tense situation in South Ossetia, the Ambassador did not make the trip, although another embassy official substituted for him and coverage of the event did appear on all the major Georgian evening news programs on that day.

Sale of the donated wheat to raise funds for agricultural and rural development in Georgia began in September. All sales were and are to be done through the Tbilisi International Grain and Petroleum Products Exchange, an open commodity exchange originally established with assistance from the European Union’s TACIS program. RAPA staff including employees assigned to work with the Ministry Internal Control Unit and others attended the first scheduled sale in September. This sale was poorly organized, in part because of confusion over who was allowed to bid. Georgian law allows for-profit business activity to be done either by legal persons, or by physical persons registered as “individual entrepreneurs.” However, the Ministry had given permission only for legal persons to participate in the exchange trading, and since many small grain mills and bakeries are run by individual entrepreneurs, there was some confusion and consternation on the day of the sale. Eventually individual entrepreneurs were allowed to participate by decision of the Exchange Committee, but the trading on the first day was not effective. A note by the RAPA project chief of party on his observations of this first day’s trading in 2004 FFP grain is attached in Annex 19.

Remaining undisbursed 2001 416(b) agreement proceeds

As discussed in the second quarter report, proceeds from sales of donated commodities are deposited in a designated account in the National Bank of Georgia until they are disbursed in accord with a presidential decree. the Ministry of Finance had been slow in clearing a Ministry of Agriculture draft decree to give the remaining funds from the 2001 416(b) grain monetization program to the Georgia Rural Development Fund, the successor to the former ACDI/VOCA National Rural Credit Program project, as the US Embassy Tbilisi, US Agricultural Attaché responsible for Georgia, and the Minister of Agriculture had decided, according to the procedures in the US-Georgian agreement on the 416(b) donation, they should be. On July 1, First Deputy Minister of Agriculture Tkeshelashvili responded in writing to the Ministry of Finance’s concerns, explaining that use of the money for agriculture, and specifically for the GRDF was in accord with the US-Georgian agreement on donation of the commodity for monetization (Annex 20).

However, despite repeated inquiries from the Project to the Ministry of Agriculture resulting in several conversations between the Ministers of Finance and Agriculture, as well as at least one conversation between the USAID Mission Director (US Embassy Tbilisi’s designated representative in determining use of the proceeds under the intergovernmental agreement) and the Minister of Finance, the Ministry of Finance had still not agreed to release the funds by the end of the quarter. The special account in

which they are deposited does not bear interest, although since the account is in the National Bank, the funds presumably count as part of Georgia's foreign-exchange reserves.

Law on Fisheries

As reported in 2002, the Minister of Agriculture had requested project assistance in drafting a new framework Law on Fisheries. The Fisheries Agency ("Saktevzi") in the Ministry, seeking both an assured income stream and a mention in national law which would make it more difficult to reorganize, had prepared a draft law of its own based on a Ukrainian model that would have essentially renationalized the sector. The Minister asked for an alternative, which was duly prepared. However, the Ministry was never able to obtain acquiescence of the Shevardnadze government to the law so it could be presented to Parliament for consideration and eventual passage. (The lack of a law regulating the fisheries sector was one of the most serious charges made against then-Minister Kirvalidze when some leading members of the Shevardnadze government attempted to have him removed in the run-up to the parliamentary elections in the fall of 2003.)

At that time, the Ministry was negotiating for a small FAO technical assistance grant to support development of the Law on Fisheries. During the fall of 2004, the FAO provided various short-term experts to work with Saktevzi to finalize their law. RAPA senior attorney Mamuka Matiashvili, who had written the "Ministry" draft of the Law on Fisheries, acting as the project's liaison with the FAO team and, in August 2004, attended a three-day seminar on the Law and related matters in Batumi at FAO expense. However, as of the end of the quarter, the FAO project had not yet reported, and the Ministry had not presented any version of a framework Law on Fisheries to the Cabinet for approval and transmission to parliament.

Law on Organic Agriculture

The Ministry believed and believes that because of Georgia's unusual biological diversity and the quality of many of its agricultural products development of organic production as a value-added niche is a real possibility. Moreover, it is argued, focusing on "organic" agriculture turns the country's lack of modern agricultural inputs (pesticides, fertilizer, "modern" varieties of fruits and vegetables designed for easy handling and processing and long storage life – but which often are not preferred by consumers) into an advantage. At the request of the Ministry, project attorney Giorgi Dangadze led the drafting of a Law on Organic Agriculture (sometimes called "Bio-farming" in translations from Georgian) in collaboration with a variety of stakeholders and Ministry staff in 2001 and early 2002. The law was then cleared by the concerned Ministries and submitted to the Cabinet for approval and transmission to Parliament for deliberation and passage. However, because it provided that the Ministry would certify produce as "organic" (as the USDA does in the US, for instance), Sakstandarti refused to support the law when it came up for cabinet consideration in 2002. So the law has been an unresolved item on the government agenda ever since.

During the quarter, the Ministry was asked to resubmit the draft law to the Cabinet, which would have meant obtaining clearances from other Ministries all over again. This request appeared to be a ploy in the continuing bureaucratic struggle over the right to inspect food products, a right which has in the recent past yielded significant income for Sakstandarti's inspectors. The Ministry refused to resubmit the law, arguing that it should simply be

approved by the cabinet as an item of old business and submitted to Parliament. As of the end of the quarter, the Prime Minister had made no decision on how to proceed.

Gurchiani case

In 2001, the Ministry of Agriculture, with substantial support from RAPA, carried out a full audit of what was then the Phyto-sanitary Quarantine Inspection, the agricultural border service responsible for ensuring that imports and exports of plants and vegetable materials are as declared and safe. This department had become, and was universally known to be, one of the best sources of illegal income in the Georgian government, and the head of the department had become deeply entrenched. He was removed for cause by the Ministry in early 2002, and began a series of legal actions to gain reinstatement. Following a hearing on September 22, 2004, his suit for reinstatement was rejected at the Appellate Court level, as the revised suit had been rejected in the court of first instance earlier in 2004. Although an appeal to the Supreme Court of Georgia is expected, the matter is essentially ended at last.

9. Training

In addition to the food standards and safety training discussed above, during the quarter RAPA continued with a number of other training and advisory activities.

Ministry work plan

Ministry agencies were very late in preparing initial drafts as a result of the reorganization of the government and the Ministry during the first half of the year. At the request of the Minister, Ms. Kemkhadze and Dr. Korakhashvili commented on most units' draft plans when they were prepared. Ms. Kemkhadze also assisted with final development of the consolidated work plan, which the Minister formally approved on August 14.

Accounting

The project provides facilities and support for continuing accounting classes taught by Paata Mikadze of the World Bank RAE II to Ministry staff and interested project employees. He has now taken some 35 students through a six-month course.

English classes

At the request of the Ministry, the project has provided English-language training to interested Ministry staff. On July 5, 2004, at a ceremony in the Ministry's collegium room, 35 students were given certificates of promotion.

Computer network support

The project continues to act as front-line support for users of the Ministry computer network. The Ministry network now connects about 120 machines in the Ministry's main building. Exchanges of some data by modem or hand-carried disks are done regularly with several Ministry agencies located in other parts of Tbilisi. As the RAE II continues its accounting training and systems improvement, and the TACIS budget management project begins operations, the computer network will grow further. The network, which has grown incrementally, is also in need of some maintenance and rewiring within the main building to improve the installation's durability.

FAO-OECD-UN ECE regional seminar on fruit and vegetable standards

In late 2003, Alexander Didebulidze (then a project employee, now Deputy Minister of Education of Georgia) and Ministry of Agriculture Foreign Department Head Roman

Kakulia attended a United Nations Economic Commission for Europe workshop on fruit and vegetable standards. From that meeting developed the idea of holding a regional seminar under UNECE sponsorship jointly with the United Nations Food and Agriculture Organization and the Organisation for Economic Co-Operation and Development in Georgia on standards. World Learning agreed to finance some costs for Georgian participants. However, as it turned out the Ministry was unable to find funds were not available to support participation by people from other countries in the region. As a result, the seminar was moved back. The seminar has now been delayed again at the request of FAO regional representative Viera Baricicova (Annex 21).

Codex Alimentarius travel

During the quarter, the project continued an active program of sending Ministry staff and others to attend working parties of the Codex Alimentarius Commission, the international reference body for food standards with the financial support of World Learning.

World Learning also provide funding to enable Gia Bibileishvili and Levan Chiteishvili of the Ministry to organize and conduct a series of seminars on agricultural border controls and the World Trade Organization (Annex 22).

10. Outreach

The project continues to work closely with the Ministry Public Relations office. Mr. Kurdovanidze traveled extensively with Minister Shervashidze during the quarter. The project also continues to translate a daily summary of Georgian press items related to agriculture prepared by the Ministry. This summary is both useful in itself as a way to follow the press and, since it is a principal news source for Ministry management, as a way to know what information Ministry staff and management are receiving.

The project continues to maintain the Ministry web site (www.maf.ge) and a parallel project web site where translations and project documents are posted (www.rapa-dai.com.ge). Both sites now hold a great deal of material, and their interfaces need an overhaul and redesign. If the budget permits, it is planned to do this early in 2005. This anticipated redesign should also make it easier for the Ministry to maintain its site following the end of the project.

11. Translation

During the quarter the project continued extensive translation activities for the use of the chief of party and to inform USAID and other donors, and as part of activities to train Ministry staff and improve its functioning. Translations are listed in Annex 25.

During the quarter, Ms. Tiko Janashvili and a translator employed by the World Bank RAE II completed the Georgian translation of the International Public Sector Accounting Standards. The 2003 Law of Georgia “On the budget system” mandates adoption of these standards by all government agencies by January 1, 2005. The standards are now being edited and prepared for publication by Mr. Paata Mikadze of the RAE II and the Georgian Federation of Auditors and Accountants.

12. Security

The Ministry building, where RAPA project staff occupy several offices in various locations, is not secure, despite efforts by the Ministry to improve the situation and the institution of a building-pass system. As part of Phase IIIb, the project requested authorization to upgrade its burglar alarm system to cover all offices in which project staff work and purchase of closed-circuit TV cameras to monitor associated corridors. Following USAID's exercise of its option to extend the project for a final 12 months under the BASIS IQC, this equipment was purchased and installed. RAPA security guards now monitor the burglar alarm round-the-clock from an office in the Ministry.

These changes have somewhat improved the security situation. An unexpected result, however, was photographic evidence that a project staff member was guilty of the theft of another RAPA employee's wallet from the project main office. This was later confirmed by photographs taken at an ATM machine where the employee used a stolen ATM card to withdraw funds. The employee, whose record had been checked by both the project and the Ministry before he was hired, was immediately terminated for cause. The thief eventually repaid the stolen money and returned the wallet intact, and so the victim of the theft decided not to press charges. Both the Ministry and the project have taken steps to improve their vetting of potential employees following these unhappy events.

DONOR COORDINATION

The project continues to work closely with a variety of other projects. During the reporting period the World Bank continued active preparation for its Rural Development Project, a planned follow-on to the existing Agricultural Development Project for which the improved food safety, veterinary, and phyto-sanitary regimes resulting from the framework laws being developed by the Ministry with the aid of RAPA, the World Bank and the European Commission Food Security Program are prerequisites.

The Risk Assessment Exercise II, funded from ADP monies to carry out baseline inventories and accounting training in the Ministry, was extended by the World Bank through the end of December, 2004. Following Vazha Tabatadze's departure from the RAPA project to become head of the Agricultural Department of the Chamber of Control of Georgia, project accountant and financial specialist Otar Chigladze assumed management of the RAE staff in Tabatadze's place.

The World Bank Project Coordination Center issued a public tender for the conduct of the work specified under the Bank Institutional Development Fund Grant that had been awarded to Georgia. This grant, which was developed by the Ministry and World Bank staff in cooperation with RAPA, would support training of senior management, improvement of internal reporting in the Ministry and preparation of an annual report for the general public on Ministry activities. The tender, unfortunately was invalid because only two bids were received. Because of the World Bank PCC's organization, Georgian legal entities, which include DAI, are at a disadvantage relative to consulting firms which have no permanent representation in Georgia and so DAI did not bid on this work, which otherwise fits with the RAPA project's activities.

At the end of the quarter, the European Commission delegation organized a high-level meeting of agricultural donors. The meeting focused on the Ministry's strategy, including

a presentation by the EC Food Security resident advisor in the Ministry of Agriculture and the RAPA chief of party. Following the meeting the donors exchanged descriptions of their current activities in Georgia.

During the quarter, USDA Georgia proposed organizing a regional conference on models of agricultural extension with the Ministry and RAPA to be supported financially by the USDA Georgia project. At the request of the USDA Georgia chief of party, RAPA staff assembled contact information for agricultural secondary schools and colleges throughout the country (Annex 23).

OUTSTANDING ISSUES

At the close of the quarter, with the Veterinary Law essentially passed, attention shifted to completing the design of the new institutional arrangements to be introduced by the Food Safety Law. The proposed Food Safety Agency would be an important prize for any ministry or agency to control, so a serious discussion about whether it should be free-standing, subordinate to the Ministry of Agriculture, the Ministry of Health, or even to Sakstandarti was underway in the Food Law Working Group and with various government officials. This discussion is likely to need decision at a higher level of the Government of Georgia.

Perhaps a more fundamental issue was the continuing political weakness of the Ministry of Agriculture. As a result of personnel changes and government reorganization, the relative power of the Minister at the end of the quarter had probably declined even over what it was on the eve of the Rose Revolution in 2003. A small and mostly new senior Ministry management staff seemed to find it difficult either to take decisions or to argue effectively for Ministry positions in the government as a whole. The will of the Ministry authorities to push through the changes begun during the last year, for which the groundwork had already been laid, was not in doubt, but their power to do so might reasonably be questioned.



**RESTRUCTURING ASSISTANCE AND POLICY ADVICE FOR THE
MINISTRY OF AGRICULTURE AND FOOD OF GEORGIA**

Contract No. LAG-I-00-98-00026-00, Task Order 804
BASIS IQC

USAID Mission Caucasus, Office of Economic Growth
SO 1.31, IR 1.31.1 "Improved Policy and Operating Environment"

**PHASE IIIB
TWELFTH REPORT
JULY 1-SEPTEMBER 30, 2004**

ANNEXES

MISSION

To assist the transformation of the Ministry of Agriculture and Food of Georgia into an effective, honest agency that more effectively facilitates increasing the welfare of the country's agri-food producers and consumers.

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ANNEX 1. PROJECT STAFF AS OF SEPTEMBER 30, 2004

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David Beridze	Driver	
David Tskhvaradze	Senior guard	
Koba Tsirekidze	Guard	
Giorgi Tvildiani	Guard	
Leri Giorgadze	Guard	

Total: 29

**ANNEX 2. STATUS OF PROJECT ACTIVITIES SPECIFICALLY PROVIDED FOR IN JUNE 2004
WORK PLAN AS OF SEPTEMBER 30, 2004**

This table does not include one-off policy advice activities or other incidental activities such as response to specific short-term Ministry requests for assistance. See main text for further explanations.

“NYB” = “Not yet begun”

“IP” = “In Progress”

“C” = “Completed”

“P” = “Pending” (delayed for some reason, but still anticipated”)

“D” = “Dropped” (task no longer to be done)

Task	Cooperation with	Status
1. Memorandum of Understanding drafted for signature		IP
2. Policy and Strategy		
GoG confirms overall Ministry strategy		IP
Working group to prepare medium-term program and timetable for the operationalization of the Government’s “Strategy for Agriculture” established	FSP, other donors	IP
Medium-term program and timetable for the operationalization of the Government’s “Strategy for Agriculture” completed [date to be agreed with FSP]	FSP	IP
Revised agricultural sections of EDPRP		P
3. Regulatory Reform		
Medium-term time-bound action plan on restructuring and reform of food safety services	FSP /WB	IP
Food Safety Law submitted to Parliament	FSP /WB	P
Plan for restructuring and reform of food safety services begins implementation	WB	NYB
Medium-term time-bound action plan on restructuring and reform of phytosanitary services, including seed and selection	FSP /WB	Drafted but not accepted by FSP
Seed Law and Law on Plant Breeders’ Rights submitted to Parliament		P
Plan for restructuring and reform of phytosanitary services begins implementation		NYB
Medium-term time-bound action plan on restructuring and reform of Veterinary services	FSP /WB	Drafted but not accepted by FSP
Veterinary Law submitted to parliament	FSP /WB	C
Plan for restructuring and reform of Veterinary services begins implementation	WB	NYB
Founding meeting of Georgian National Codex Alimentarius Committee		D
4. Structural Changes		
New organization chart agreed with Ministry		C
Legal work for downsizing/eliminating agreed departments completed		IP
New Ministry Charter (without eliminated units) submitted to Cabinet for approval		NYB
Personnel reviews in affected departments		NYB
Ministry unit for European integration functioning		NYB
Survey of all Ministry-subordinate laboratories, plan for		IP

their rationalization completed		
5. Institutional Strengthening		
Recommendations on Ministry Work plan		C
6. Policy Research and Advising		
Survey of PL-480 arrears		IP
Reports on Georgian grain stocks		IP
7. Internal Control Unit		IP
8. Legal Drafting and Advice		
Assisting with tenders for FFP proceeds		IP
Liaison with Parliament		IP
9. Training		
English classes		IP
Computer support		IP
Accounting training	WB RAE	IP
Program design and evaluation	WB IDF	NYB
work plan preparation		IP
10. Outreach		
Press monitoring		IP
Ministry and project web sites		IP
11. Translation		
Completion of IPSAS standards	WB RAE	C
12. Security		
13. Reporting		
DAI field (monthly financial) report		IP
DAI bank reconciliation		IP
Project inventory		IP
Quarterly		IP
Final		NYB
Estimated field accruals (USAID OFM)		IP
14. Close-down		
Seminar/workshop		NYB
Recommendations on continuing Ministry reform		NYB

ANNEX 3. RESULTS OF OEG REVIEW OF PROJECT WORK PLAN

<p>"Kacharava, Rusudan (Tbilisi/EG)" <rkacharava@usaid.gov> 08/03/2004 04:09 PM</p>	<p>To: <Don_Van_Atta@dai.com> cc: Subject: RE: memorandum of conervation this morning</p>
---	---

That's absolutely right Don, no important issues missing.

Russo

-----Original Message-----

From: Don_Van_Atta@dai.com [mailto:Don_Van_Atta@dai.com]

Sent: Tuesday, August 03, 2004 2:18 PM

To: Kacharava, Rusudan (Tbilisi/EG)

Cc: Williams, Alfred (Tbilisi/EG); Bidzina_Korakhashvili@dai.com;

Mamuka_Matiashvili@dai.com; Sophie_Kemkhadze@dai.com;

Bob_Walter@dai.com; Bethany_Bluett@dai.com; davidsh@gol.ge

Subject: memorandum of conervation this morning

Russo,

This note summarizes our conversation of this morning on the results of The work plan review meeting. Please let me know if I have misunderstood or omitted important issues.

The SO team is principally interested in the project's work in improving the legislative/regulatory environment for the agrifood sector in order to facilitate economic growth. Therefore, the team principally expects progress in working out, and passage of, the Food Safety Law, revised Veterinary Law, revised Seed and Varieties Law(s) and related phytosanitary legislation.

In this regard,

- the project should work more actively and intensively with Parliament
- the project should work more actively with non-governmental stakeholders
- the issue of Sakstandarti's role needs to be addressed both by the project and by USAID and the stakeholder community

There is no need to revise the work plan submitted June 1, 2004, as it is essentially acceptable. However, the SO team asks for:

1. "Legislative action plan" including a firm schedule and indication of the individuals responsible for development and passage of the legislation noted above. To be drafted for you within two weeks (by Monday, August 16).
2. a one-page document, requested by the CO, which can be attached to the contract giving 3-5 tasks with firm deadlines. From our conversation, those tasks would be:
 - FFP tender
 - redrafted MoU (as you pointed out, signature is not within our control
 - the "Legislative action plan" noted above

Based on conversations with my staff, I would add two more points to that document:

- continued work on the Ministry's medium-term strategic plan (this is a work group established as an EC FSP condition that must have firm deadlines anyway)
- an "other work as appropriate and directed by/agreed with the CTO" clause

You should have this document as soon as possible after the legislative action plan is agreed.

Further, we agreed that you will meet with senior RAPA staff each Tuesday morning at 10 AM in our offices. I would expect that regular participants in that meeting would include myself, Sophie Kemkhadze, Bidzina Korakhashvili, and Mamuka Matiashvili.

Best,

Don Van Atta

Advisor to the Minister of Agriculture of Georgia
Chief of Party, "Restructuring Assistance and Policy Advice for the
Ministry of Agriculture of Georgia" (USAID project)
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ANNEX 4. APPROVAL OF PHASE IIIb WORK PLAN BY USAID CTO

August 24, 2004

TO: Dr. Don Van Atta; DAI, Chief of Party; Restructuring Assistance and Policy Advice Project.

FROM: Alfred Williams; USAID, CTO; Restructuring Assistance and Policy Advice Project.

Subject: RAPA Work Plan, July 1, 2004 to June 30, 2005

The SO Team 1.31 has met and discussed the Work Plan submitted for the July 1, 2004 to June 30, 2005 period. The joint meeting of the SO Team and the RAPA Staff on July 29 contributed to our understanding of the complexities of the project. The SO Team accepts the Work Plan as proposed with the following caveat.

You are directed to put the primary focus of the final year of the project on completion of Work Plan Task 3, Regulatory Reform. The RAPA Team will work not only to ensure that the enumerated draft legislation is presented to Parliament, but will also make its best effort to see that this draft legislation is enacted without significant change. All other Tasks will be secondary in importance to this work.

The SO Team is appreciative of the effort that the RAPA Project Team has made to work in coordination with other donors. The enactment of the draft laws listed under your Regulatory Reform Task will require the continued close cooperation of all interested donors. We look to the RAPA project to take the lead in this process.

The SO 1.31 Team approves continued effort on Work Plan Tasks 1, 2, and 4 through 13 only to the extent that they do not reduce the activity's focus on Task 3. Task 14, Project Close Out is approved.

Al Williams

Senior Agribusiness Advisor
Office of Economic Growth
USAID/Caucasus
Tel. (995) 32 778540
Mob. (995 99) 56 18 05
Fax. (995) 32 00 10 13
E-Mail alfwilliams@usaid.gov

**ANNEX 5. "ONE PAGER" NOTE REQUESTED BY RCO DEFINING PROJECT TASKS DURING
PHASE IIIB EXTENSION PERIOD**



Development *Alternatives*, Inc.



RESTRUCTURING ASSISTANCE AND POLICY ADVICE
FOR THE MINISTRY OF AGRICULTURE OF GEORGIA

ÓÀØÀÒÈÄÄËÏÓ ÓÏ×ËËÓ ÌÄÖÓÌÄÌÄÉÓÀ ÓÀÌÉÍÉÓÔÖÏÓÈÄÉÓ
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ÓÀØÀÒÈÄÄËÏÓ ÓÏ×ËËÓ
ÌÄÖÓÌÄÌÄÉÓÀ ÓÀÌÉÍÉÓÔÖÏ

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Room 345

Ministry of Agriculture of Georgia

41 Kostava St. Tbilisi 380023, Georgia
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August 19, 2004

To: Al Williams, Ruso Kacharava, USAID Caucasus OEG
From: Don Van Atta

Subject: "tasks" note

Based on the project management's discussion of the results of the OEG SO team's review of the draft June 2004-June 2005 RAPA work plan on July 29, 2004, it is my understanding that the draft work plan as submitted to you on June 1, 2004 is approved subject to a reduction in the number of "deliverables" listed there to include only the following items plus the usual reporting:

1. Implementation of the Legislative Action Plan submitted with this document.
2. Completion of the tender for 2003 and 2004 Food for Progress proceeds. The draft guidelines for that tender now being considered by the members of the proceeds committee lay out a timeline which extends over approximately three months. Unfortunately, the start date for the tender is dependent on approval by members of the proceeds committee and the Government of Georgia. However, it is anticipated that this activity will be completed no later than December 31, 2004.
3. Submission of a redrafted Memorandum of Understanding to cover the final year of the project under the BASIS contract. This will be done by August 30, 2004.
4. Completion of a draft plan and presentation for the next stage of Ministry simplification and reorganization as required by the Government of Georgia from all Ministries in February 2004. This document has been completed by the Project and is awaiting formal approval by the Minister. Such approval should be a condition in the Memorandum of Understanding and so should be forthcoming by the date of signature of the MoU.

5. Completion of a draft medium-term strategic plan for the Ministry of Agriculture acceptable to the donor community. Establishment of a work group to do this was a condition for the release of the July, 2004, tranche of European Commission Food Security Program budget support for the Government of Georgia. The Ministry work group's current deadline is November 1, 2004.

ANNEX 6. CORRESPONDENCE ABOUT PROJECT WORK PLAN

<p>"Williams, Alfred (Tbilisi/EG)" <alfwilliams@usaid.gov> 08/20/2004 11:05 AM</p>	<p>To: <Don_Van_Atta@dai.com> Subject: RE: legal drafting plan and "one-pager" for RCO</p>
--	---

Don;

We have received the necessary documentation to approve the Work Plan. You will soon be receiving a formal acceptance of the submitted plan, subject to the caveats that we have discussed.

Al Williams

Senior Agribusiness Advisor
 Office of Economic Growth
 USAID/Caucasus
 Tel. (995) 32 778540
 Mob. (995 99) 56 18 05
 Fax. (995) 32 00 10 13
 E-Mail alfwilliams@usaid.gov

-----Original Message-----

From: Don_Van_Atta@dai.com [mailto:Don_Van_Atta@dai.com]
 Sent: Thursday, August 19, 2004 9:13 AM
 To: Williams, Alfred (Tbilisi/EG)
 Cc: Kacharava, Rusudan (Tbilisi/EG); Bob_Walter@dai.com;
 Bethany_Bluett@dai.com
 Subject: legal drafting plan and "one-pager" for RCO

Al,

Following the work plan review, you asked us to prepare a legal drafting plan and a "one-pager" giving tasks for the RCO. We submitted these documents to you as requested, and Russo mentioned yesterday that they were acceptable. If so, please respond to this email indicating that you have accepted them and, if you have not already done so, please pass the "one-pager" to Gary Kinney, as I understand he had requested it but I submitted it only to you.

Many thanks.

Don Van Atta

ANNEX 7. CORRESPONDENCE WITH AID ON “LEGAL DRAFTING ACTION PLAN”

<p>"Williams, Alfred (Tbilisi/EG)" <alfwilliams@usaid.gov> 08/25/2004 09:16 AM</p>	<p>To: <Don_Van_Atta@dai.com> cc: Subject: RE: RAPA Work Plan Approval</p>
--	--

I don't disagree with you, however we have been directed to get a "road map" of the course that you anticipate steering the various pieces of legislation through. We can discuss on the phone, I'm not sure what that entails. Ruso on vacation for the next couple of weeks.

Al Williams

Senior Agribusiness Advisor
 Office of Economic Growth
 USAID/Caucasus
 Tel. (995) 32 778540
 Mob. (995 99) 56 18 05
 Fax. (995) 32 00 10 13
 E-Mail alfwilliams@usaid.gov

-----Original Message-----

From: Don_Van_Atta@dai.com [mailto:Don_Van_Atta@dai.com]
 Sent: Tuesday, August 24, 2004 5:40 PM
 To: Williams, Alfred (Tbilisi/EG)
 Cc: Kacharava, Rusudan (Tbilisi/EG)
 Subject: RE: RAPA Work Plan Approval

Al,

My understanding from project management's last meeting with Russo was that there was some feeling in the SO team that more detail would have been appreciated, but that she, after our discussion, understood why we had not provided it and that what you have was quite acceptable and accepted. I did not understand that she or you had requested more. If in fact you want more, please tell me so and, to the extent possible, give some guidance about what.

Lobbying legislation is an inexact science, as you know. Georgian society almost completely lacks "interest-aggregation" mechanisms (a long way to say effective political parties) and parliamentarians are even more subject to individual influence and whim than legislators most places. That makes advancing a coherent legislative agenda even more difficult than it would be otherwise. I think we will get these laws adopted, but I was and am unable to be very specific about what will be done when to do it. In my experience that's the nature of this particular beast.

Best,

Don Van Atta

 Advisor to the Minister of Agriculture of Georgia
 Chief of Party, "Restructuring Assistance and Policy Advice for the
 Ministry of Agriculture of Georgia" (USAID project)
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---- Forwarded by Don Van Atta/BASIS/Projects/DAI on 08/24/2004 06:19 PM

"Williams, Alfred (Tbilisi/EG)"

To: Don_Van_Atta@dai.com, alfwilliams@usaid.gov

cc:

Subject: RE: RAPA Work Plan Approval

08/24/2004 05:58 PM

Yes, I believe that Ruso asked you for a more detailed plan on how you will work to get the legislation (3) enacted, but that is not part of this process.

Al Williams

Senior Agribusiness Advisor
Office of Economic Growth
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Fax. (995) 32 00 10 13
E-Mail alfwilliams@usaid.gov

-----Original Message-----

From: Don_Van_Atta@dai.com [mailto:Don_Van_Atta@dai.com]

Sent: Tuesday, August 24, 2004 4:17 PM

To: Williams, Alfred (Tbilisi/EG)

Subject: Re: RAPA Work Plan Approval

This note acknowledges receipt of your approval of our work plan. Caveats noted. I assume this ends the cycle of actions related to exercise of the option for Phase IIIb of the project (June 30, 2004-June 30, 2005).

Thank you.

Don Van Atta

Advisor to the Minister of Agriculture of Georgia
Chief of Party, "Restructuring Assistance and Policy Advice for the
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ANNEX 8. MEMBERS OF THE FOOD LAW WORKING GROUP

As of September 10, 2004

1. Mr Omar Kacharava, Chairman of the Group, Head of the Food Security department, MoA Central Apparatus;
2. Mr. Merab Sengelia, Secretary of the group, Deputy Head of the Food Safety Administration, Food Security Department, MoA Central Apparatus;
3. Mr. Misha Chkhenkelli, Deputy Head of the Food Security Department, MoA Central Apparatus;
4. Mrs. Mery Mania, Head of the Food processing Administration, Food Security department, MoA Central Apparatus;
5. Mr. Teimuraz Chelidze, Head of the Food Products Monitoring and Expertise Service
6. Mr. Tamaz Giorkhelidze, Deputy Head of the Food Products Monitoring and Expertise Service
7. Mr Zurab Lipartia, Head of the Plant Protection Service
8. Mr Zuab Chekurishvili, Head of the SAKMINKHILTSKALI
9. Mr Zurab Koguashvili, SAKMINKHILTSKALI
10. Mr Levan Ramishvili, Head of the Veterinary Department
11. Mr Levan Orkoshneli, Head of the Administration, Veterinary Department
12. Mr Givi Merabishvili, Head of the Administration for Legal and Parliamentary Affairs
13. Mrs Nestan Pruidze, Lawyer, Agricultural Products Quality Inspection
14. Mr. Zurab Tskitishvili, MP, Agrarian issues Committee
15. Mr. Zura Shkhvatsabaya, MP, Agrarian issues Committee
16. Mrs Madona Jorbenadze, Deputy Head, State Sanitary Inspection, MoH
17. Mr David Makharashvili, Secretary General of the state Committion for Child Food under the State Chancellory, Children Federation of Georgia
18. Ms Tamar Labartkava, AgVantage
19. Mr. Mamuka Metreveli, Assistant to the First Deputy Minister (The First Deputy Minister is assigned of control the implementation of the Ministerial Order)
20. Mr. Bidzina Korakhashvili, Senior Analyst, RAPA
21. Mr Mamuka Matiashvili, Senior Lawyer, RAPA
22. Ms. Sophie Kemkhadze, Coordinator of the FLWG, WB Consultant/RAPA

ANNEX 9. FINAL PROGRAM FOR IN-COUNTRY FOOD SAFETY TRAINING

Training in International Food Safety and Quality Control Systems

Organized by: World Learning
Development Alternatives, Incorporated

Conducted by: Michigan State University

Location: Marriott Courtyard Hotel, Tbilisi, Georgia

Dates: Session I: September 28 – October 1
Special Session on Food Law: October 2
Session II: October 4-7

Goals of the Training:

The goal of this training program is to introduce international food safety standards in Georgia and to contribute to the capacities of domestic institutions to conform to those standards.

Objectives

- To acquaint the stakeholders (government officials, private enterprise representatives, general public/consumers) with the nature, purpose and benefits of internationally adopted food safety standards under Codex Alimentarius, HACCP, and other relevant models;
- To increase participants' understanding of the legal and regulatory framework needed for implementation of an improved and better targeted regulatory environment;
- To educate the participants on the implications and important role Codex Alimentarius and other internationally-recognized standards play in the development of export/import opportunities;
- To educate the participants on the implications and important role Codex Alimentarius and other internationally-recognized standards play improving the domestic food market;
- To encourage the development of a comprehensive self-regulated food safety program that is integrated with the public health strategy of the GoG, currently under reform.

Program Agenda: Session I September 28 - October 2, 2004

Tuesday, September 28

10:00 **Registration & Coffee**

- 10:30 Welcoming Remarks and Overview of Event**
 Don Van Atta, DAI/RAPA
 Denny Robertson, USAID Caucasus Mission Director
 David Shervashidze, Minister of Agriculture of Georgia
 Madona Jorbenadze, Ministry of Health of Georgia
 Dr. Cathy Weir, Michigan State University
- 11:00 Food Safety in Georgia**
Omar Kacharava, Ministry of Agriculture of Georgia
Head Food Processing Industry Department
- 11:45 Tea/Coffee Break**
- 12:15 Role of the Veterinary Department in Food Safety**
 Jambul Maghlekeldze, Veterinary Department
- 13:00 Lunch**
- 14:00 Food Safety Science in Georgia**
Temur Chelidze
- 14:45 Formation of Georgian National Codex Alimentarius Committee**
 Levan Chiteishvili
- 15:30 Tea/Coffee Break**
- 16:00 Food Inspection Standards and Systems in Georgia**
 Aleksandr Borokhovich, Sakstandarti (TBC)
- 17:00 Critical Issues Regarding Food Safety Science and Policy Making**
Open Discussion - All participants and presenters

Wednesday September 29

- 9: 30 Principles of Risk Analysis**
Physical, Chemical and Biological Risk in Production and Processing
 Dr. Kirk Dolan, Michigan State University
- 11:00 Tea/Coffee Break**
- 11:30 Introduction to International Food Safety Standards**
 Dr. Maria Beug-Deeb, T & M Associates
- 12:15 Georgian vs. International concepts of food safety mechanisms**
Panel Discussion
 Moderator: Dr. Sophie Kemkhadze, World Bank and RAPA
 Dr. Kirk Dolan
 Dr. Maria Beug-Deeb
 Representative of Sakstandarti
 Levan Chiteishvili

13:00 Lunch

Afternoon Visit to local food processors (Gorkoni)

Thursday September 30

9:30 Building Food Traceability Systems in Georgia
Dr. Maria Beug-Deeb, T & M Associates

11:00 Tea/Coffee Break

11:30 Quality of Food Supply - GMP, GAP, HACCP
Dr. Kirk Dolan, Michigan State University

13:00 Lunch

14:00 Traceability/HACCP Discussion of issues raised by plant visits
Dr. Maria Beug-Deeb
Dr. Kirk Dolan

15:30 Break

16:00 Flow Diagrams – A Group Exercise
Dr. Kirk Dolan, Michigan State University

Friday, October 1

- 9:30** **International Food Laws, Trade Agreements**
Food Safety agencies in EU and US, International bodies (WTO, Codex, etc.
European and US Concepts of Risk
 Dr. Vincent Hegarty, Institute of Food Laws and Regulations,
 Michigan State University
- 11:00** **Tea/ Coffee Break**
- 11:30** **Moving to Best International Practice in Georgia: The Croatian Experience**
 Professor Jasmina Havranek, University of Zagreb
- 13:00** **Lunch**
- 14:00** **Group Discussion: What are the critical issues, gaps and limitations for food safety in Georgia**
- 15:30** **Tea/Coffee Break**
- 16:00** **Way Forward - Work to prepare a new Food Safety Code in Georgia**
Dr. Sophie Kemkhadze, DAI/RAPA
- 17:00** **Action Planning**
Program Evaluation
- 18:00** **Certificate/Closing Ceremony**
World Learning, USAID , Michigan State University

Saturday, October 2

- 9:30 – 13:30** **Special Session: Food Law Working Group**
What are the critical issues, gaps and limitations?
 Dr. Vincent Hegarty, Institute of Food Laws and Regulations,
 Michigan State University
 Professor Jasmina Havranek, University of Zagreb
 Dr. Kirk Dolan, Michigan State University
 Dr. Maria Beug-Deeb, T & M Associates
 Dr. Cathy Weir, Michigan State University

Program Agenda: Session II

October 4 - October 7, 2004

Monday, October 4

- 9:30** **Registration**
- 10:00** **Welcoming/Introduction**
Don Van Atta, DAI
Dr. Cathy Weir Michigan State University
- 10:30** **Update on the Status of Food Safety in Georgia**
Omar Kacharava, Head Food Processing Industry
Department of Ministry of Georgia
- 11:00** **Tea/Coffee Break**
- 11:30** **International Food Laws, Trade Agreements**
Food Safety agencies in EU and US, International bodies (WTO, Codex, etc.
European and US Concepts of Risk
Dr. Vincent Hegarty, Institute of Food Laws and Regulations,
Michigan State University
- 13:00** **Lunch**
- 14:00** **Food Safety Inspection Standards and Systems in Georgia**
Aleksandr Borokhovich, Sakstandarti
- 15:00** **Tea/Coffee Break**
- 15:30** **Moving to International Best Practices: The Croatian Experience**
Professor Jasmina Havranek, University of Zagreb
- 16:30** **Formation of Georgian National Codex Alimentarius Committee**
Levan Chitiashvili
- 17:00** **Critical Issues Regarding Food Safety Science and Policy Making**
Open Discussion
Moderator: Omar Kacharava
All the Participants and Presenters

Tuesday, October 5

- 9:30** **Risk Analysis Concepts**

Chemical, microbial, and physical food hazards etc.

Dr. Kirk Dolan , Michigan State University

- 10:30** **Tea/Coffee Break**
- 11:30** **Introduction International Food Standards and Quality Systems**
Dr. Maria Beug-Deeb, T & M Associates
- 12:30** **Lunch**
- 13:30** **Field Visit to Food Processing Facility (AgroCoop Poultry)**

Wednesday, October 6

- 9:30** **Microbial Hazards and Good Agricultural Practices (GAP), Good Manufacturing Practice:**
Dr. Kirk Dolan, Michigan State University
- 10:30** **Tea/Coffee Break**
- 11:00** **HACCP Principles**
- 12:00** **Lunch**
- 13:30** **Developing a Food Traceability System in Georgia**
Dr. Maria Beug-Deeb, T & M Associates
- 14:30** **Tea/Coffee Break**
- 15:00** **Food Traceability Systems (Continued)**
Dr. Maria Beug-Deeb, T & M Associates
- 17:00** **Group Discussion: What are the critical issues, gaps and limitations for food safety in Georgia**

Thursday October 7

- 9:00** **Information and Training Resources for Food Safety Education and Capacity Building**
Dr. Cathy Weir, Michigan State University
- 9:30** **Preliminary steps for the development of the HACCP plan**
Dr. Kirk Dolan, Michigan State University
- 10:45** **Tea/Coffee Break**
- 11:00** **Development of Flow Diagrams – A group exercise**
Dr. Kirk Dolan, Michigan State University

- 12:30** **Lunch**
- 13:30** **Building a Food Traceability System – A group exercise**
Dr. Maria Beug-Deeb, T & M Associates
- 15:00** **Tea/Coffee Break**
- 15:15** **Open Discussion - Food Safety Capacity Building: A way forward for
Food Safety Systems in Georgia - Building a Work Plan for Food
Safety and Quality System in Georgia**
- 16:00** **Action Planning**
Program Evaluation
- 17:00** **Certificate/Closing Ceremony**
World Learning, USAID , Michigan State University

ANNEX 10. REGISTERED PARTICIPANTS IN FOOD SAFETY TRAINING COURSES, SEPTEMBER 28-OCTOBER 1 AND OCTOBER 4-7, 2004, TBILISI

Courses funded by USAID through World Learning START project, training provided by Michigan State University

List of Participants			
International Food Safety and Quality Control System			
September 28 - October 1, 2004			
	NAME	POSITION	ORGANIZATION
1	Paata Karanashvili	Deputy Chief of Inspection Department	Flour Quality Inspection
2	Manana Potskhverashvili	Head of External Economic Affairs and Marketing Department	Department of Vine and Wine "Samtrest"
3	Marine Kodua	Department Head	Office for Food Products Expertise and Monitoring
4	Teimuraz Chelidze	Head of the Office	Office for Food Products Expertise and Monitoring
5	Jambul Maglakelidze	Head of Division	Ministry of Agriculture of Georgia, Department of Veterinary
6	Meri Mania	Food Products Department Head	Ministry of Agriculture of Georgia, Department of Food Security
7	Shota Chkheidze	Chief of Food Safety Department	Ministry of Agriculture of Georgia, Department of Food Security
8	Merab Shengelia	Chief Specialist of Food Safety Department	Ministry of Agriculture of Georgia, Department of Food Security
9	Levan Orkoshneli	Deputy Chief of Infectious and Non-infectious Diseases Prevention Department	Veterinary Department
10	Shorena Komladze	Head of Information Analytical Service	Sanitary Inspectorate of State Borders
11	Rati Andguladze	Deputy Chief of Tbilisi Veterinary Union's Department for Preventive Measures and Fight against Epizootic Diseases	Veterinary Department
12	Konstantine Iashvili	Chief Vet-Doctor of Veto-Sanitary Supervision Department	Veterinary Department
13	Zurab Chekurashvili	Head of Department	"SAKMINKHILTSKHALI"
14	Mzevinar Tatulashvili	Deputy Chief of Department	"SAKMINKHILTSKHALI"
15	Zurab Shkhvatsabaia	Member of Parliament	Georgian Parliament
16	Zurab Tskitishvili	Member of Parliament	Georgian Parliament
17	Levan Chiteishvili	WTO Division Head	Ministry of Agriculture of Georgia, WTO Department
18	Paata Gogolidze	Director	GEO TUV
19	Omar Kacharava	Department Head	Food Safety Department
20	Madona Jorbenadze	Deputy Department Head	Sanitation Inspection
21	David Makharashvili	General Secretary	Baby Food
22	Nestan Pruidze	Lawyer	Flour Quality Inspection
23	Tamaz Giorkhelidze	Deputy Chief	Office for Food Products Expertise and Monitoring
24	Maia Bigvava	Press Service	Ministry of Agrulature

25	Zurab Lipartia	Head of Plant Protection Service	Plants Protection
26	Nino Demetrashvili	Ghead of Division	Sanitary Inspectorate of State Borders
27	Mamuka Meskhi	Coordinator	FAO
28	Mariam Gelashvili	Head	Agro-ecology Deptment
29	Merab Japaridze	Head of Quality Management Division	GWS
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International Food Safety and Quality Control System
October 4 - 7, 2004

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**ANNEX 11. PARLIAMENT'S SUMMARY OF COMMENTS ON AMENDMENTS TO
VETERINARY LAW**

**Report of Comments concerning draft laws "On Amendments and Additions to the Law of Georgia
"On Veterinary Medicine", "On the Procedure of State Certification of Veterinarians" and "On
Amendments and Additions to the Law of Georgia "On Issuance of Licenses and Permits for
Veterinary Entrepreneurial Activity"
[no date, apparently 29 September 2004]**

No.	Comment	Explanation
1	2	3
	<u>Chancellery of the Government of Georgia</u>	
	"On Amendments and Additions to the Law of Georgia "On Veterinary"	
1.	Sub-item "p" of item 2 of the draft shall be made specific as physical and legal entities carrying out entrepreneurial activity in the veterinary sphere execute control only over legal and physical entities of public law.	Considered
2.	In sub-item "b" of item 2 of Article 4 of the draft, one of the tasks of veterinary services are veterinary-sanitary supervision of slaughtering, which, if consider certain circumstances, is in fact impossible and therefore inexpedient.	There are no operating animal slaughterhouses in Georgia at present. There is no veterinary control over animal slaughter. There is danger of dissemination of dangerous contagious diseases common for animals and humans. Therefore, it is important to restore animal slaughterhouses.
3.	Indicating on the law for legal regulation of activity in the sphere of veterinary medicine in the Article 5 of the draft law, which has not been yet adopted by the Georgian Parliament, is not expedient.	Considered
4.	Article 7 of the draft shall be removed from the draft law, as determination of the form of education is direct competence of the Ministry of Education of Georgia.	Considered
5.	We consider expedient to identify organizational and legal form of the Veterinary Department in Article 13 of the draft.	Considered
6.	In sub-item "c" of Article 17 and Article 24 of the draft it is necessary to define what does departmental registration mean. It is also desirable to define the words "reagents" (Article 24), "by-products" (Article 32) and "slaughterhouse" (Article 28) in the Definition of Terms or the latter could be changed by more acceptable term.	Considered
7.	Producing and processing firms of goods are mentioned in Article 32 of the draft. The Law of Georgia "On Entrepreneurs" does not recognize such organizational and legal form of an enterprise. Besides this, we consider expedient to separate sanitary and veterinary activity more clearly in the draft law.	Considered
	"On the Procedure of State Certification of Veterinarians"	
8.	In item "g" of Article 5 of the draft, veterinary activity is defined as private veterinary activity carried out by a citizen of a foreign country or a person with no citizenship in accord with the procedure established by Georgian legislation, which we consider incorrect.	Considered
9.	Contents of item 5 of Article 10 of the draft shall be corrected. Our opinions are outside competence of this law.	Considered
10.	Objective of the requirement of Article 34 shall be specified in this Article of this draft.	Considered

11.	Item "c" of Article 36 of the draft specifies post-graduate continuous veterinary education. The law of Georgia "On Education" does not consider such.	Considered
12.	Contents of Article 41 of the draft shall be worked up. Besides, it is desirable that periodicity of health inspection of a person carrying out private veterinary activity is specified in this Article.	Considered
13.	Professional responsibility in item one of Article 44 of the draft shall arise in case of professional guilt. However, this term is unknown to Georgian legislation.	Considered
14.	We do not consider expedient that a subject of private veterinary activity is given a written notice for intentional non-fulfillment of professional duties as it is in item one of Article 45 of the draft.	Considered
15.	Contents of item 6 of the same Article are unclear.	Considered
16.	Article 55 of the draft contradicts requirements of item 2 of Article 40 of the Georgian Constitution stating that no one is obliged to prove his/her innocence.	Considered
17.	Authorization of the Commission when making a decision in the event of absence of the Parties shall be mentioned in Article 57 of the draft.	Considered
18.	In the end of item 2 of Article 63 of the draft shall be added the following: "with the procedure established by legislation in force".	Considered
	In Article 64 of the draft it is specified that a subject of private veterinary activity may insure his/her professional mistake.	Considered
	Terms of implementation of measures related to enactment of this Law shall be corrected in the Transitional Provisions of the draft.	Considered
	<u>Faction "Independent Majority Deputies"</u>	
	On Amendments and Additions to the Law of Georgia "On Veterinary Medicine"	
1.	In item 1 of Article 1 of the draft law of Georgia, it is necessary to appropriately amend the words "Physical and Legal Veterinary Supervision Services (Laboratories) of Private Law" as it is imperfect in terms of content. It is necessary to define other terminology. Existence of a Physical Veterinary Supervision Service (Laboratory) of Private Law is inconceivable. Relevant term shall be elaborated so that the contents and the idea that the author wants to show are evident, namely, that the Veterinary Supervision Services (Laboratories) could be established in the physical or legal form of private law.	Considered
2.	In item 3 of Article 1 (amendment to the Article 2 of the organic law), definition of the Veterinary Service shall be justified. We suppose that the Service could be created in compliance with the Law "On Entrepreneurs"; theoretical and practical activity of physical and legal entities in the sphere of veterinary as it is formulated in the edition. The Service could be an enterprise created in accord with the Law "On Entrepreneurs", which carries out an activity specified similar to the state, departmental institution, but not state, departmental theoretical and practical activity in the sphere of veterinary as said above.	Considered
3.	Item 4 of Article 1 and item 3 of the same article needs to be developed so that it is compliant. Namely: state, departmental and private services are given separately in item 3; Considering the contents of item 4, departmental services are meant under the state service. Therefore, we think that it is expedient to formulate the item 3 as follows: "State, among them departmental service".	Considered
4.	It is expedient to drop out the word "faculties" from item 7 of Article 1 as	Considered

5.	far as appropriate institutes train veterinary specialists, which means that these institutes have relevant faculties.	
6.	<p>In item 13 of Article 1 (amendment proposed to Article 19 of organic law) as well as in the Law as a whole and in other enclosed laws it shall be considered that a physical entity is not created in accord with the Law "On Entrepreneurs". It is natural that a physical entity exists anyway without this Law, while legal entities are artificial creation of legislation, a legal fiction. Organizational and legal forms of entrepreneurial activity carried out by physical entities are regulated on the basis of the Law "On Entrepreneurs". In this event, an individual enterprise shall be formulated as follows in the Law: "An individual enterprise and enterprise created in accordance with the Law on Entrepreneurs".</p> <p>"On the Procedure of State Certification of Veterinarians"</p>	Considered
7.	It is expedient to drop out the word "medical" from the first article as far as its sense is unclear in the given context.	Considered
8.	The word "doctoral" shall be dropped out from Article 7 as far as the Definition of Terms in Article 5 of the same Law defines, so the given draft knows only private veterinary activity (sub-item "b") but not private veterinary doctoral activity. Moreover than in the same Article 7 the discussion goes only around the [person] awarding the right of a private veterinary activity.	Considered
9.	In Article 3 as well as in the whole draft law issues related to temporary private veterinary activity shall be specified. Namely, neither this article nor Article 10 specifies the term for which an activity is considered as temporary. This term is not specified in Article 10 either. It only specifies the procedure of legal results related to it if it [the activity] continues for more than six months. This means that maximum term is not considered. This issue becomes more important if we consider that both the permit and the certificate for veterinary activity are issued for specific period.	Considered
10.	A possible person or entity that could invite foreign specialists to carry out temporary veterinary activity shall be specified in item one of Article 10. So is it possible that they are invited by a private subject carrying out relevant activity? It shall be also specified if a temporary veterinary activity may be executed by only a citizen of a foreign country or by a citizen of Georgia and a person having no citizenship. This is not clear from the contents of the Law; therefore, we presume that this shall become clear to avoid misunderstandings in practice. Moreover than the Article 13 narrates about fulfillment of duties of a veterinarian only on temporary basis, which also needs further clarification (what is the procedure, the term, etc.). Indication on item 3(a) of Article 9 of the same Law in the said item, when in this edition Article 9 has only one item, is also unclear.	Considered
11.	In the legal viewpoint, it is necessary to formulate "b" and "d" sub-items together, or to formulate "d" sub-item as item two in the Article 13.	Considered
12.	In Article 20, it shall be specified whether or not the person may carry out respective activity in case if his/her innocence is proved. We think that the person shall be given the right to carry out its work after serving out and dispelling previous conviction.	Considered
12.	Article 35 shall be further processed editorially so that it contents clearly show that all but not one of the above listed documents are necessary to prolong the certificate.	Considered
	The term for which respective information shall be provided to the Service Agent shall be specified in item 1 of Article 31. We suppose that in item 2 of the same article, it would be better to consider that appropriate information shall be provided not with the consent of a Service Agent but with his/her request. Accordingly, [the information] is provided in the event of motives specified in the same item (if lack of information causes	Considered

13.	danger to human health, etc.). It is also expedient to specify the form and the procedure of providing this information to the Service Agent by the State and departmental services. However, we shall say in general that this will happen according to the procedure, in cases and with the form established by the Administrative Code.	Considered
14.	In Article 54 it shall be specified how far it is necessary to send the Commission a reference concerning receipt of a statement or claim notification; moreover within three days after their indication. It shall be accordingly specified the term in which response shall be sent back. Item 2 of the same article needs to be specified. Why is not mandatory to sent the notification when a professional mistake of a person is secured. We think that reaction on the statement and a claim shall in any case follow with the purpose to carry out control over activity.	Considered
15.	In Article 54 it shall be specified the cases when an oral response is possible with the Commission's decision. In addition, the form of verbal response or will it ever be recorded by the Commission shall be specified as well as how will it be proved that the verbal response of a person was appropriate or made such as at all.	Considered
	In Article 64 the issue of securing a professional mistake shall be specified. Legislation in force does not know such analogy. Therefore, the procedure, issuing entity, frameworks and others shall be specified or what is a mistake in a specific case in general.	Considered
	<p style="text-align: center;"><u>Committee for European Integration</u></p> <p>From the specificity of the Committee it has been noted that these draft laws are included in the priority sector of "agriculture" considered by a national program of harmonization of Georgian legislation with the EU legislation as far as the issues discussed by these draft laws are the subject of regulation of the second part - "Protection of Animals" - of the said sector.</p> <p>It shall be noted that these draft laws have been already sent to the Georgian – European Policy and Legal Advice Center (GEPLAC) for analysis of conformity of represented draft laws with the European Law.</p> <p>GEPLAC's experts need some time as these specific issues have not been ever comprehensively worked out up to present. The Committee for European Integration plans to address the Georgia's Integration Commission into the European Union with the request to make appropriate amendments to the GEPLAC work plan.</p> <p>The Committee for European Integration presumes expedient to discuss represented amendments until the issues considered by the draft laws in the viewpoint of conformity with the European Law are not fully processed, or the Committee will support discussion of the draft laws at the plenary session. However, reserves the right to return to these issues in case of necessity.</p>	<p>The draft laws were elaborated in accordance with the requirements of the International Veterinary-Sanitary Code. In order to carry out reforms in the State Veterinary Service of Georgia it is necessary to discuss these draft laws at this stage.</p>
	<p style="text-align: center;"><u>Ministry of Justice of Georgia</u></p>	
1.	<p>"On Amendments and Addenda to the Law of Georgia "On Veterinary Medicine"</p> <p>Regarding the item one of article 1, requirement of Article 36 of the Law of Georgia "On Normative Acts" shall be considered. According to this requirement, in the event of change or adding a word (words) or number (numbers) in(to) the normative act, draft normative act shall be changed so that all its items (sections), sub-items consider relevant amendments or additions.</p>	Considered
2.	In item 2 of Article 1 of the draft law, it would be more correct to change the words: "and for protection of population from diseases common to	Considered

3.	<p>animals and humans" with the following words: "for the protection of population and the territory of Georgia from diseases common to animals and humans" as the current formulation of the law in the sphere of veterinary implies protection of not only humans but of the territory of Georgia as well, which is also confirmed by item 5(c) of Article 1 of the draft law.</p> <p>The statement in item 4 of Article 1 of the draft law that the Ministry of Agriculture of Georgia and Veterinary Departments of the Ministry of Agriculture of A/Rs of Abkhazeti and Adjara, as well as Departmental Veterinary Services of Ministries of Internal Affairs and Defense and other State bodies, are the State Services carrying out veterinary activity, is noticeable. This statement is in contradiction with items 2(b) and 2(c) of the same Article 1 of the draft law, according to which the state and departmental veterinary services are mentioned as controversial concepts, while in item 4 of Article 1 the State Service is not considered as a departmental service. Analyzing the above-said, what is the effect of the concept of the state veterinary services in the draft law is unclear.</p> <p>This applies to all relevant items of the draft law.</p> <p>Considering all the said, we think that it would be correct to raise a question of expediency to have "departmental services" and to fulfill the functions by the Veterinary Department of the Ministry of Agriculture of Georgia, which will unify the state veterinary activity in one system and will avoid duplication of issues and disputable matters. This problem shall be resolved if considering item 5 of Article 1 of this draft law as well, which formulates the tasks of the veterinary services, including production and quality control of veterinary, biological and chemical-pharmaceutical preparations, veterinary-sanitary supervision over import, export, re-export and transit of animal products, products of animal origin, raw materials and other cargoes subject to veterinary control, also licensing of private veterinary services (item 12(d) of Article 1 of the draft law). All this is ensured by the Veterinary Department of the Ministry of Agriculture of Georgia in accordance with the Law of Georgia "On Issuing Licenses and Permits for Entrepreneurial Activity" and the Law of Georgia "On Issuing Licenses and Permits for Veterinary Entrepreneurial Activity". Moreover than with the Instructions of the President of Georgia No. 74 (dated March 1 2004) "About Approval of the Charter of the Ministry of Security of Georgia" and No. 119 (dated April 5 2004) "About Approval of the Charter of the Ministry of Defense of Georgia", veterinary units within these Ministries are not considered at all.</p>	Considered
4.	<p>Item 2(d) of Article 1 of the draft law, which defines the private veterinary service as the service created in accordance with the Law of Georgia "On Entrepreneurs" (activity of physical and legal entities having the state license in the veterinary sphere) requires correction. This comes from Article 2 of the Law of Georgia "On Basics of Issuing License and Permit for Entrepreneurial Activity". According to this Law, an applicant for a license could be a <u>person</u> willing to obtain a license. Item 1 of Article 2 of the Law of Georgia "On Issuing Licenses and Permits for Veterinary Entrepreneurial Activity" shares the same concept. According to the latter a veterinary activity is an activity carried out by a private physical or a legal entity having the state veterinary license (meaning legal entities of both private and public law).</p>	Considered
5.	<p>Considering above-said, other relevant articles of the draft law shall be corrected accordingly.</p>	Considered
6.	<p>According to 2(p) of Article 1 of the draft law, veterinary and sanitary control is carried out by veterinary inspectors. Circle and subordination of persons with the status of "veterinary inspectors" is unclear, therefore, shall be specified in this draft law.</p>	Considered
7.	<p>Item 2(s) of Article 1 of the draft is not legally justified. Therefore, we considered expedient to drop it out from the draft law.</p>	

	<p>The concept of "by-products" needs to be defined in the first paragraph of Item 1(t) of the draft law.</p>	Considered
8.	<p>Deriving from item 7 of Article 1 of the draft law, Article 7 is being formulated anew, according to which preparation (educating) of a veterinarian, veterinary-sanitary inspector and pharmacist is internal, while for persons of secondary special veterinary education extra-mural courses are available (assistant to veterinary surgeon). It shall be noted that this statement does not clarify the form of education of "assistant to veterinary surgeon". Such training is allowed by the present Law only in the form of internal training. According to the Law of Georgia "On Education", higher educational institutions allow the form of extra-mural training. While the list of specialties, for which the extra-mural training is allowed, is determined according to the State educational standards and approved by the Ministry of Education and Science of Georgia. Therefore, specifying the form of education is a direct competence of the Ministry of Education and Science of Georgia.</p>	Considered
9.	<p>According to item 14 of the first article of the draft law, structure of departmental veterinary services (among them, of the Ministries of Defense, Internal Affairs, State Security and other State institutions) and the list of personnel is determined by relevant ministries and agencies in agreement with the Veterinary Department of the Ministry of Agriculture of Georgia. This statement, besides the fact that it goes beyond the sphere of regulation of this law, is also incompliant with the Article 7 of the Law of Georgia "On the Structure, Authority and the Rule of Activity of the Government of Georgia" and Article 10 of the Law of Georgia "On Public Service".</p>	
10.	<p>Along with the above-said, the first paragraph of the said item shall be editorially completed. On this basis, the words "departmental veterinary services" would be correct to be replaced by the words: "are departmental veterinary services" or with any relevant statement.</p>	Considered
	<p>The words "and of vegetable products" shall be dropped out from item 12(b) of Article 1 of the draft law as the sphere of veterinary does not include relationships associated with the vegetable products as it is the sphere of regulation of other legislative acts.</p>	Considered
11.	<p>Regarding the second paragraph of item 13 of the first article narrating about "approval of typical statutes by the Veterinary Department", we inform that on the basis of Article 17 of the Law of Georgia "On Normative Acts", a charter, an instruction and a directive, which are normative (this means it includes a general rule of behavior for its permanent or temporary and multiple use) shall be issued as the order of appropriate minister. In addition, the Veterinary Department lacks the opportunity and authority to issue any legal act of normative character. The reason for its limitation comes from the Law of Georgia "On Normative Acts".</p>	Considered
12.	<p>Regarding the item 14 of the first article of the draft law, which considers departmental registration of domestically produced or imported biological and chemical-pharmaceutical veterinary preparations by the Veterinary Department, we inform that according to item 11 of Article 11 of the Law of Georgia "On Drugs and Pharmaceutical Activity", state registration of medical remedies for use in veterinary is carried out by the Ministry of Labor, Health and Social Security of Georgia. Considering this, legal expediency to introduce the concept of the "departmental registration" function is unclear.</p>	
	<p>As to the third sentence of the same item, according to which "use of residues and re-agents of vaccines, diagnostic facilities, chemical-pharmaceutical and other preparations, food additives, microelements, biological and pharmaceutical preparations is not allowed", we think that this shall imply to limitation of "unregistered" use of these substances. We can confirm this by the statement of the third paragraph of item 2 of Article 24 of the present law.</p>	Considered

13. 14. 15.	<p>According to the third paragraph of item 18 of the first article, import of animals, products of animal origin, raw materials, animal feed and other cargoes subject to veterinary control from other countries into Georgia or their export from the country is allowed only upon the permission of the Veterinary Department of the Ministry of Agriculture of Georgia. We inform that both according to the Law of Georgia "On Basics of Issuing Licenses and Permits for Entrepreneurial Activity" and Article 10 of the Law of Georgia "On Issuing Licenses and Permits for Veterinary Entrepreneurial Activity", types of permit activity are import of preparations listed in this article, import and transit of raw materials and goods. As to export, it does not belong to the type of activity, for which the permit is necessary according to the legislation.</p>	Considered
16.	<p>In the legal viewpoint, we think that the words "of veterinarian's permission and" shall be dropped from the seventh paragraph of item 19 of the first article as far as the veterinary inspection shall in any case confirm safety of production and its free sale.</p>	Considered
	<p>The concept "fresh milk" is unclear in item 21 of the first article as well as the period for which this product maintains its novelty.</p>	Considered
17.	<p>The statement in item 25 of the first article goes beyond the regulation of this act and it is expedient to drop it out.</p> <p>Sub-items "e", "f" and "i" of the second paragraph of article 26 shall be completed in the legal- technical viewpoint. Considering this we think that the words "of typical rule", "of typical rules" shall be changed with "of typical statutes", "of typical statute".</p>	Considered
18.	<p>The reason for creation of a permanent Council for Veterinary Affairs of the Veterinary Department specified in sub-items "p" and "q", functions and competence of which does not derive from the draft law are also unclear.</p> <p>Statements of items 7, 9, 13, 14, 17, 18, 19 and 21 of the first article shall be brought into accord with the norms specified in Article 32 of the Law of Georgia "On Normative Acts", according to which numbering of the article in the normative acts is continuous. Arabic numerals are used for numbering. If the article consists of several paragraphs, they are numbered continuously with Arabic numerals and they are called items. However, if any of the items of the article is divided into sub-items, they shall be renumbered alphabetically.</p>	Considered
19.	<p>It shall be also noted that majority of statements in the current Law "On Veterinary Medicine" (adopted in 1995) is, in fact, changing according to represented draft, which gives us the motive to suggest that it would be more expedient to adopt a new law on Veterinary Medicine rather than make amendments and additions to the current law, which would be in full compliance with international agreements and the norms of other legislative acts in force in Georgia.</p>	Considered
	<p>"On the Procedure of State Certification of Veterinarians"</p> <p>Deriving from the Law of Georgia "On Structure, Authority and the Rule of Activity of the Government of Georgia", in item 2 of Article 7 of the draft law, the words "under the Ministry of Education" shall be replaced by the words: "under the Ministry of Education and Science". Considering this, "Ministry of Agriculture and Food" given in the draft shall be changed respectively with "Ministry of Agriculture".</p> <p>Expediency of statements given in item 3 of Article 8 of the draft law is unclear. According to these statements, Veterinary Department and State Zootechnic-Veterinary Academy of Georgia, in agreement with the Ministry of Education of Georgia, determine the list of countries considered by this article. On one hand, we consider that this issue shall</p>	Considered

20.	be settled within the competence of respective governmental institutions - Ministry of Agriculture of Georgia or the Ministry of Education and Science of Georgia. On the other hand, unilateral participation of the Ministry of State Zootechnic-Veterinary Academy of Georgia in resolution of these matters is unclear. The reason for inexpediency is	
21.	participation of the Academy in determination of criteria for qualification course program and approval of professional course program. Moreover, according to Article 14 of the draft law, completion of a qualification course in veterinary, for some reason, is only allowed in this Academy, which is in controversy with the Law of Georgia "On Monopoly Activity and Competition". We assume that prerogative and authority to carry out activities considered by the draft shall have all educational institutions, which will have appropriate license for it.	Considered Considered
22.	Approximate term for temporary implementation of function of a veterinarian is expedient to be specified in article 13 of the draft law. According to Article 17 of the draft law, the State Certification Council issues state certificates, which is created under the Veterinary Department and chaired by its Head. We consider this inexpedient for two reasons: the first is that if the matter concerns creation of an Independent Certificate Council, then it is unclear what is meant under creation "under the Veterinary Department; and the second is - it is completely inexpedient	Considered
23.	[for the Head of Vet Department] to be the chairman of the Council as far as such person shall be independent, unbiased and fair when carrying out his/her activity.	
24.	State Certification Council is created on the basis of the first item of Article 17, which further is referred to as the "Council". However, in item 5 of the same article, the "Commission" is indicated, which carries out activities considered in the same article. Therefore, it is unclear whether or not the "Council" and the "Commission" referred to in the draft law are one and the same bodies. In the event of such, we assume that the draft shall be revised in terms of use of only "Council" or "Commission" so that to avoid mix of terms in the law.	Considered
25.	Adherent to item 6(a) of Article 17 of the draft law, the Commission approves procedure for carrying out the tests. We inform that according to Article 17 of the Law of Georgia "On Normative Acts", instruction, procedure, statement, directive, etc., which are normative (this means it includes general rule of behavior for its permanent or temporary and multiple use) shall be issued as respective ministerial order.	Considered
26.	Regarding sub-item "i" of the item 1 of Article 18, according to which the procedure for paying the certification fee is determined by the Ministries of Agriculture and Finance of Georgia, the following shall be taken into account: according to Article 94 of the Constitution of Georgia, principles, forms and methods of payment is regulated with the Law of Georgia "On Basics of Fee System".	Considered
27.	This shall be taken into viewpoint regarding the item 2 of Article 65 of the draft law.	
28.	Article 19 of the law regulates discussion of documents to be submitted for obtaining a state certificate. According to this article, Commission makes a decision to issue or refuse to issue the state certificate according to the results of revision of the submitted documents. We think that the certificate shall be issued after successful pass of the test. As to submission of documents, this shall precede the certification test and the decision shall be made on allowing the interested person on certification test.	Considered
29.	Considering the above-said, Articles 20 and 26 shall be corrected.	Considered
29.	In the viewpoint of techniques of law, words "the reason for prolongation of the certificate" in item 1 of article 35 of the draft law shall be changed with the words "for prolongation of certification shall be presented".	Considered

30.	Due to inexpediency in the legal viewpoint, Article 34 shall be dropped out from the draft.	
31.	Regarding Article 37 of the draft law, which determines periodical, at least once a year, inspection of subjects of private veterinary activity, requirements of the Law of Georgia "On Control of Entrepreneurial Activity" shall be considered. According to these requirements, a controlling body is authorized to control entrepreneurial activity (among them, others) only on the basis of the Judge Order.	Considered
32.	Legal motivation of limitation considered by sub-item "b" of article 40 is unclear.	Considered
33.	Legal status of Medical and Social Expertise Commission in item 3 of Article 4 shall be clarified.	Considered
34.	There are editorial mistakes in the submitted draft law. Due to this fact, number of articles and statements are duplicated in the text (items 3-6 of Article 445 [?], Articles 46, 47 and 48).	Considered
35.	The statement in item 4 of Article 52 is regulated by General Administrative Code of Georgia and its reflection in additional act lacks legal meaning. The fact that the Georgian Legislation does not know the concept of "legal representative of Georgia" shall be taken into account.	Considered
36.	In regard with Article 58 of the draft law, we say that if the Commission assumes that resolution of the issue is not within its competence, then it shall send the claim to an administrative body, which is competent to solve this or that issue. It is, accordingly, obscure, why participation of local self-governing and governing bodies is mandatory.	Considered
37.	Article 61 shall be dropped out from the draft law as far as it is unambiguously beyond the sphere of regulation of this draft.	Considered
38.	Regarding Article 58 of the draft law, we think that an opportunity to set salary bonuses is allowable only with the procedure established by the Law, within the specific terms and frameworks.	Considered
39.	The statement in Article 62 of the draft law, which determines obligation of reimbursement of expenses related to paid vacation leave and participation in the training program, shall be regulated by the Code of Labor Laws of Georgia (but not by a ministerial order).	Considered
40.	The statement in item 5 of Article 65 that the article of this Law shall be enacted since 2003 is unclear.	Considered
41.	As regarding the Article 67 of the draft law, according to which this law shall be put into force on the day fifteen after its publication, we consider inexpedient, as far as fulfillment of norms considered by the Law is possible after completion of reasonable term after enactment of the law (let's say one year). This will give all the interested people involved in this sphere to prepare for state certificates.	Considered
42.	The draft law shall be put into compliance with the requirement of Article 32 of the Law of Georgia "On Normative Acts".	Considered
	"On Issuing of Licenses and Permits for Veterinary Entrepreneurial Activity"	Considered
	The name of an official printing house, in which this normative act is published, shall be indicated in the draft normative act on amendments and additions to the normative act, as well as the date of publication and the article (page).	Considered
	In regard with item 1 of article 1 of the draft law, a comment by sub-item "d" of the first item of this letter shall be applied.	

	<p>In sub-item "b" of the second part of amendments considered by item 3 of the first article of the draft law, according to which an applicant for a license shall satisfy veterinary-sanitary norms and requirements determined adherent to the typical procedure approved by the Minister of Agriculture of Georgia, we inform that according to sub-item "q" of Article 2 of the Law of Georgia "On Basics of Issuing Licenses and Permits for Entrepreneurial Activity", licensing terms are the complete list of requirements and information established by the law, also unity of procedures, norms and requirements that shall be observed by an applicant for implementation of specific activity.</p> <p>This refers to item 6 of the first article of the draft law.</p> <p>It is notable that the concept of "raw materials of animal origin" in item 4(b) of the first article, refers to import, export and re-export, while in sub-item "c" it refers to import, export, transit and re-export. We note here that according to item 1(n.g) of Article 19 of the Law of Georgia "On Basics of Issuing Licenses and Permits for Entrepreneurial Activity", import, export, re-export and transit of products of animal origin is subject to permit activity. Therefore, it is expedient that the concept of "raw materials of animal origin (among them, leather, wool, furs, bones, intestine, flour of bones and meat)" shall be unified with sub-item "c" of the same article stating of "products of animal origin".</p> <p>Referring to item 4(d) of the first article, expediency of adding these statements is completely unclear as the Article 19 of the Law of Georgia "On Basics of Issuing Licenses and Permits for Entrepreneurial Activity" does not consider permit for veterinary activity; however, according to the Article 6 of the same law, veterinary activity is a type of licensed activity.</p>	<p>Considered</p>
43.	<p>At the same time, we note additionally that considering marketing with "biological, medical and other chemical-pharmaceutical preparations for veterinary use only as well as marketing with animal feed" in item "d.h" of the draft law as permit activity contradicts Articles 6 and 19 of the Law of Georgia "On Basics of Issuing Licenses and Permits for Entrepreneurial Activity". According to this Law, only production and marketing with medical and other chemical-pharmaceutical preparations for veterinary use only as well as animal feed is the type of licensed activity; while import, export, re-export and transit regimes of biological, medical and other chemical-pharmaceutical preparations for veterinary use only as well as animal feed is in the permission regime.</p>	<p>Considered</p> <p>Considered</p> <p>Considered</p>
44.	<p>Considering the above-said, the words "while for veterinary activity - for one year" shall be dropped out from item 7 of the first article of the draft law.</p> <p>On the basis of the item 6 of the first article, for permit on animal feed (feed additives), biological and medical preparations, registration certificate is necessary. This issue shall be additionally revised so that it comes into compliance with item 11 of Article 11 of the Law of Georgia "On Drugs and Pharmaceutical Activity".</p> <p>No limitation on import and transit of products subject to veterinary control in sub-item "b" of the same article is unclear as far as permit is still necessary according to the International Veterinary Code. In such case, we think that this statement of the law lacks legal importance.</p> <p>Deriving from the Law of Georgia "On Structure, Authority and the Rule of Activity of the Government of Georgia", the words "the Ministry of Agriculture and Food" in item 6(c) of the first article shall be replaced by the words "of Agriculture".</p>	<p>Considered</p>
	<p>Opinions of Central Union of Consumers' Co-operative of Georgia</p> <p>Comments by Legal Department of the Georgian Parliament</p>	

**ANNEX 12. VETERINARY DEPARTMENT'S PROPOSED SCHEDULE FOR
REORGANIZATION**

Laws and normative acts to be adopted for Veterinary Reform
Levan Ramishvili
September 2004

To prepare a new structure of the Veterinary Service by which instead of present 2558 staff units, 508 staff units will be included, while their annual maintenance costs will reduce to 0.7 million GEL from 3.3 million GEL.	III Quarter, 2004
To discuss and adopt the draft laws of Georgia "On Amendments and Additions to the Law of Georgia "On Veterinary", "On Amendments and Additions to the Law of Georgia "On Administrative Law Infringements", "On Amendments and Additions to the Law of Georgia "On Criminal Code" and "On the Procedure of Issuing Veterinary Licenses and Permits" by the Georgian Parliament.	IV Quarter, 2004
To finish preparation, agree with respective bodies and submit to the Parliament the draft Law of Georgia "On the Procedure of Certification of Veterinarians".	IV Quarter, 2004 I-II Quarters, 2005
To specify the list of veterinary units throughout the country and to finish inventory of the property under the balance of the Veterinary Department system units.	IV Quarter, 2004
To elaborate typical charters of the State Veterinary Services and typical statutes of private veterinary services created as a result of reforms.	IV Quarter, 2004
To publish 18 EC Directives concerning the veterinary issues in the form of a normative act, which were translated into Georgian and adapted with the aim to harmonize the Georgian legislation with the EC legislation.	I-II Quarters, 2005
To draft proposals concerning privatization of 735 veterinary units within the system of the Veterinary Department and the property under their balance and to submit them into respective bodies.	I-III Quarters, 2005
To prepare appropriate programs for material and technical support of reformed State and private Veterinary Services and to submit them to the Georgian Government for discussion.	II-IV Quarters, 2005
To prepare tests and create conditions for enactment of the Law of Georgia "On the Procedure of Certification of Veterinarians".	I-III Quarters, 2005

ANNEX 13. AGRARIAN COMMITTEE'S REVIEW OF ITS ACTIVITIES DURING THE SPRING SESSION OF PARLIAMENT, 2004

Activities of the Agrarian Committee of the Parliament of Georgia in Spring Session
2004
[September 15, 2004]

The Agrarian Committee is created in accord with Article 56 of the Constitution of Georgia and Chapter V of the Regulation of the Parliament of Georgia.

At the moment, the Committee is comprised of 24 members. The Agrarian Committee is chaired by Mr. George Kheviashvili.

There are four working groups in the Committee:

- 1) Working group for monitoring of the progress of the state programs of the Ministry of Agriculture (Group leader – Mr. Temur Zhorzholiani);
- 2) Working group for studying the problems related to amelioration systems management (Group leader – Mr. Zurab Shkhvatsabaia);
- 3) Working group for coordination of the activities of the Ministry of Agriculture and the Academy of Agrarian Sciences (Group leader – Mr. Zurab Tskitishvili);
- 4) Working group for studying the problems of seed production sphere (Group leader – Mr. Otar Ghorchomelidze).

During the reporting period, 12 Committee sessions were held.

I. Legal Drafting Activities

Plan of law-drafting activities of 2004 of the Agrarian Committee envisages deliberation of the following draft-laws developed on the basis of the Committee's legal initiative:

- 1) "Amendments and Addenda to the Law of Georgia 'On Veterinary Medicine' (and the package of the related draft-laws) – adopted at the first hearing;
- 2) "Amendments and Addenda to the Law of Georgia 'On Customs Tariffs and Taxes';
- 3) "Amendments and Addenda to the 'Tax Code of Georgia'".

It should be noted that even since the period of the previous Parliament, the Draft-Law "On Tea" initiated by the Executive Government had been included in the Committee schedule. This Draft-Law did not imply the social and economic importance of the tea crop. Therefore, it was agreed with the Ministry of Agriculture that it would present a revised version of the draft-law by the end of August, as well as a conception about the tea-growing sector. Unfortunately, however, this assignment has not been fulfilled.

It should be noted that the Ministry of Agriculture was assigned to submit a 5 – 10 Year Program for the Development of the Agrarian Sector. This assignment has not been met either.

II. Budgetary Process

In line with the Constitution of Georgia and the Regulation of the Parliament, the Agrarian Committee has been examining the progress of the budget execution by the Ministry of Agriculture and its subordinated agencies. Their budgets are mainly based on the principle of the program funding financed from EU funds.

During the reporting period, the Committee deliberated the draft budget of 2004 according to the sectors on the level of the detailed draft budgets. As a result, comparative transparency of the sector's on-going programs has been achieved. But much is still to be done in this respect.

The Committee also heard the following:

- 1) Report of the Ministry of Agriculture On Y2003 State Budget Execution;
- 2) Report of the Ministry of Agriculture On Execution of 4 Months of Y2004 Budget;
- 3) Main Parameters and directions of the Draft-Budget of Y2005 of the Ministry of Agriculture of Georgia.

The Committee summarized the information on the state of funding of various fields (amelioration, veterinary medicine, seed production) for several times, due to the problems emerged within the sphere of the Committee during the budgetary process.

III. Parliamentary Oversight

For the purpose of implementing supervisory activities, the following issues have been discussed at the Committee sessions:

- 1) Epizootic situation in the country;
- 2) Measures aimed at rehabilitation of seed production of annual crops and arrangement of nurseries of the perennials (the question had been discussed three times, one of the discussion had been held at the field session in Sartichala). Having regard to the urgency of the issue, the Committee had been assigned to develop measures for the Ministry of Agriculture, which would be aimed at rehabilitation of breed testing plots for seed production and their efficiency.
- 3) Batumi Dog-Breeding Farm;
- 4) Problems connected with cultivation and sale of domestic cereals (Field session in Shiraki. The session was attended by the Parliament members, entrepreneurs and other groups of the population.) It is well known, that this issue is very painful for the local entrepreneurs and the appropriate policy in this direction is crucial. Therefore, the Committee assigned the Ministry of Agriculture to take targeted measures for encouraging cultivation of local cereals.

Also, progress of the projects and programs supported by the donor countries has been discussed at the Committee sessions. In particular, during the reporting period, the following had been summarized:

- 1) Progress of the Rural Development Program For Mountainous and Highlands Areas;
- 2) Progress of the Japanese 2KR Food Production Growth Program. It should be mentioned that considering the outcomes of the Program, the Committee negatively assessed its progress and assigned the Ministry to present new options for the efficient use of the equipment within a one-month period, that is, by the end of June.

In addition, for exerting the Parliament control, the members of the Committee, participate in open tenders with voting rights and systematically provide information concerning the on-going tenders at the Committee sessions.

It should be noted that pursuant to the tradition existing in the Committee, short annotations concerning all submitted draft-laws and contracts are always made by the specialists of the Committee Apparatus at each Committee session.

*Translated By Nutsa Amirejibi
September 17, 2004*

ANNEX 14. MEETING WITH AYEG ABOUT AMENDMENTS TO LAW OF GEORGIA “ON THE ISSUANCE OF LICENSES AND PERMITS FOR FOOD PRODUCTS AND TOBACCO PRODUCTION”

Giorgi Dangadze 07/20/2004 07:14 PM	To: Don Van Atta/BASIS/Projects/DAI@DAI cc: Bidzina Korakhashvili/BASIS/Projects/DAI@DAI, Sophie Kemkhadze/BASIS/Projects/DAI@DAI, Mamuka Matiashvili/BASIS/Projects/DAI@DAI Subject: Meeting in the Young economists association of Georgia
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Meeting was attended by:

Shota Gvenetadze - MP of Georgia;
 Members of association;
 Temur Chelidze - Food products expertise and monitoring service of MoA;
 Tamaz Giorkhelidze - Food products expertise and monitoring service of MoA;
 Zura Chekurishvili - Saqminkhiltskali;
 George Dangadze - DAI/RAPA

The purpose of this meeting was presentation to the representatives of Ministry of agriculture of the new draft-law about amendments and addendums in the law of Georgia "about licensing and issuing of permits on the production of food products and tobacco".

Participants discussed the draft-law in details, but Shota Gvenetadze (Author of draft-law) mentioned that the audience is not enough and before the Parliamentary sessions in September they have time to elaborate more ready version of the draft-law.

We have the Georgian version of draft-law and in order to study everything very carefully we just have to compare it to the existed law about licensing and issuing of permits on the production of food products and tobacco.

G.Dangadze

**ANNEX 16. MATRIX OF INSTITUTIONAL STRENGTHENING PROJECTS AND TASKS IN
MINISTRY OF AGRICULTURE**

(as of September 30, 2004)

	RAPA	RAE II	IDF	TACIS budget project	EC FSP unit	World Learning
baseline property inventory	DB devel.	x				
baseline audit		x				
register of contracts	DB devel.	x				
IPSAS translation	x	x				
accountant training	x	x		x		x
forensic accounting	x					
internal control unit	x			x		
computer network	x					
computerize accounting	x	x		x		
design and install FIMS				x		
financial management training			x	x	x	
restructure Policy/Strategy Dept				x		
- tender (purchasing) department	x			x		
- economic research department	x			x		
- Finance/Budget department				x	x	
- policy and planning unit	x			x	x	
document circulation DB	x		x	x		
management training			x			
M&E unit (reform organizational dept)			x			
annual agricultural report			x			
personnel department restructured	?					
personnel review	?					

Notes:

DB database

FIMS Financial Information Management System

IPSAS International Public Sector Accounting Standards

M & E Monitoring and Evaluation

EC FSP Food Security Program [program management] unit. (resident expat, Georgian staff) (European Commission) [due to begin operations in October 2004. Likely to continue throughout at least next three-year FSP cycle to 2007.]

IDF Institutional Development Fund [Grant] (World Bank) [approx 3 years total, part-time expat, full-time Georgians, now being tendered]

RAE II Risk Assessment Exercise II (World Bank) (Georgian staff) [through December 31, 2004, possible limited continuation through June 30, 2005]

RAPA Restructuring Assistance and Policy Advice for the Ministry of Agriculture of Georgia (resident expat, Georgian staff) (USAID) [through June 30, 2005]

TACIS budget "TA to Increase the Budget and Financial Management Capacity within the Ministry of Agriculture and Food" (2 resident expats, Georgian staff) (EU TACIS contract under negotiation, winning firm not yet announced) [2 years, expected start October 2004]

World Learning START (training) project (USAID) [through end-2006]

**ANNEX 17. INTERNAL CONTROL UNIT REPORT ON ITS AUDIT OF VETERINARY
DEPARTMENT LABORATORIES IN FOOD (FARMERS') MARKETS**

TO: David Shervashidze, Minister of Agriculture of Georgia

FROM: Gia Kobakhidze, Head of Internal Control Unit

Dear Mr. Shervashidze,

On the basis of Order number 46-M dated July 8, 2004 of the Minister of Agriculture of Georgia, I, Gia Kobakhidze /Head of Internal Control Unit/, Murman Chitia and George Datuashvili /Chief Specialists of Internal Control Unit of the Ministry of Agriculture of Georgia/, Vasil Chighladze, Levan Khundadze, Irakli Inashvili /Financial Analysts of the Project "Restructuring Assistance and Policy Advice for the Ministry of Agriculture of Georgia"/ and Irakli Donjashvili /Legal Advisor of the same Project/ visited cities and regions of Georgia, markets and *basrobas* to audit the activity of Veterinary and Sanitary Analysis Laboratories and matters related to issuance and use of Form number 1, Form number 2 and Annex number 3 in organizations subordinate to the Veterinary Department. We have also investigated matters specified in the Letter number 3-01/2699 dated July 1, 2004 by Levan Ramishvili, Head of the Veterinary Department. The period audited was January 1, 2003 through July 1, 2004. The following was found:

When examining the use of Form number 2a, Form number 1a and Annex 3 in the laboratories operating in the Tbilisi markets, we found Forms number 2a that appeared to have been falsified. Therefore, we made copies of them and tried to find out in the Veterinary Department which subordinated services received these numbered, blank copies of Form number 2a. We established that a Form No 2 with such a number has never been issued by the Veterinary Department. Moreover, we found 2000 copies of Form number 2a (numbers 129001-131000) that are registered at neither the Circuit nor District Office Against Animal Diseases. These forms were not even found as a remainder in the Accounting Department of the Veterinary Department. However, we found that a Receipt-and-Delivery Act was done in the Veterinary Department on August 3, 2000, according to which Medea Intbelidze, Chief Accountant of the Veterinary Department, received Form number 1 (on hand by that time), 4 Books, 400 pages of old type (one-hundred pages) including numbers 000601-001000, 109 Books of new type (one-hundred pages) 10900 pages numbers 008101-019000, 1 Book (one-hundred pages) 100 pages numbers 007301-007400, 54 pages numbers 007946-008000 and Form number 2a 871 Books (one-hundred pages) 87100 pages numbers 107901-195000, delivered by the Inspection of Veterinary and Sanitary Oversight and Quality Control (headed by Demna Khelaia) of the Veterinary Department. Participants and signatories in the receipt and delivery of these forms were Giorgi Sagareishvili, Chief of the Administrative Office of Veterinary Department, and Tamar Kartvelishvili, Office Manager. In the number of re-delivered Forms 2a, there is the Form number 2a, numbers of which start at 129 and 130 (what we've encountered in the markets), however, they are not registered at the Department either as issued or as remaining in stock.

The Veterinary Department Chief Accountant M. Iantbelidze requests to investigate the issue in her Memorandum of August 10, 2004 so that to find out such numbered Forms number 2a at the markets.

During the process of our audit under your Order, we have seized copies of Form number 2a starting with numbers 129 and 130 from the Tbilisi markets - 788 copies, including - starting from number 129 - 97 - from Laboratory number 1; 10 - from Laboratory number 2, 4 - from the Laboratory number 3; 42 - from the Laboratory number 4; 12 - from the Laboratory number 5; 64 - the Laboratory number 6; 2 - the Laboratory number 7; 31 - the Laboratory number 8; 73 - the Laboratory number 9; 83 - the Laboratory number 10; 7 - the Laboratory number 11; 15 - the Laboratory number 12; 116 - the Laboratory number 13; 22 - the Laboratory number 18.

Starting from number 130 - 24 - from the Laboratory number 1; 16 - from the Laboratory number 3; 13 - the Laboratory number 4; 13 - the Laboratory number 5; 2 - from the Laboratory number 6; 24 - from the Laboratory number 8; 20 - from the Laboratory number 9; 43 - from the Laboratory number 10; 27 from the Laboratory number 13; 28 - from the Laboratory number 18. Sub-total 578 started with the number 129 and 210 starting with the number 130. Total - 788 numbers.

Form number 2a has been written out for the Offices Against Animal Diseases. The Form number 2a (starting from number 129) - in name of Telavi - 94; in name of Gurjaani - 7; in name of Kaspi - 215; in name of Borjomi - 260. Sub-total - 578. The Form number 2a (starting from number 130) - in name of Senaki - 1; in name of Lanchkhuti - 6; in name of Borjomi - 117; in name of Martvili - 2; in name of Chokhatauri - 59; in name of Tetrtskaro - 1; in name of Zestaponi - 1; in name of Ozurgeti - 25. Sub-total - 210. Total - 788.

Therefore, we visited Offices Against Animal Diseases of Kaspi, Borjomi, Ozurgeti, Abasha and Zugdidi Districts.

The Head of Kaspi District Office Against Animal Diseases Gela Saginashvili, the Head of Borjomi District Office Against Animal Diseases Jemal Panjikidze, Chief Veterinarian of Ozurgeti District Giorgi Maglaperidze, Abasha District Office Against Animal Diseases Tsaro Adeishvili and the Head of Zugdidi Veterinary Service Robert Churgulia categorically deny the fact of issuance of the Forms number 2a starting from number 129 and number 130 by their subordinate services. However, it shall be noted that seals on these Forms number 2a are exactly the same as of the Services listed above.

As we noted above, we have withdrawn 788 copies of the Form number 2a out of 2000 from the laboratories, which start at number 129 and number 130. The remaining 1212 copies will be investigated later. It is not excluded that a person being sought has the remaining unused Forms number 2a. For this purpose, the laboratories should be assigned to inform the Tbilisi Veterinary Association about persons showing such numbers of the Form number 2.

Tbilisi

Veterinary and Sanitary Analysis Laboratory number 1 on the territory of the JSC "Central Supermarket"

During the period audited, from January 1, 2003 through August 10, 2004 inclusive, the number 1 Veterinary and Sanitary Analysis Laboratory registered 1345 copies of Form number 2a in its log book. There were 1045 copies on hand; 300 copies less. During the same time, the laboratory paid fees received after carrying out an analysis on each type of product of 58,488 Georgian Lari to the Tbilisi Veterinary Association, which is on average $58488/584=100$ Georgian Lari daily as a result of analysis for each product. This Laboratory does not control documents. Namely, in 25 cases, after the Form number 2 has been requested from districts, 203 heads of pigs, 30 heads of livestock and 20 heads of small pedigree livestock (fee for them equals to 466 Georgian Lari, which is specified in the price list) has been added afterwards.

Fees (specified in the price list) for an analysis of pigs and chickens in the sales pavillion had not been covered for the period audited (August 7).

Income orders of income registration cash desk provided by a price list of chargeable service are delivered to the Laboratory from the Tbilisi Veterinary Association. Income orders are not bound, registered and confirmed with the seal. In addition, there is no registration book for analysis invoices.

Veterinary and Sanitary Analysis Laboratory number 2 on the territory of Navtlugi Market Ltd.

During the audited period from January 1, 2003 through August 15, 2004 inclusive, the number 2 Laboratory of Veterinary and Sanitary Analysis registered 419 copies of the Form number 2a and 17 copies of Annex number 3. Three heads of small livestock and four pigs (the fee per the price list should be 11.50 Georgian Lari) were added to two copies of the Form number 2 after the Form had been requested from the districts.

We examined the analysis reports of the sellers and we found that one tradesman had been selling uninspected sturgeon without an analysis report. One sheep carcass and its mutton had also been sold without the appropriate Form number 2. The tradesman did not have an analysis report. Salt fish *shamaia* has been on sale without any certificate. The fish *hramulia* has not been inspected either.

During the period January 1, 2003 through August 5, 2004, 6328.10 GEL were paid in fees according to the price list to the Tbilisi Veterinary Association. Sixty-four (64) Georgian Lari were on hand at the moment of the audit. Average daily fee equals to $6328/583=10.85$ GEL.

There is no log book for analysis reports in the Laboratory.

Veterinary and Sanitary Analysis Laboratory number 3 on the territory of the closed market

According to the record book, 73 Forms number 2a and 91 Annexes number 3 were registered in Laboratory number 3 from January 1, 2003 through August 9, 2004. Analysis invoices (total 6097) have been written and registered during the same time. Fee (4479 Georgian Lari) according to the price list were registered as income and paid to the Tbilisi Veterinary Association. The average daily fee for each type of product in this

laboratory is $4479/583=7.68$ GEL. On average, $6097/583=10$ people have been selling each day in the market.

Veterinary and Sanitary Analysis Laboratory number 4 on the territory of "Black Swan" Ltd.

According to the record book, 91 copies of Form number 2a and 33 copies of Form number 3 have been registered in Laboratory number 4 from January 1, 2003 through August 15, 2004. Fee (3359 Georgian Laris) provided in the price list has been registered as income and paid to the Tbilisi Veterinary Association. Seventy-two (72) Georgian Laris were registered as a fee received from August 10 through August 15 subject to registration in the Veterinary Association Accounts Department. Analysis reports (total 7154) have been registered in the book during the same time. Average daily fee equals to $3359/584=5.75$ GEL. While on average $7154/584=12$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 5 on the territory of "Mercado" Ltd.

The Laboratory number 5 registers 191 Forms number 2a and 28 Form number 3 (Annex) from January 1, 2004 through August 16, 2004. Fee (6900 Georgian Laris) provided in the price list has been registered as income and paid to the Tbilisi Veterinary Association. One hundred and forty-two (142) Georgian Laris and 20 tetri were registered as a fee received for the survey period, which is subject to registration in the Veterinary Association Accounts Department. Analysis papers (total 9038) have been registered in the book during the same time. Average daily fee equals to $6900/591=11.67$ GEL. While on average $9038/591=15$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 6 on the territory of Saburtalo Market

Laboratory number 6 registers 72 Forms number 2a in the Book from January 1, 2003 through August 9, 2004. Three Forms numbered 138865; 003760 and 173038 could not be found. Chief of Laboratory V. Sigua was not able to present income-expenditure documents of the cash office, invoice confirming the payment of fees to the Tbilisi Veterinary Association and registration book for analysis reports confirming the analysis. According to V. Sigua, he has been working in the Laboratory since August 2, 2004; therefore the lab has not yet moved under his subordination. Invoices for five Forms number 2a (Nonnumber 129313, 129528, 129675, 129325, 129385) registered in the book of Y2002 could not be found in this Laboratory. We wanted to make copies of these invoices for some necessity.

Veterinary and Sanitary Analysis Laboratory number 7 on the territory of Digomi Ltd "XXI-Century"

The Laboratory number 7 registers 91 Forms number 2a and 54 Forms number 3 (Annex) in the Book from January 1, 2003 through August 13, 2004. Fee (in amount of 3174 Georgian Laris) provided by the price list has been written and registered as income, which was paid to the Tbilisi Veterinary Association. Analysis papers, total 6620, for inspection of all types of agricultural products have been written and registered during the

same time. Average daily fee for the period audited equals to $3147/588=5.35$ GEL. While on average $6620/588=12$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 8 on the territory of "Didube Market" Ltd.

The Laboratory number 8 registers 143 Forms number 2a and 9 Forms number 3 (Annex) in the Book from January 1, 2003 through August 14, 2004. According to the record book, 11473 analysis reports have been registered. Fee in amount of 4558 Georgian Lari provided in the price list have been registered as income and paid to the Tbilisi Veterinary Association. Average daily fee equals to $4558/589=7.73$ GEL, while on average $11473/589=19$ people used to trade with all types of agricultural products daily in the market.

Veterinary and Sanitary Analysis Laboratory number 9 on the territory of Varketili Ltd "Laba"

The Veterinary and Sanitary Laboratory number 9 registers 74 Forms of number 2a and 12 Forms number 3 (Annex) from January 1, 2003 through August 17, 2004. Total fees of 2094 Georgian Lari provided in the price list has been registered as income and paid to the Tbilisi Veterinary Association. Rest of fees for the period audited equals to 21 Georgian Lari, which is subject to be included in the Veterinary Association. According to the record book, 3421 analysis reports have been registered. Average daily fee equals to $2094/592=3.53$ GEL. While on average $3421/592=6$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 10 on the territory of Eliava Market

The Veterinary and Sanitary Laboratory number 10 registers 117 Forms number 2a in its Book from January 1, 2003 through August 12, 2004. Fee in amount of 12929 Georgian Lari provided in the price list has been registered as income and paid to the Tbilisi Veterinary Association. Analysis papers (total number 17092) have been registered and issued. Average daily fee equals to $12929/587=22$ GEL. While on average $17092/587=29$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 11 on the territory of "Samgori-93" Ltd Grmagele territory

The Veterinary and Sanitary Laboratory number 11 registers 100 Forms number 2a in its Book from January 1, 2003 through August 16, 2004. Fees in amount of 1747 Georgian Lari provided in the price list has been registered in income and paid to the Tbilisi Veterinary Association. Analysis papers (total number 3189) have been registered in the Book during the same period. Average daily fee equals to $1747/591=2.95$ GEL. While average $3189/591=5$ people used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 12 on the territory of "Nobati" Ltd, Kavtaradze Street

Veterinary and Sanitary Laboratory number 12 has recorded 22 Forms number 2a from January 1, 2003 through August 17, 2004 (according to the record book, no meat imported in the market after April 1, 2004). Fees in amount of 611 Georgian Lari and 50 tetri provided in the price list have been registered as income and paid to the Tbilisi Veterinary Association. Analysis papers (total 613) have been registered in the Book during the same period. Average daily fee equals to $611/591=1$ GEL. While average $613/591=1$ person used to trade daily in the market. Two heads of livestock and 4 heads of pigs (total fee equals to 10 Georgian Lari) has been added to the Forms number 2a (numbers 145163, 129962 and 145140). (In number 145140 Form number 2a proved to be one and the same number).

Veterinary and Sanitary Analysis Laboratory number 13 on the territory of "kolkha" Ltd in Didube

Veterinary and Sanitary Laboratory number 13 logged 110 Forms number 2a from January 1, 2003 through August 16, 2004. Fees in amount of 2336.20 Georgian Lari as per the price list were registered as income and paid to the Tbilisi Veterinary Association. According to the records, 1536 analysis reports have been registered during the same period. Average daily fee equals to $2336/591=3.95$ GEL. While average $1536/591=2$ persons used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 14 on the territory of Lilo Market

The Veterinary and Sanitary Laboratory number 14 registers 12 Forms number 2a in its Book from January 1, 2003 through August 19, 2004. Fee in amount of 1320 Georgian Lari and 60 tetri has been registered as income and paid to the Tbilisi Veterinary Association. Rest of fee equaled to 33 Georgian Lari and 40 tetri, which is subject to payment to the Association. According to the record book, 1770 analysis reports have been registered during the same period. Average daily fee equals to $1354/594=2.28$ GEL. While average $1770/594=3$ persons used to trade daily in the market.

Veterinary and Sanitary Analysis Laboratory number 15 on the territory of "Kedari" Ltd. in Navtlugi

The Veterinary and Sanitary Laboratory number 15 has not registered the Form number 2a from January 1, 2003 through August 19, 2004.

Veterinary and Sanitary Analysis Laboratory number 18 on the territory of "Varketili-96" Ltd.

The Veterinary and Sanitary Laboratory number 18 registers 100 Forms number 2a and 27 Annexes number 3 in its Book from may 5, 2003 (market not operating before) through August 9, 2004. Fee for analysis of all types of products in amount of 2514 Georgian Lari provided in the price list has been registered as income and paid to the Tbilisi Veterinary Association. Average daily fee equals to $2514/469=5.36$ GEL.

Neither meat, nor dairy products, or chicken and vegetables were registered in the Book at 1200 noon of August 8, 2004. Actually, four pigs, one sheep (imported on August without Form number 2a and analysis paper) and three heads of livestock (seller provided

the Form number 2a in the Laboratory belated, after the selling process has been already started) have appeared on the desks.

Fees in amount of 3561 Georgian Lari provided in the price list from May 23, 2003 (opening day) through August 7, 2004 have been registered; 3424 GEL have been paid to the Tbilisi Veterinary Association and 136 GEL were found at place (amount received from August 2 until August 7).

Lack of average daily incomes of fees provided in the price list of the veterinary laboratories operating in Tbilisi markets considering the number of sellers in the market indicate on failing of registration of actual incoming amounts. The issue of planning the incomes in terms of a fee from the supreme bodies creates incomprehensibility. Specifically, the number 1 Laboratory plans average daily fee in the Y2003 in amount of 109 GEL, while in the Y2004 - 90.40 GEL; The number 2 Laboratory - in the Y2003 - 8.76 GEL, in 2004 - 9.58 GEL; number 3 Laboratory - in 2003 - 7.12 GEL; in 2004 - 6.57 GEL; number 5 Laboratory - in 2003 - 12.32 GEL, in 2004 - 11.50 GEL; number 8 Laboratory - in 2003 - 7.67 GEL, in 2004 - 6.84 GEL. There is similar situation in other veterinary and sanitary laboratories.

Uncontrolled sale of living animals in Tbilisi is quite problematic. According to explanations of the management of Tbilisi vet associations, local government bodies were not once assigned to prohibit such *basrobas*, however, this issue is still unsolved.

Bolnisi District

During the period audited, Bolnisi Office Against Animal Diseases has not received the Form number 1a and Form number 2a from the Veterinary Department. AS of January 1, 2003, it registers a remainder of 55 Form number 1 and 91 Form number 2. Two copies of Form number 1 and four copies of Form number 2 have been used for the period audited (July 13, 2004). For these form, fee in amount of 14 GEL provided in the price list, has been registered as income, while the remaining 53 copies of Form number 1 and 87 copies of Form number 2a are still on hand.

Eight veterinary offices are subordinate to the Office Against Animal Diseases. There is no Form number 1a and Form number 2a issued in the vet offices for its further use. With the oral explanation of its chief, vet points have not requested these Forms.

The Office Against Animal Diseases registered and issued 105 copies of Annex number3 (issued free of charge) from January 1, 2003 through July 13, 2004.

Marneuli District

During the period audited, Marneuli Office Against Animal Diseases has received 50 copies of the Form number 1a and 100 copies of the Form number 2a from the Veterinary Department (all found at place). For the period audited, 2 copies of the Form number 1a and 12 copies of the Form number 2a has been used. Accordingly, fee in amount of 3 Georgian Lari and 36 tetri has been registered as income. Besides, for the period audited, 2 copies of the Form number 1a and 1 copy of the Form number 2a has been used in the previous period. Fee in amount of 5 Georgian Lari has been registered as income. Out of 44 Georgian Lari registered as income in kind of fee, 37 Georgian laris were deposited to

the Bank and 7 Georgian Laris was spent for fuel and stationery. Ten veterinary offices are subordinate to the Service. Forms number 1a and number 2a have not been issued for them for its further use (In only one case a Form number 2a was issued). According to M. Sadgobelashvili, Head of the Service, there was no request for these forms from veterinary offices.

Malkhaz Kompladze worked as the Head of the Office Against Animal Diseases until March 1, 2004, who received 100 copies of the Form number 1a (including 006801-006900) and 100 copies of the Form number 2a (including 101401-101500) from the Veterinary Department prior to January 2003. For the audit period, 9 copies of the Form number 1a and 14 copies of the Form number 2a could not be found at place. Six copies of the Form number 2a was annulled. The reason is unknown. Counterfoil was annulled; edge is not at place (101485, 101489, 101490, 101498, 101499, 101491), for which Malkhaz Kompladze is responsible. The fact that Malkhaz Kompladze did not shift tangible wealth and other turnover and main means to a new Head of the Service deserves consideration.

The Office issued 423 copies of Annex number 3 in 2004; however, this had not been registered in previous years.

The Marneuli District Veterinary Laboratory has received the Annex number 3 and 3821.60 GEL from operating Veterinary and Sanitary Laboratories in the market from January 1, 2003 through July 1, 2004. Specifically, from agrarian market of Marneuli it has received 2802.60 GEL, from agrarian market lab of Bolnisi - 484.20 GEL and from Marneuli vet-sanitary laboratory of "Plutos" Ltd - 528.80 GEL. Out of 3821.60 GEL, 2115.30 GEL has been deposited in the Bank; 1706.30 GEL has been spent ignoring the Bank with the motive of communal, office and manager remuneration expenditures. According to the data of the Veterinary and Sanitary Laboratory in the agrarian market of Marneuli, 7158 analyses have been conducted from January 1, 2003 through July 15, 2004. Fee in amount of 2808 Georgian Laris have been received. Average daily fee for an analysis of all types of products equal to $2808/560\text{days}=5$ GEL. While in the market of "Plutos" Ltd it is not even $528/545=1$ GEL. The similar situation is in the Bolnisi market.

Gardabani District

During the period audited, Gardabani Office Against Animal Diseases has received 50 copies of the Form number 1a, out of which four has been used and 46 is at place, and 1000 copies (10 Books) of the Form number 2a, out of which 938 copies have been used by the Veterinary Office and the Service itself. Sixty-two copies were at place; Fee for the Form number 1a in amount of 3 Georgian Laris, 1243 Georgian Laris for the Annex number 3 (it is notable that the Annex number 3 is issued free of charge), 390 GEL in terms of a fee for trade units of meat on the territory of the district, 52 GEL for the reference no. one (milk and dairy), 238 GEL - remuneration for treatment of livestock, 1293 GEL for the Form number 2a, total 3220 Georgian Laris have been registered as income. From incomes including the remaining 87.42 GEL on January 1, 2003, out of 3307 GEL, 1326 GEL was deposited in the Bank; 1980 GEL was spent without recourse to the Bank, including 495 GEL on a business trip, 1097 GEL for office supplies, 152 GEL for stationery and 206 GEL for communal services. For the period audited, the remainder is 30 GEL (30/07/2004). 1804 copies of Annex number 3 were issued to districts during the audited period.

According to the records in the Books of the Veterinary and Sanitary Analysis Laboratory of the Gardabani agrarian market, analysis reports - 2130 copies - have been written from January 1, 2003 through July 29, 2004. Fee in amount of 894.20 GEL provided by the price list, has been registered as income and is submitted to the Accounts Department of the Veterinary Laboratory. According to the records of the market laboratory (July 30, 2004), 59 copies of Annex number 3 has been registered, however, when counted in fact it turned out to be 39 copies, difference is 20 copies. Analysis paper for slaughtered livestock in 20 cases was issued without any document issued from the place of slaughter. Average daily fee in the market equals to $894/574=1.55$ GEL.

Mtskheta District

The Mtskheta Office Against Animal Diseases has not received Forms number 1a and No, 2a from the Veterinary Department for the period of January 1, 2003 through July 1, 2004. The Office has only received Form number 2a in previous years, namely: Invoice number 7 (number 119201-119300 inclusive), 100 copies, on October 1, 2002, which was registered as a remainder as of January 1, 2003. For the period audited, Gusein Shikhoev / Head of the Veterinary Office/ has received nine copies (119214-119222 inclusive). He has not submitted Expenditures Report of the forms. An invoice number 1 was issued at his name on June 1, 2004. Ninety-one copies has been issued at the name of V. Chaduneli, Head of the Mtskheta Office Against Animal Diseases, out of which 13 copies were spent in 2002 and 6 copies - in 2003. Fee in amount of 14 Georgian Lari provided by the price list has been registered as income, which was deposited in the United Georgian Bank Mtskheta Branch on June 10, 2003. Eighty-five copies are at place and saved with V. Chaduneli. There are 8 veterinary offices under subordination of the Office.

Meat, milk and dairy as well as other products used to be sold without analysis reports in the Mtskheta market. Relevant act has been drafted on this fact.

Dusheti District

The Dusheti Office Against Animal Diseases has received the Form number 2a from the Veterinary Department on December 10, 2001. Out of 65 copies as of January 2003, 22 copies (119436-119457) were used in 2003; 43 copies were found at place during research. One hundred (100) copies (NO.157101-157200) were received in December 2003. Fourteen copies (157101-157114) have been used. Fee for used Form number 2a in amount of 143 Georgian Lari has been registered as income and deposited in the People's Bank Dusheti Branch. The Office received the Annex number 1a (100 copies; 111901-112000 inclusive) from the Department on October 16, 2000. Counterfoil and edge of one copy is damaged. Twelve copies were registered as issued (without writing an invoice) at the name of Z. Gelashvili, veterinarian of Zhinvali, 11 copies - at the name of Givi Likokeli, veterinarian in Barisakho, 1 copy - at the name of V. Buchukuri, nomad veterinarian, 31 copies - at the name of R. Tsiklauri and veterinarian in Gudamakari, total 55 copies. During survey of using the Form number 1a by the above listed persons, it was found that the Fee (provided by the price list) Report was not submitted. Five copies of Annex number 1a were used by Buchukuri himself. Fee has not been registered as income. Forms number 1a were issued without numbering. Thirty-nine copies of the Form number 1a could not be found at place.

There are 12 veterinary offices under subordination of the Office. Form number 2a has not been issued on them. According to oral explanation of N. Buchukuri, there was no application for Annex number 2a from the Office. The Office has only issued 11 copies of the Form number 3a in 2003-2004.

According to the cash office income orders received from the District Laboratory and on the basis of analysis reports [issued] for all types of products from January 1, 2003 through July 18, 2004, the Veterinary and Sanitary Laboratory of Dusheti agrarian market received fee in amount of 1065.50 GEL (the fee provided in the price list) through 362 copies of income order. Fifty-five copies of Annex number3 have been registered in the Laboratory. The veterinary office issued 102 copies of references. In 49 cases analysis was carried out without the reference and Annex number3 in the laboratory. Fee in amount of 1065 GEL has been registered as income and deposited in the Accounts Department of the District Veterinary Laboratory. Except meat, milk and dairy (fruit, vegetables, etc.), nitrates are not subject to veterinary and sanitary analysis. According to oral explanation of M. Bakhtadze / Chief of Laboratory /, this function he/she was taken from him/her by the market Director. Therefore, he/she does not have any information concerning analysis for nitrates. We made kind of random request to sellers in the market (July, 20, 2004) to show us analysis reports, however, they did not show them as they did not have them at all. Daily fee for all types of products equals to $1065/590=1.80$ GEL. Head of Laboratory M. Bakhtadze has twice raised the question in writing in address of V. Buchukuri /Head of the Dusheti District Veterinary Laboratory/ concerning the fact that the fish in the market is sold without certification and parenchymatous organs were observed in meat products; however, no result has been followed.

On the basis of an inspection carried out for all types of products in the Dusheti District Laboratory from January 1, 2003 through July 20, 2004, fee in amount of 1855.50 GEL has been deposited, out of which 362 GEL from Mtskheta market laboratory and 428 GEL - from financial market laboratory. Average daily fee in these markets does not equal to even one Georgian Lari. Out of 1855.50 GEL registered as income, only 854 GEL has been paid to Mtskheta-Tianeti Agri-industrial Bank. The difference 1001.50 GEL is shown as distributed for communal services, fuel, starionery, business trips, purchase of wood and other expenses.

Rustavi Veterinary Administration

For the period audited, Rustavi Veterinary Administration has not received Form number 1a. In the previous years (however, not clear when) the Administration has received 100 copies of the Form number 1a (numbernumber017401-017500 inclusive). The remainder as of January 1, 2003 was 77 copies (numbers 017424-017500), out of which 10 Forms 1a were issued in 2003 and only one in 2004. The remaining 66 copies were found on hand. For 11 copies of the Form number 1a fee in amount of 33 Georgian Laris had been registered as income. The Administration received 100 copies of Form number 2a (numbers 087101-087200) from the Veterinary Department with the Schedule number 112, on September 14, 1999, which was distributed within the Office. For the period audited, 69 copies have been used. Fee in amount of 82.25 GEL (provided in the price list) was registered as income. Thirty-one copies are left, of which 30 copies, one short (counterfoil and edge) were found on hand. The Administration issued 723 copies of Annex number3. 710 copies (13 less) were found in the number 1 and number 2 Veterinary and Sanitary Laboratories at the markets.

According to the records of the number 1 Veterinary and Sanitary Laboratory of Rustavi agrarian market, from January 1, 2003 through July 26, 2004, 128 copies of the Form number 2a and 319 copies of Annex number3 was registered. During the same period, 16683 copies of analysis paper has been registered for all types of products; fee in amount of 6548 GEL was registered as income deposited to the Accounts Department of the Veterinary Administration. With the data obtained, average daily fee of the number 1 Veterinary and Sanitary Laboratory for all types of products equals to $6548/571=11.46$ GEL. While on average $16683/571=29$ persons used to trade with all types of products in the market.

Forty-seven (47) copies of the Form number 2a and 391 copies of Annex number3 is registered in the Book of number 2 Veterinary and Sanitary Laboratory. Analysis papers (28249 copies) were written out to make analysis of all types of products. Fee in amount of 6672 GEL (provided in the price list) has been registered as income and deposited to the Accounts Department of the Veterinary Administration. According to inspections carried out in this market by the Laboratory, average daily income equals to $6672/571=11.70$ GEL. While on average $28249/571=49$ persons used to trade with all types of products in the market.

Out of 13220 Georgian Lari deposited by Rustavi Veterinary Administration from Laboratories (based on their reference), 7622 GEL has been deposited to the United Georgian Bank Rustavi Branch and 5598 GEL - on the local budget account in the same bank. For the period audited, the number 1 Veterinary and Sanitary Analysis Laboratory collected fee in amount of 55.80 GEL from July 22 through July 26, inclusive, which was not deposited in the Accounts Department of the Veterinary Administration, however, was subject to be.

Kaspi District

While studying the issue in the Veterinary and Sanitary Analysis Laboratory of Kaspi agrarian market, the following was found: sellers of agricultural products pay the tax considered by the price list for carrying out an analysis only after sale of a product. There are cases, when sellers refuse to pay taxes for inspection of small livestock imported in the market for sale. This was observed during survey as well, on July 23. According to the verbal explanation of the Head of Laboratory, he/she raised this question in address of the top management. For the period audited, L. Katsiashvili /Head of Laboratory/ had fee in amount of 33.40 GEL provided in the price list in hand. Again according to this person, 37.60 GEL is being kept by his/her employee. (This was explained by the fact that veterinarians keep the fees collected during their stay on duty by themselves). It is notable that amounts registered as income is deposited in the bank once in a month.

The Kaspi Office Against Animal Diseases has not received the Form number 1 and Form number 2 from the veterinary Department during the period of January 1, 2003 through July 1, 2004. The Office received 200 copies - two books - on August 17, 2004, which have not been used during the period audited. According to the record book, 237 copies of Annex number3 had been registered in the same Office.

Gori District

Makvala Beriashvili was employed as the Head of Veterinary and Sanitary Laboratory on the territory of Gori Kolkhoz Market until March 17, 2004; Temur Tatishvili has been employed from March 17 until July 1; Gia Nadiradze has been appointed as its Head since July the 1st.

The Laboratory is divided into the following sections: meat and meat products, milk and dairy and crop production and fish. Each section has its responsible veterinarian. Similarly to other markets, sellers of agricultural products pay the tax considered by the price list for carrying out an analysis only after sale of a product. Fees for analysis are kept by personally responsible veterinarians according to section, who each other week deliver them to the Accounts Department of the District Office Against Animal Diseases. On the day of survey (July 23), fee in amount of 80.60 GEL were found at place kept by a responsible veterinarian.

Khashuri District

When studying the issue in the Veterinary and Sanitary Laboratory on the territory of "CoopSupermarket" of Khashuri the following has been found: sellers of agricultural products pay the tax considered by the price list for carrying out an analysis only after sale of a product.

Meat and meat products subject to sale in the market basically enter the latter with the Annex number3 issued by veterinarians of relevant vet offices. Attached Form number 2a was enclosed in several cases.

Similar to Veterinary and Sanitary Laboratories of other districts, fees for analysis is kept with responsible veterinarians and the amount is deposited every third day in the People's Bank Khashuri Branch.

During the period audited (August 5), Ira Gogoladze / veterinarian responsible for analysis of meat products/ had fee for analysis in amount of 107 GEL, while Malkhaz Chagiashvili / veterinarian responsible for analysis of fish and poultry meat/ - 26 Georgian Laris.

Borjomi District

The Laboratory of Borjomi market, with its Head P. Tediashvili employed since July 21, 2004 (earlier employed as Head of the Office Against Animal Diseases), registers 311 copies of the Form number 2a for the period of January 1, 2003 through August 26, 2004. At the same time, fee in amount of 1610 Georgian Laris has been deposited in the Accounts Department of the Office Against Animal Diseases (However, in the letter of J. Kurtanidze, Head of Borjomi Financial Department to present head of the Office Against Animal Diseases, amount deposited is registered as 1321 Georgian Laris). Analysis papers, total 653, were written out in 2003. Due to absence of a registration book of analysis of fish and plant growing products, we could not find out number of analysis reports. (The documents had not been handed over Petre Tediashvili and nobody knows were they are). Analysis papers, total 1455, have been registered in the Books from January 1, 2004 through August 19, 2004, inclusive. Ksenya Kandelaki has been

employed in the Laboratory as its Head until July 21, 2004. Average daily collected fee in 2004 equaled to $623/233=2.67$ GEL; while on average $1455/233=6$ persons used to trade with all types of agricultural products daily in the market the same year. Jemal Panjikidze has been employed in the Borjomi District Office Against Animal Diseases since July 21, 2004 confirming with the reference that 1321 Georgian Lari has been collected from the Borjomi market laboratory from January 1, 2003 through December 31, inclusive and deposited in the TBC Bank. From January 1, 2004 through August 27, 2004 inclusive, 807 Georgian Lari collected and registered as income has been deposited in the Bank. One-hundred (100) copies of the Form number 2a (number 178101-178200, inclusive) were collected on July 21, 2004 in the Office, which are not used yet, therefore, at place. The Forms number 1a and number 2a of previous years are not registered; therefore, we could not survey its use and spending in this section (Petre Tediashvili has been employed in this Office before).

Akhalsikhe District

When studying the activity of Veterinary and Sanitary Laboratory on the territory of Akhalsikhe agrarian market (July 30), its activity has been inspected by Samtkhe-Javakheti District Veterinary Inspection and was formed by an act. The State Veterinary Inspection of the Veterinary Department inspected activity of the Service as well on July 14 followed again by the act. There were no violations found in the Laboratory considering the acts mentioned above.

Sellers of agricultural products pay the tax considered by the price list for carrying out an analysis only after sale of a product in the Akhalsikhe market as well. Papers confirming an examination were at hand of each seller.

Similar to veterinary and sanitary laboratories of other districts, fee provided in the price list and considered for examination is kept with the responsible veterinarian. On the day of survey, 88.50 GEL was kept by the Head of Laboratory.

Lagodekhi District

Out of Annexes number 3 issued in the Veterinary and Sanitary Analysis Laboratory on the territory of Lagodekhi village Kabali within the period of January 1, 2003 through July 1, 2004, only ten copies were found on hand. According to the veterinarians, the remaining documents (Annex number 3) had been taken by the owners of the meat. There is no refrigerator in the market. There is an entirely unsanitary situation in the meat department. The fees for analysis provided in the price list are not collected. During study of the issue (July 16), Annex number 3 was not enclosed to one cow and one sheep out of two cows and seven sheep brought for sale.

Gurjaani District

In the Veterinary and Sanitary Analysis Laboratory on the territory of "Peasants' Market" Ltd. in Gurjaani District we found that neither Form number 2a nor Annex number 3 were attached to meat brought for sale to the market. It should be noted as well that each of them had been tested in the lab and the fee for the analysis had not been paid. The fees are collected in the evening after sales are completed. On the day this issue was examined, July 13, a case of trichinosis was found in pork, which was destroyed in the "bekar" hole.

Telavi District

During survey of the activity of the Veterinary and Sanitary Analysis Laboratory on the territory of Telavi agrarian market, the following was found: fees for analysis of meat in the market are partially covered. According to verbal explanation of the Head of Laboratory, sellers refuse to pay the fee provided in the price list. This issue has been highlighted by the Head on January 10, 2004 when addressing higher echelons.

Natan Batiashvili was employed as chief veterinarian of Telavi District until April 3, 2004. Six (6) Books of Form number 2a (numbers 155201-155500 and 168001-168300) had been received during 2003, of which 4 Books (numbers 155201-155500 and 168001-168100) were used in 2003. According to the written explanation of Natan Batiashvili, these books and other documents were lost in November of 2003 during an intrusion into the building by unknown persons. However, he did not report this to the internal affairs agencies. Proceeds from this equaled to 98 Georgian Lari, which he did not deposit in the bank.

Zestaponi District

While in the Veterinary and Sanitary Analysis Laboratory on the territory of "Baraka" Ltd. in Zestaponi on July 29 we found that 5 livestock and 4 pigs brought for sale into the market were inspected but analysis reports were not written up. Cheese is not inspected at all.

Abasha District

During the period January 1, 2004 through August 1, 2004, 2271 Georgian Lari were collected as fees in the Abasha Office Against Animal Diseases and paid into the budget.

When writing the Form number 2a out by the Office veterinarians, we found differences between the records on counterfoils and edges. This fact is explained in writing as a perfunctory mistake by Tsaro Adeishvili /Head of the Office/, Lela Abramia /Veterinarian/ and P. Askileiskiri / Head of Sunuji Veterinary Office/ and therefore do not intend to evade responsibility. They claim also that these differences between the records of counterfoils and edges are not their mistake.

Poti

We visited the Veterinary and Sanitary Laboratory in the meat and milk pavilion "Kolkha 97" Ltd in Poti. When studying their activity on August 9 we found that meat, milk and dairy products as well as fish brought for sale had been inspected and that the appropriate bills for fees for veterinary service had been issued. However, no Form number 2a or Annex number 3 was shown by the Laboratory for 3 pigs and 6 livestock there.

Therefore, we can conclude that recording is not satisfactory in the Office Against Animal Diseases and Veterinary and Sanitary Analysis Laboratories. Forms number 1a and number 2a are filled in badly and references are not all filled in well; there are number of cases, when the date of issue is not indicated, copies and words are made over in dates and months sections and it is often hard to read first and last names of persons

written in the Forms number 1a and number 2a. Due to inattention of laboratory veterinarians, we found Forms number 2a in the markets, where number of livestock has been added. Numbered analysis reports could not be found anywhere (except Kutaisi and Poti); they are not registered in a special book, which gives veterinarians an opportunity to work uncontrolled. At the same time, it is notable that in number of districts of Samtredia and Imereti, in order to sell the meat in the local market, the Forms number 2a is written out instead of the Annex number3; therefore the citizen pays the fees accordingly.

Head of Veterinary Department Levan Ramishvili raised the question of registration and permits for premixes and poly-vitamins in his letter number 3-01/2699 of July 1, 2004. With the purpose to survey, we addressed field specialists, whose opinions around this issue are contradictory. For instance, scientists of Georgia's State Zootechnic and Veterinary University assume that premixes, such as, in its prescription are forms of medical treatment and preventive preparations but not food additives. This opinion was also supported by Tamaz Gavasheli, former Director of Scientific-research Center of Veterinary Preparations. However, in the letters of the State Department of Veterinary Medicine of Russian Federation and Ukraine it is said that premixes cannot be considered remedies for treatment and prevention. This issue needs to be additionally discussed by specialists.

We hereby report that due to flagrant violations found when inspecting the Scientific-research Center of Veterinary Preparations by the operative department of financial policy, Center Director Tamaz Gavasheli has been dismissed from that post.

We request your decision.

Sincerely,

Gia Kobakhidze

Annexes

*Translated by Nino Beradze
September 30, 2004*

**ANNEX 18. INTERNAL CONTROL UNIT INITIAL REPORT ON RECEIPT OF US FOOD FOR
PROGRESS GRAIN**

To David Shervashidze, Minister of
Agriculture of Georgia

From the Inspection Group created by the
Order No. 2-154 of the Minister of Agriculture of
Georgia

MEMORANDUM

Dear Mr. Shervashidze,

An Inspection Group of Agreement concerning State Purchases of Service of 50.000 tons of Food Wheat Handling donated to Georgia by the Government of the United States created with the Order No. 2-154 of August 5, 2004 of the Minister of Agriculture of Georgia with the membership of Gia Kobakhidze, Head of Internal Control Unit, Vasil Kikvidze, Chief Specialist of Export-Import Administration, Levan Khundadze, Vasil Chigladze, Irakli Inashvili and Irakli Donjashvili, Financial Analysts of the "Restructuring Assistance and Policy Advice for the Ministry of Agriculture of Georgia" Project and Giorgi Misheladze, Lawyer of the same project, by the Order No. 60-M of August 11, 2004 of the Minister of Agriculture of Georgia, were sent on business trip to cities of Poti, Kutaisi, Gori and Zugdidi.

Food wheat was imported in Poti Port with two vessels: "Liberty Sea" - 43.000 tons and "Liberty Eagle" - 6.999.814 tons. Unloading started on August 12, 2004 and ended on August 26, 2004. Total wheat imported by two vessels is 49 999.814 tons, which was handled in the following way: "Mzekabani", Ltd. - 17 330.10 tons, "Forte", Ltd. - 13 935.35 tons, "Tsemi", Ltd. - 5 965.76 tons, JSC "Kutaisi PM" - 7 204.05 tons, "Tserera", Ltd. - 5 395.34 tons. Total stored - 49 830.600 tons. Therefore, natural loss is 169.214 tons. According to the Agreement, natural loss during unloading of food wheat from vessel, loading to railway wagons and railway transportation to storing enterprises shall not exceed 0.32 percent of total amount of wheat, that is 159.999 tons. Hence, natural loss exceeded by 9.215 tons to the allowed norms considered by the Agreement.

According to Articles 2.2 and 2.3 of the Agreement concluded on August 6, 2004 between the Ministry of Agriculture of Georgia and "AgroSystems", Ltd., the Group took samples from both vessels during unloading of cargo in Poti Marine Harbor and during handling (which was examined by "Certification Service of Agricultural Products and Food", Ltd. Conclusion is enclosed) for further control over qualitative indicators of wheat, which will be maintained until complete sale of food wheat.

Sincerely,
G. Kobakhidze
Head of the Group

Translated by Nino Beradze
September 9, 2004

**ANNEX 19. OBSERVATIONS AT THE FIRST EXCHANGE TRADING SESSION FOR DONATED
US FOOD FOR PROGRESS WHEAT (2004 AGREEMENT)**



Development *Alternatives*, Inc.



RESTRUCTURING ASSISTANCE AND POLICY ADVICE
FOR THE MINISTRY OF AGRICULTURE OF GEORGIA

ÓÀØÀÒÈÄÄËÏÓ ÓÏ×ËËÓ ÌÄÖÖÍÄÏÄÉÓÀ ÓÄÏÉÏÉÓÖÖÏÓÉÄÉÓ
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September 20, 2004

To: Denny Robertson
Cc: Al Williams, Russo Kacharava
From: Don Van Atta
Subject: Observations at first trading session of 2004 FFP wheat

On Saturday, September 18th, the first trading session for 2004 US FFP wheat was held at the Tbilisi Grain and Petroleum Products Exchange. Along with several members of the Ministry's Internal Control Unit, who have been asked by the Ministry to check the bona fides of all buyers and to monitor the entire sales process, I attended. This note contains my observations.

The Exchange trading floor is in an auditorium attached to the Ministry of Foreign Affairs building, 6 Vukol Beridze Street, in Tbilisi. I am told the entire building, which was clearly built before 1921, housed the Georgian SSR Higher Party School during the Communist era.

Trades are done by giving written or oral bids to a computer operator who sits at the front of the auditorium. He enters the bids on his PC, and they are then repeated on a large screen at the front of the room. The trading software then calculates the best price in each round of bidding.

This trading session was organized by the Ministry of Agriculture and its contractor for Internal Transport, Shipping and Handling of the FFP wheat, Ltd "Agrosystems." "Agrosystems" is a parastatal formerly managed by the Ministry of Agriculture and now subordinate to the Ministry of Economy. I believe it has been the ITSH agent for all previous US monetized grain agreements with the Georgian government. This time, it won an open tender over "Global-Agro," an association of several large mills and small bakers reportedly formed for the purpose of contesting the tender. RAPA project staff

acted as observers during the ITSH tender, and I am assured that the tender process was conducted entirely according to the law.

As nearly as I can tell, the Exchange does no business in anything except humanitarian aid commodities. Because of the structure of the grain business in Georgia, prices are highly opaque. In all previous monetized commodity deals with the US, either the starting price for the auction has been taken from the value or price data in the US-Georgian donation agreement, or set by a commission including the Ministry of Agriculture, the Ministry of Finance, Agrosystems, and the Exchange. Because the Georgian procuracy and the Ministry of Internal Affairs investigated the 2001 and 2003 US grain agreement sales, and brought criminal charges (all since withdrawn or found at trial to be groundless), this year the Ministry of Agriculture arranged for the starting price for the FFP wheat to be determined by the State Department of Statistics. The SDS only reported the price, \$170 per ton, and it was only confirmed by the government, last Wednesday.

This trading session was held on a Saturday to meet the requirement in the agreement that sale of the wheat must begin within one month after it is delivered. I am not sure how the days were counted, but I am sure that someone took September 18 to be the last possible day. Moreover, the Ministry of Agriculture is determining the quantities that can be offered for sale each month. For the first 30 days of sales, only 1,500 tons are to be offered in total, in minimum lots of 40 tons. Since the Georgian harvest is still being brought in, limiting sales of US wheat at present appears to be a sensible procedure to avoid unduly affecting the market.

The start of trading was delayed by some uncertainty over who could bid. The Ministry of Finance had told the Exchange in writing a day or two previously that only legal entities with milling capacity could bid. That would prevent registered individual entrepreneurs who run bakeries or small mills and have tax numbers from bidding. The Exchange management decided, after some consultation and debate, to allow registered individual entrepreneurs to bid.

The Ministry of Finance insists that only firms and individuals registered with the tax authorities should be allowed to bid in order to make sure that all taxes due are eventually paid. The Ministry of Agriculture and the Exchange are concerned that only people who actually can demonstrate that they have access to storage and milling facilities should be allowed to bid. They wish in this way to avoid "speculation" when someone simply buys and holds the grain, as well as, as much as possible, to avoid having the grain be reexported to Armenia and Azerbaijan. The latter concern is justified by the Ministry's and Agrosystem's reading of the text of the donation agreement, which forbids reexport during the US fiscal year in which the grain is given. (I thought the agreement said "marketing year," but the Georgians assure me it says "fiscal year," in which case the reexport restriction will expire next month. This point needs to be checked.)

About fifty people were present in the room when the chairman of the Exchange, Temur Khorkhomelidze, declared the session open at noon and explained the provenance and quality of the wheat to those assembled.

The start of trading was delayed because a former member of parliament, whom I understood to be acting for Global-Agro although he described himself as head of a

“public group to monitor the sales of the US wheat,” complained that sufficient notice of the trading session had not been given. The director of Agrosystems, Mr. Konstantine Osipov told me that until the starting price had been determined, Agrosystems could not publicize the session, and so they did so only at the end of last week. (I was shown a copy of *rezonansi* issued that day with the ad announcing the trading session by the gentleman who complained.) He added that in addition to putting advertisements on his website and in two newspapers, he had also had his staff call all known interested parties. I told him he should be sure to have the Ministry of Agriculture put the announcement on its website as well. I am told that the contract between the Ministry of Agriculture and Agrosystems does not include any specifics about how long before the trading session the session must be publicly announced.

No actual sales were made. After a starting price of \$170 per ton, prices went up in 15% increments – the maximum allowed by the exchange rules for each auction round – to about \$185. At that point, several representatives of the larger mills jumped prices to approximately \$300 per ton. At one price, a high of \$860 was offered for one lot.

Bidders had not been required to put down deposits, and the Exchange has no mechanism for immediate clearing of payments. Therefore, these very high bids were put in only to ensure that in fact no wheat was sold that day, and none was. I am waiting to see whether or not the Georgian press will be reporting this week that bread prices will be going up sharply again based on these offers.

Mr. Osipov told me that he intended to meet with the Ministry and the Exchange management on Monday to discuss arrangements for the next trading session, which he expected would be held this Friday. In particular, he said, the Exchange would require a deposit from all participants in the trading session and organize a gallery or other way to prevent persons other than those bidding from being on the trading floor. In fact, he suggested putting a guard on the door to limit access only to authorized participants.

Osipov told me that Agrosystems had distributed the grain as the Ministry directed to various elevator-flour mill combines in Georgia, but he also indicated that the ones that had gotten the US grain to store were Agrosystems’ “strategic partners.” Apparently the most vocal participants in “Global-Agro” are not storing any of the US grain this time around. This matters, of course, because the storage charges will be paid for from the proceeds of the sales. So the likely buyers of the US grain are paid for storing the grain until they are ready to buy it for their own use.

I attach with this memo a chart of reported grain and flour stocks in Georgia compiled by RAPA staff from reports to the Ministry of Agriculture. These reports are not legally required, and the Ministry collects them by telephone. Moreover, the Batumi elevator-mill combine has not been reporting its stock for the past several years, so that the number used for “Adjarapuri” is not meaningful. Starting on August 28 of this year, those elevators in which the Ministry and Agrosystems are storing the 2004 FFP wheat are reporting separately on their total storage and the amount of FFP grain they are holding.

It is my impression that the “trading session” I saw was a sham to satisfy the formal requirements of the Food for Progress agreement. I will be curious to see what develops at subsequent trading days, and having noticed the issue, intend to keep attending.

ANNEX 20. MINISTRY OF AGRICULTURE LETTER RESPONDING TO MINISTRY OF FINANCE CONCERNS ABOUT TRANSFER OF REMAINING 2001 416(B) FUNDS TO GRDF

To: The Ministry of Finance of Georgia

In response to your letter

No.04-02-04-15/6596

Dated 17.06.2004

Having considered your letter, we would like to inform you that in accord with the “Agreement Between The Government of the United States of America and The Government of Georgia For The Donation of Agricultural Commodities Under the 416(b) Program” dated August 10, 2001, proceeds of wheat monetization have been deposited to a special account opened in the National Bank of Georgia. Item 6 of Attachment A of the same Agreement specifies the procedure for distribution of these funds. According to these procedures, the funds are to be used to implement activities approved by the Ministry of Agriculture, the United States Embassy in Georgia and the US Department For Agriculture.

Therefore, in full observance of the requirements of the Agreement, we have submitted to you the full package of documents based on the requirement of Item 6 (e) of Attachment A of the Agreement stating that the funds are to be transferred to the national agrarian credit system, in further proposals specified as the Georgian Rural Development Fund. The draft Decree of the President of Georgia that we have submitted is to ensure the fulfillment of this requirement of the Agreement.

Hence, we would like once again to remind you that these activities are aimed to ensure the observance of the requirements of the Agreement and to fulfill the obligations assumed. For these purposes, we have developed the draft Decree that envisages allocation of these funds to a particular organization.

Giorgi Tkeshelashvili
First Deputy Minister

*Translated By Nutsa Amirejibi
July 1, 2004*

ANNEX 21. FURTHER POSTPONEMENT OF UNECE SEMINAR

From: [Baricicová Viera, Ing., CSc.](#)
To: [Levani Chiteishvili](#)
Cc: Sylvie.PORET@oecd.org ; [Tom Heilandt](#)
Sent: Friday, September 10, 2004 11:25 AM
Subject: RE: Seminar

Dear Levan,

It was decided this week at the OECD Scheme level that we postpone (again) our seminar to the next year (most likely in May). Reason of this is a sensitive situation in your country and it was recommended to no travel to Georgia this year.

I am very sorry, but I believe next year we will have all more success.

Concerning financing of the seminar – OECD will bear costs of the lecturers – their travel expenses, accommodation and daily allowance. It will be financed explanatory material for participants (let me know if you need russian translation of the explanatory brochures or do you accept english version)

Recently we are in discussion with FAO to solve problem how to finance foreign participants costs.

Thank you very much for understanding and I hope we will meet up next year in Georgia.

Best regards

Viera Baricicova

From: Levani Chiteishvili [<mailto:levanch@maf.ge>]
Sent: Friday, September 10, 2004 8:11 AM
To: Baricicová Viera, Ing., CSc.
Subject: Seminar

Dear Mrs. Baricicova,

I would like to once again ask you about the matter concerning financing the seminar, could you please let me know about this issue as soon as possible, because if it has already been decided to hold this seminar in late October it is essential for us to know who will be in charge of financing accommodation, transportation and daily allowance for our foreign participants. For solving this and other organizational issues I am waiting for your reply.

Best regards,

Levan

ANNEX 22. REPORT ON MINISTRY REGIONAL SEMINARS ON WORLD TRADE ORGANIZATION

Report of the Follow on Activity dedicated to the WTO themes done by the WTO Relations Division experts

Levan Chiteishvili and Gia Bibileishvili

[July 30, 2004]

Due to World Learning/START program financial assistance, the experts of WTO Relations Division Mr. Levan Chiteishvili and Mr. Gia Bibileishvili held the cycle of seminars for regional border control specialists of Plant Protection and Veterinary Services. For this purpose it was planned to publish the main WTO agreements (AoA, SPS, TRIPS, TBT) and a guidebook (WTO and Georgia). Editorial work was done by the specialists of our Division and the materials were published by the publishing firm "Mamuka Geliashvili". Afterwards we were ready to start our visits to the regions. On 12 May of this year we started our one-day seminars from the eastern part of Georgia, Lagodekhi. Approximately 12 specialists both from Plant Protection and Veterinary Services attended the seminar. After our presentations there was an interesting discussion over the SPS and whole WTO structure, where we found out that there is really a huge lack of information about the international organizations, standards, agreements and etc. Here it should be mentioned that providing the participants of the seminars with above mentioned WTO materials was a right option as it would help them with better understanding of the agreements undertaken by Georgia in the WTO. The discussion was very useful both for the participants and us as we exchanged our opinions; spoke about problems and concerns regarding the agricultural field. On 14 May the next route was to Kazbegi, another important border region of Georgia. There we faced again that the information we spoke about was absolutely new for them and very informative according to the number of questions asked after our presentations. Then followed the seminar in Kutaisi on 21 June (due to tense situation in Adjara we delayed the rest of seminars for June), after was Poti on 22 June, where we also held an interesting meeting, where along with Plant Protection and Veterinary specialists, the seminar was also attended by specialists of Medical Service of the Border (in Batumi as well). During the question and answer part of the meeting we heard a lot of claims about the weak financial sources that government provides to their services, very poor and old system of control mechanisms that they use nowadays. Some participants even argued that sometimes they aren't able to distinguish the fake certifications of product origin from the original ones provided by the importers and asked to provide them with the sample of the certificate that is

recognized by Georgian legislation. In response representative from the Central Plant Protection service promised them to take actions in this direction and better assist them in the scope of his service competence. Our last visit that was in Batumi showed that the information about the SPS agreement represented the brand new word for the majority of participants and we once again became aware how the regions suffer from the absence of information about the rights and obligations of Georgia implying from the SPS agreement. Generally speaking the seminars were fruitful and the themes we presented were met with big interest from the participants. For the given opportunity to disseminate the essential information regarding WTO and its agreements to the specialists of regional border control points, we would like to express our gratitude to USAID World Learning/START Project and its staff members for their kind assistance provided during this program activity.

ANNEX 23. LIST OF AGRICULTURAL EDUCATIONAL INSTITUTIONS IN GEORGIA

No.	Educational Institution	Location	Address	Telephone	Name and Surname
1.	Georgia Academy of Sciences Division of Agricultural Problems	Tbilisi	Tbilisi, Avenue Rustaveli 42	99 89 61	Otar Natishvili
2.	Georgia Academy of Agricultural Sciences	Tbilisi – Dighomi	Tbilisi – Dighomi 0131, Alley D. Aghmashenebeli, 13 km	52 29 97	Napoleon Karkashadze
3.	Georgia Agrarian State University	Tbilisi - Dighomi	Tbilisi – Dighomi 0131, Alley D. Aghmashenebeli, 13 km	59 52 53	Archil Vashakidze
4.	Georgian Zootechnical – Veterinary University	Tbilisi – Krtsanisi	Tbilisi – Krtsanisi	72 37 52	Elguja Gugushvili
5.	Akhalitsikhe Agrarian and Economic College	Akhaltsikhe	Akhaltsikhe, 122 Rustaveli Street	02-28 899 23 82 73	Temur Gvaramadze
6.	Batumi Agrarian and Economic College	Mtsvane Kontskhi	Khelvachauri ERegion, Mtsvane Kontskhi	899 54 30 39 877 76 95 94	Lamara Loria
7.	Bakurtsikhe Agrarian and Economic College	Mtsvane Kontskhi	Gurjaani Region, Village Bakurtsikhe	899 55 41 59 899 95 52 46	Robizon Kochorashvili
8.	Gori Agrarian College	Gori	Gori, Tskhinvali Highway, 3 kilometers	899 92 26 16	Nineli Khorbaladze
9.	Didi Jikhaishi Agrarian Technological College	Didi Jikhaishi	Samtredia Region, Didi Jikhaishi	899 57 61 73 899 23 77 79	Nugzar Mikadze
10.	Zeda Etseri Agri-business and Technological College	Village Zeda Etseri	Zugdidi Region, Zeda Etseri	899 51 64 09 899 41 64 09	Misha Kantaria
11.	Zestaponi Agri-business College	Zestaponi	Zestaponi, 28 N. Nikoladze Street	877 75 04 21	Giuli Dzabiradze
12.	Teleti Technical and Economic College	Village Teleti	Gardabani Region, Village Teleti	22 38 87 29 00 08 (home)	Otar Nemsitsveridze

13.	Kulashi ZooVeterinary College	Town Kulashi	Samtredia Region, Town Kulashi	899 94 24 33	Zeinab Khuchua
14.	Laituri Agrarian and Economic College	Laituri	Ozurgeti Region, Laituri	899 26 06 54	Roman Margalitadze
15.	Senaki Agrarian and Economic College	Senaki	Senaki, Mshvidoba 134	877 72 35 52 877 72 35 69	Giorgi Khargelia
16.	Tsinamdgvriantkari Humanitarian and Economic College	Village Tsinamdgvriantkari	Mtskheta Region, Tsinamdgvriantkari	899 53 53 47	Meri Kochishvili
17.	Tsnori Agrarian and Economic College	Town Tsnori	Sighnaghi Region, Town Tsnori, University 32	899 502756	Kote Bregvadze
18.	Khoni Technical and Economic College	Khoni	Khoni, Aghmashenebeli 113	2-10-44 2-22-55	Rezo Kakabadze

Compiled by Bidzina Korakhashvili, 7/22/2004

ANNEX 24. DOCUMENTS PREPARED BY THE PROJECT DURING THE REPORTING PERIOD

Type	Title	Author(s)	Date	Language(s)
Draft Law or Regulation	Draft Ministerial order "On granting of authority to G. Tkeshelashvili and R. Lomidze"	Giorgi Managadze	7/5/2004	Georgian
Draft Law or Regulation	Draft decree of Government of Georgia "On aid to population of Tskhinvali Region"	Giorgi Managadze	7/6/2004	Georgian
Draft Law or Regulation	Draft of Minister's order "On laying off of employees of the Ministry of Agriculture and Food of Georgia"	Giorgi Managadze	7/9/2004	
Draft Law or Regulation	Draft of Minister's Order "On measures for fulfillment of ordinance No. 77 of July 14, 2004 of Government of Georgia"	Giorgi Managadze	7/23/2004	Georgian
Draft Law or Regulation	Draft of President's Decree "On introduction of amendments and addenda to the President's Decree No. 385 of August 8, 2003 "On adoption of list of special state programs to be implemented during 2004".	Giorgi Managadze	7/23/2004	Georgian
Legal Opinion	Note on food safety institutions	Mamuka Matiashvili	7/14/2004	Georgian, English
Legal Opinion	Legal Analysis of use of proceeds remaining from wheat monetization under the U.S. technical assistance and Food For Progress Act and the Possible Action Plan	Mamuka Matiashvili	7/19/2004	English
Legal Opinion	draft explanatory note to accompany FFP tender instructions for Cabinet approval	Mamuka Matiashvili	8/10/2004	
Letter	draft letter to the Parliament Ag committee	Sophie Kemkhadze	7/20/2004	Georgian
Letter	Invitation letter	Sophie Kemkhadze	8/20/2004	Georgian
Letter	Information on WL/START-supported missions	Kemkhadze, Sophie	8/27/2004	Georgian
Letter	Letter to the NEW Head of the MoLHSS Sanitary Inspection	Sophie Kemkhadze	9/8/2004	Georgian
Other	first draft of tender announcement for FFP proceeds	Don Van Atta	7/1/2004	
Other	Call for proposals [FFP pre-tender announcement from MinAg web site]	Don Van Atta, Giorgi Iakobashvili	8/2/2004	Georgian, English
Other	Draft FFP tender announcement	Bidzina Korakhashvili	8/4/2004	English
Other	Draft tender procedures for 2004 FFP wheat proceeds awards	Don Van Atta	8/6/2004	English
Other	Organization of Sakstandarti	Giorgi Dangadze	8/9/2004	English
Other	suggested talking points for Ambassador Miles in Poti	Don Van Atta	8/12/2004	English
Other	Draft MoU front matter.	Don Van Atta	8/31/2004	English
Other	Chart of donor activities in Ministry Institutional Strengthening	Don Van Atta	8/31/2004	
Other	RAPA suggested program for MSU in-country food safety training	Don Van Atta, Sophie Kemkhadze, Bidzina	9/3/2004	English

		Korakhashvili		
Other	Observations at first trading session of 2004 FFP wheat	Don Van Atta	9/20/2004	English
Other	comments on draft strategy	Sophie Kemkhadze, Bidzina Korakhashvili	9/21/2004	Georgian
Other	revised talking points for Caucasus Mission Director Robertson	Don Van Atta	9/27/2004	English
Policy Study	Opinion on Food Safety Agency of Georgia	Mamuka Matiashvili	8/24/2004	Georgian, English
Policy Study	M e m o r a n d u m on measures associated with the restructuring of veterinary service	Bidzina Korakhashvili	9/3/2004	English
Policy Study	M E M O R A N D U M On Measures Associated With The Restructuring Of Veterinary Service	Bidzina Korakhashvili	9/3/2004	Georgian, English
Statistics	Bread Prices in Tbilisi as of 01.VII.2004.	Nana Tsuladze	7/16/2004	English
Work Plan	Legal Drafting Action Plan	Don Van Atta	8/16/2004	
Work Plan	"Contract tasks" note	Don Van Atta	8/19/2004	

ANNEX 25. PROJECT TRANSLATIONS DURING THE REPORTING PERIOD

Date	Title	Author	Requested by	Translator	Original language	Target language
Daily	Press review			Rusudan Arveladze	Georgian	English
Weekly	Ministry of Agriculture press bulletin			Rusudan Arveladze	Georgian	English
7/1/2004	Letter to the Ministry of Finance of Georgia in reply to the Letter No.04-02-04-15/6596 Dated 17.06.2004	Giorgi Tkeshelashvili	Don Van Atta	Nutsa Amirejibi	Georgian	English
7/1/2004	Memorandum of Gia Kobakhidze, June 18, 2004; Letters of Tkeshelashvili to the Ministry of Finance (Finance Police), June 22, 2004 and the Ministry of Security, June 22, 2004		Don Van Atta	Tiko Janashvili	Georgian	English
7/2/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
7/2/2004	Letter to Zurab Zhvania	Zurab Tsqitishvili	Don Van Atta	Tiko Janashvili	Georgian	English
7/2/2004	Food Safety and Quality Law Articles Outline		Sophie Kemkhadze	Lika Margania	English	Georgian
7/5/2004	Amendments to Agreement "On Residential Lease" concluded on September 21, 2002		Don Van Atta	Nino Beradze	Georgian	English
7/5/2004	Sakartvelos Sakanomdeblo Matsne No.65 28.06.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/5/2004	Proposed Structure of the Georgian Food Safety Agency		Sophie Kemkhadze	Lika Margania	Georgian	English
7/5/2004	Codex Standard 167-1989 Last Revised 1-1995 For Salted Fish		Sophie Kemkhadze	Lika Margania	English	Georgian
7/5/2004	Codex Standard 52-1981 For Frozen Strawberries		Sophie Kemkhadze	Lika Margania	English	Georgian
7/6/2004	Sakanomdeblo Matsne #30 dated 30.06.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/6/2004	Sakanomdeblo Matsne #64 dated 25.06.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/6/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
7/6/2004	Tender Announcement		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/7/2004	FW Letter from Mamuka Murjikneli tu David Shervashidze / Subject: Georgia FFP Program 2004 - vessels &itinerary	John Comeau	Giorgi Iakobashvili	Nino Beradze	English	English
7/7/2004	Letter to Embassies, Consulates and Diplomatic Missions Accredited in Georgia About Announcement of a Tender For Wheat Handling Purchases			Nutsa Amirejibi	English	Georgian
7/8/2004	Sakanomdeblo Matsne #16 dated 04.07.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/8/2004	Sakanomdeblo Matsne #66 dated 02.07.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/8/2004	Order No.46-M July 8, 2004 About Mission of Internal Control Division Representatives to Markets and Fairs		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/12/2004	Georgia FFP 2004 - Document instructions	John Comeau	Giorgi Tkeshelashvili	Nino Beradze	English	Georgian

7/12/2004	Call for Proposals to Support Agricultural Development of Georgia	Nana Tsuladze	Giorgi Iakobashvili	Nino Beradze	Georgian	English
7/12/2004	United States General Accounting Office Standards For Internal Control in the Federal Government			Nutsa Amirejibi	English	Georgian
7/13/2004	MinFin Letter regarding Development Alternatives Georgian Branch	Zurab Nogaideli	Mamuka Matiashvili	Nino Beradze	Georgian	English
7/13/2004	Sakartvelos Sakanonmdeblo Matsne No.31 06/07/2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/13/2004	Sakartvelos Sakanonmdeblo Matsne No.67 06/07/2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/14/2004	Curriculum Vitae of Ms. Tamar Zedgenidze		Don Van Atta	Nino Beradze	Georgian	English
7/14/2004	Letter of Fabrizio Romano to Giorgi Tkeshelashvili Dated 14.07.2004 On Rice and Potato Flakes			Nutsa Amirejibi	English	Georgian
7/15/2004	Mamuka Matiashvili's Views On Food Safety Code and Institutional Arrangement A State Agency In Charge of Food Safety		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/15/2004	Law of Georgia on the Marketing of Seeds and Planting Material of Agricultural and Vegetable Crop Varieties		Don Van Atta	Nino Beradze	English	Georgian
7/16/2004	Sakanonmdeblo Matsne No.69 Dated 10.07.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/16/2004	The List of Agricultural Educational Institutions in Georgia		Don Van Atta	Nutsa Amirejibi	Georgian	English
7/17/2004	Sakanonmdeblo Matsne #70 dated 12.07.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/17/2004	Sakanonmdeblo Matsne #32 dated 08.07.2004		Don Van Atta	Rusudan Arveladze	Georgian	English
7/19/2004	Restructuring Plan of the Ministry of Agriculture of Georgia (PowerPoint)		Don Van Atta	Nino Beradze	Georgian	English
7/19/2004	Legal analysis of distribution of proceeds remaining from wheat monetization	Mamuka Matiashvili	Don Van Atta	Nino Beradze	Georgian	English
7/19/2004	Draft Law of Georgia "On Protection of New Varieties of Plants"		Don Van Atta	Tiko Janashvili	English	Georgian
7/20/2004	Ministerial Order No. 2-62 (April 20, 2004) On Activities related to Cooperation between Georgia and the European Commission		Don Van Atta	Nino Beradze	Georgian	English
7/20/2004	Letter from EC FSP to Tkeshelashvili, July 14, 2004			Tiko Janashvili	English	Georgian
7/21/2004	Ministerial Order on Establishment of a Committee working on wine issues		Don Van Atta	Tiko Janashvili	Georgian	English
7/21/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
7/22/2004	Annex II to Report of D. White		Don Van Atta	Tiko Janashvili	English	Georgian
7/22/2004	Extract from Protocol Number 22 of the Governmental Session /June 23, 2004/		Don Van Atta	Tiko Janashvili	Georgian	English

7/22/2004	Letter to Ministries of Georgia from Mamradze, 13.07.2004		Don Van Atta	Tiko Janashvili	Georgian	English
7/22/2004	Newspaper Article from "24 Saati" Date: July 22. 2004 Regarding "For reference of those preferring meat"	Tamar Dvali	Don Van Atta	Nino Beradze	Georgian	English
7/22/2004	Newspaper Article of "Alia" Date: July 21, 2004 Regarding "Rabies are not that rare any more"		Don Van Atta	Nino Beradze	Georgian	English
7/22/2004	Annex I to the Report of D. White		WB ADP Project	Tiko Janashvili	English	Georgian
7/23/2004	Sakanonmdeblo Matsne #33, dated 14.07.04		Don Van Atta	Rusudan Arveladze	Georgian	English
7/23/2004	Sakanonmdeblo Matsne #73, dated 19.07.04		Don Van Atta	Rusudan Arveladze	Georgian	English
7/23/2004	Annex IX to the Report of D. White		Don Van Atta	Tiko Janashvili	English	Georgian
7/24/2004	Annex X to the Report of D. White		Don Van Atta	Tiko Janashvili	English	Georgian
7/26/2004	Agreement on Purchase and Installment of Security Devices		Don Van Atta	Tiko Janashvili	Georgian	English
7/26/2004	Letter of Lennart Bage, President IFAD Rome to His Excellency Zurab Nogaideli, Minister for Finance and CC to His Excellency David Shervashidze, Minister for Agriculture on Rural Development Project			Nino Beradze	English	Georgian
7/26/2004	Series of Letters from John Comeau to Konstantin K Subject: Georgia FFP 2004 Program	John Comeau		Nino Beradze	English	Georgian
7/27/2004	Speech of Matiashvili		Don Van Atta	Tiko Janashvili	Georgian	English
7/27/2004	Sakanonmdeblo Matsne - #74, dated 22.07.04		Don Van Atta	Rusudan Arveladze	Georgian	English
7/27/2004	Annex IV--Summary of the Draft Veterinary Law of Georgia	Dr. W.A. Watson	WB ADP Project	Nino Beradze	English	Georgian
7/27/2004	Veterinary Law Revision / Georgia Rural Development Project PHRD Program / World Bank Financed Georgian Agriculture Development Projects Coordination Center - Tbilisi / Report by Dr W.A. Watson	Dr. W.A. Watson	WB ADP Project	Nino Beradze	English	Georgian
7/28/2004	Letter from John Comeau to Konstantin K Subject: Georgia FFP 2004 Program - as of July 27, 2004 6:01 PM	John Comeau		Nino Beradze	English	Georgian
7/28/2004	Annex VIII to the Report of D. White	David White	Don Van Atta	Tiko Janashvili	English	Georgian
7/28/2004	Memorandum of Bidzina Korakhashvili in regard to the meeting with the IMF	Bidzina Korakhashvili	Don Van Atta	Nino Beradze	Georgian	English
7/28/2004	Annex Number V of Consultant Report	David Whilte	WB ADP Project	Tiko Janashvili	English	Georgian
7/30/2004	Press Review July 30, 2004		Don Van Atta	Nino Beradze	Georgian	English
7/30/2004	Letter from John Comeau to Konstantin K Subject: Georgia FFP 2004 Program / July 29, 2004	John Comeau		Nino Beradze	English	Georgian
8/2/2004	T. Beruchashvili's Letter to David Shervashidze About			Nutsa Amirejibi	Georgian	English

	Application Form For Japan's Technical Cooperation					
8/2/2004	Letter from John Comeau to Konstantin K Subject: Georgia FFP 2004 Program / July 30, 2004	John Comeau		Nino Beradze	English	Georgian
8/2/2004	Press Review NO. 455 July 31, 2004		Don Van Atta	Nino Beradze	Georgian	English
8/2/2004	Berth Term Grain Bill of Lading (all certificates attached hereto) / 43,000 MT bulk wheat			Nino Beradze	English	Georgian
8/3/2004	Application Form For Japan's Technical Cooperation			Nutsa Amirejibi	English	Georgian
8/3/2004	Memorandum		Giorgi Iakobashvili	Rusudan Arveladze	English	Georgian
8/3/2004	Certification of Board Resolution		Don Van Atta	Nino Beradze	English	Georgian
8/4/2004	Tkeshelashvili's Letter to Zurab Noghaideli on Cargo of 50000 tons of Food Wheat		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/4/2004	Application for project proposals to be funded under the grant supporting Georgia's agricultural development		Don Van Atta	Nino Beradze	Georgian	English
8/4/2004	Memorandum On Conclusions Regarding the Plantings of "UTA" Ltd.		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/5/2004	Resolution of GoG About procedure of distribution of funds received from monetization of wheat under "Food for Progress" Act and Technical Assistance of the United States of America		Don Van Atta	Rusudan Arveladze	Georgian	English
8/5/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
8/5/2004	Minutes of the Session Held on June 10, 2004 at the Agrarian Committee of the Parliament of Georgia		Don Van Atta	Nino Beradze	Georgian	English
8/6/2004	Berth Term Grain Bill of Lading (all certificates attached hereto) / 7,000 MT bulk wheat			Nino Beradze	English	Georgian
8/6/2004	Georgia FFP 2004 Program / August 5, 2004 (2:48 PM)	John Comeau		Nino Beradze	English	Georgian
8/6/2004	Letter to Konstantin K Georgia FFP 2004 Program	John Comeau		Nino Beradze	English	Georgian
8/6/2004	Order No.2-100 of the Minister of Agriculture of Georgia dated June 23, 2004 "On Creation of A Commission"		Don Van Atta	Rusudan Arveladze	Georgian	English
8/6/2004	Order No.2-74 of the Minister of Agriculture of Georgia Dated June 3, 2004 "On Amendments to Order No.2-200 of the Minister of Agriculture and Food of Georgia Dated December 17, 2001"		Don Van Atta	Rusudan Arveladze	Georgian	English
8/6/2004	Order No.2-89 of the Minister of Agriculture of Georgia Dated June 8, 2004 "On Amendments Order No.1/3-046 of the Minister of Agriculture and Food of Georgia "		Don Van Atta	Rusudan Arveladze	Georgian	English
8/6/2004	Order No.2-91 of the Minister of Agriculture of Georgia		Don Van Atta	Rusudan Arveladze	Georgian	English

	Dated June 8, 2004 "On Granting Authority to G. Tkeshelashvili"					
8/6/2004	Order No.2-94 of the Minister of Agriculture and Food Dated June 14, 2004 "On Amendments and Addenda to Order "		Don Van Atta	Rusudan Arveladze	Georgian	English
8/6/2004	Order No.2-99 of the Minister of Agriculture of Georgia Dated June 23, 2004 "On Creation of a Working Group"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/6/2004	Letter to Tkeshelashvili Assigning Zedginidze and Misheladze As Observers in the wheat Tender Commission	D. Van Atta	Giorgi Tkeshelashvili, First Deputy Minister	Nutsa Amirejibi	English	Georgian
8/6/2004	Instruction #623 of the President of Georgia		Don Van Atta	Rusudan Arveladze	Georgian	English
8/6/2004	Models of Food Control			Nino Beradze	English	Georgian
8/7/2004	GoG Resolution - FFP Act		Don Van Atta	Nino Beradze	English	Georgian
8/9/2004	Tkeshelashvili's Letter to Rapeepun Jaisaard, the World Bank Senior Agricultural Economist		Giorgi Tkeshelashvili, First Deputy Minister	Nutsa Amirejibi	Georgian	English
8/9/2004	Letter of Don Van Atta to Mamuka Nozadze, Chairman of Tbilisi Vake-Saburtalo District Court On DVA Authorization		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/9/2004	Order No.2-104 Of the Minister of Agriculture of Georgia "On Creation of a Working Group"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/9/2004	Order No.2-73 of the Minister of Agriculture of Georgia Dated June 2, 2004 "On Creation of a Working Group"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/9/2004	Order No.2-75 of the Minister of Agriculture of Georgia Dated June 3, 2004 "On Fulfillment of Instruction No.461 dated June 2, 2004 of the President of Georgia"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/10/2004	Commercial Invoices of Wheat		Don Van Atta	Nutsa Amirejibi	English	Georgian
8/10/2004	Grain Bill of Lading		Don Van Atta	Nutsa Amirejibi	English	Georgian
8/10/2004	Draft Explanatory Note on the Draft Government Resolution About FFP		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/10/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
8/10/2004	Draft Resolution of the Government of Georgia "Procedure for award and distribution of proceeds from the sale of wheat donated by the US under "Food for Progress" Act in 2003 and 2004		Minister of Agriculture	Rusudan Arveladze , Nutsa Amirejibi , Nino Beradze	English	Georgian
8/11/2004	Order No.2-101 of the Minister of Agriculture of Georgia Dated June 24, 2004 "On Approval of the Composition of the Advisory and Collegiate Body of the Ministry of Agriculture of Georgia"		Don Van Atta	Nino Beradze	Georgian	English

	Agriculture of Georgia"					
8/11/2004	Order No.2-72 of the Minister of Agriculture Dated June 1, 2004 "On Granting Authority to K. Khutsaidze"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/13/2004	Report of the meeting with Jean-Yves Gourdel		Don Van Atta	Rusudan Arveladze	Georgian	English
8/13/2004	Project Progress Review (Minutes of the meeting)		MoA	Rusudan Arveladze	English	Georgian
8/13/2004	Package of Documents Related to Wheat (Certificates, Invoice Forms, Bills of Lading)			Nutsa Amirejibi , Rusudan Arveladze	Georgian	English
8/16/2004	On Distribution of Power among Minister and Deputy Ministers		Sophie Kemkhadze	Tiko Janashvili	Georgian	English
8/16/2004	Presidential Instruction No.830 Dated July 6, 2003 of "Enactment of Inter-state Standards in Georgia"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/16/2004	Ministerial Order No.60-M Dated August 11, 2004 About Mission of ICU Representatives to Poti, Gori, Kutaisi, Zugdidi and Rustavi		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/17/2004	Plans of the Ministry		Sophie Kemkhadze	Tiko Janashvili	Georgian	English
8/17/2004	Draft Ministerial Order On Approval of the Scheduled Program Aimed At Enactment of the Agricultural Development Strategy		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/17/2004	Plan of Absorption of the Counterpart Fund			Nutsa Amirejibi , Rusudan Arveladze	Georgian	English
8/17/2004	Sakartvelos Sakanonmdeblo Matsne No.85 12.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/18/2004	Ministerial Order Number 2-75a /June 3, 2004/		Don Van Atta	Tiko Janashvili	Georgian	English
8/18/2004	Order No.2-96 of the Minister of Agriculture of Georgia Dated June 23, 2004 "On Creation of a Commission"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/19/2004	Letter of John Comeau to Konstantine Khutsaidze		Giorgi Tkeshelashvili	Nutsa Amirejibi	English	Georgian
8/19/2004	Letter of Richard Miles to Zurab Zhvania			Nutsa Amirejibi	English	Georgian
8/19/2004	Letters from John Comeu		Giorgi Tkeshelashvili	Rusudan Arveladze	English	Georgian
8/19/2004	Instruction of the President of Georgia #255 On Announcement of some Presidential Instructions invalid		Don Van Atta	Rusudan Arveladze	Georgian	English
8/19/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
8/20/2004	All currently anticipated proposals		Don Van Atta	Rusudan Arveladze	English	Georgian

8/20/2004	Order No.2-95 of the Minister of Agriculture of Georgia Dated June 16, 2004 "On Transfer of Computer Facilities From the State Chancellery to the Balance of the Ministry"		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/23/2004	Letter from the Company "Zetor Trade" to Nugzar Sarjveladze About Tractors of Produced by "Zetor Trade"		David Shervashidze - Minister	Nutsa Amirejibi	English	Georgian
8/23/2004	Sakartvelos Sakanonmdeblo Matsne No.84 11/08/2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/23/2004	Sakartvelos Sakanonmdeblo Matsne No.86 13.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/23/2004	Memo 04/94 On Food and Animal Feed Official Oversight		Sophie Kemkhadze	Lika Margania	English	Georgian
8/23/2004	memo 04-95 On Food Hygiene		Sophie Kemkhadze	Lika Margania	English	Georgian
8/23/2004	CAP Evolving With the Times		Sophie Kemkhadze	Lika Margania	English	Georgian
8/23/2004	Enlargement and Agriculture - Glossary		Sophie Kemkhadze	Lika Margania	English	Georgian
8/23/2004	Council Directive of July 15, 1980 On the Approximation of the Laws of the Member States Relating to the Exploitation and Marketing of Natural Mineral Waters		Don Van Atta	Lika Margania	English	Georgian
8/24/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
8/24/2004	Sakanonmdeblo Matsne #87 (17.08.2004)		Don Van Atta	Rusudan Arveladze	Georgian	English
8/24/2004	Order Number 256 On Creation of State Sanitary Supervisory Inspection under the Ministry of Labor, Health and Social Security of Georgia and approval of its Charter /October 20, 2003/			Nutsa Amirejibi , Tiko Janashvili	Georgian	English
8/25/2004	Tender Announcement		David Shervashidze	Nutsa Amirejibi	Georgian	English
8/25/2004	Sakartvelos Sakanonmdeblo Matsne No.88 19.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/26/2004	Letter to Embassies, Consulates and Diplomatic Missions on Tender Announcement For Cultivation of Vineyards With the Seedlings of the Unique Vine Varietis		David Shervashidze - Minister	Nutsa Amirejibi	Georgian	Georgian
8/27/2004	Sakartvelos Sakanonmdeblo Matsne No.23 24.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/27/2004	Sakartvelos Sakanonmdeblo Matsne No.81 03.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/27/2004	Sakartvelos Sakanonmdeblo Matsne No.89 20.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/30/2004	Report of Agrarian Issues Committee		Don Van Atta	Rusudan Arveladze	Georgian	English
8/30/2004	Opinions on Food Safety Agency		Mamuka Matiashvili	Tiko Janashvili	Georgian	English
8/31/2004	Institutional Strengthening Project Chart			Nutsa Amirejibi	English	Georgian
8/31/2004	Minutes No.10 of the Meeting Held on June 23, 2004 at the Agrarian Committee of the Parliament of Georgia		Don Van Atta	Nutsa Amirejibi	Georgian	English
8/31/2004	GAIN Report CA4054 Canada - Agricultural Situation		Sophie Kemkhadze	Lika Margania	English	Georgian
8/31/2004	GAIN Report UP4011 Ukrainian Cattle Breeding Sector		Sophie Kemkhadze	Lika Margania	English	Georgian

9/1/2004	Sakanomdeblo Matsne Number 90		Don Van Atta	Tiko Janashvili	Georgian	English
9/1/2004	Sakanomdeblo Matsne Number 91		Don Van Atta	Tiko Janashvili	Georgian	English
9/1/2004	Sakartvelos Sakanomdeblo Matsne No.38 23.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/1/2004	Sakartvelos Sakanomdeblo Matsne No.24 25.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/1/2004	Sakartvelos Sakanomdeblo Matsne No.37 12.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/1/2004	Sakartvelos Saknomdeblo Matsne No.25 27.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/2/2004	Minutes No.12 of the Meeting Held on August 3, 2004 at the Agrarian Committee / Parliament of Georgia /		Sophie Kemkhadze , Don Van Atta	Nino Beradze	Georgian	English
9/3/2004	Memorandum on Measures associated with the Restructuring of the Veterinary Service	Bidzina Korakhashvili	Don Van Atta	Nino Beradze	Georgian	English
9/3/2004	The Revised Tax Code (Presentation)		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/4/2004	Press Review No. 784 (September 4 2004)			Nino Beradze	Georgian	English
9/8/2004	Press Review No. 786 (September 8, 2004)			Nino Beradze	Georgian	English
9/8/2004	Press Review No. 785 (September 7, 2004)			Nino Beradze	Georgian	English
9/9/2004	Memorandum of the Inspection Group created by Order No. 2-154 of the Minister of Agriculture / concerning wheat		Don Van Atta	Nino Beradze	Georgian	English
9/9/2004	Minutes No. 28 (Sept 6, 2004) Extended Meeting with the Georgian Minister of Agriculture		Don Van Atta	Nino Beradze	Georgian	English
9/9/2004	Announcement of the Ministry of Agriculture of Georgia / Tender Commission of the MoA / Article		Don Van Atta	Nino Beradze	Georgian	English
9/10/2004	Press Review No. 787 (September 9, 2004)			Nino Beradze	Georgian	English
9/11/2004	Press Review No. 788 (September 10, 2004)			Nino Beradze	Georgian	English
9/13/2004	Letter of N. Baghaturia to Nugzar Sarjveladze About Production of Ingredients that Can Be Delivered To the Company "Ajinomoto"		Nugzar Sarjveladze - Deputy Minister	Nutsa Amirejibi	Georgian	English
9/13/2004	Press Review No. 789 (September 11, 2004)			Nino Beradze	Georgian	English
9/14/2004	Call For Proposals To Support the Agricultural Development of Georgia			Nutsa Amirejibi	English	Georgian
9/14/2004	Memo to G. Tkeshelashvili On Credit Unions	G. Kobakhidze	Don Van Atta	Tiko Janashvili	Georgian	English
9/15/2004	Minutes of MoA Monday Meeting # 29, Sept., 13, 2004		Don Van Atta	Tiko Janashvili	Georgian	English
9/15/2004	Sakartvelos Saknomdeblo Matsne No.94 30.08.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/15/2004	Press Review No. 791 (September 14, 2004)			Nino Beradze	Georgian	English
9/15/2004	Agenda of the Agrarian Committee of the Parliament		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/15/2004	Recommendations on restructuring of Samtresti, Grapevine and Wine Regulatory Department	Wolfgang Stohr		Tamuna Zedginidze	German	Russian

9/16/2004	Sakartvelos Sakanonmdeblo Matsne No.98 09.09.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/16/2004	FFP Draft Resolution			Nino Beradze, Nutsa Amirejibi	Georgian	English
9/17/2004	Press Review No. 793 (September 16, 2004)			Nino Beradze	Georgian	English
9/17/2004	Activities Carried Out By the Agrarian Committee of the Parliament of Georgia During the Spring Session of 2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/18/2004	Press Review No. 794 (September 17, 2004)			Nino Beradze	Georgian	English
9/20/2004	Information about the meeting of the Agrarian Issues Committee of the Parliament	Dato Korakhashvili	Don Van Atta	Rusudan Arveladze	Georgian	English
9/20/2004	Press Review No. 794 (September 18, 2004)			Nino Beradze	Georgian	English
9/21/2004	Monday report		Don Van Atta	Rusudan Arveladze	Georgian	English
9/22/2004	Agenda of Board Meeting		Don Van Atta	Rusudan Arveladze	Georgian	English
9/22/2004	GAIN Report E34044		Sophie Kemkhadze	Lika Margania	English	Georgian
9/22/2004	Corrigendum to Regulation EC 882-2004 (2)		Sophie Kemkhadze	Lika Margania	English	Georgian
9/22/2004	GAIN Report RS4040		Don Van Atta	Lika Margania	English	Georgian
9/22/2004	Presentation of Vincent Hegart on GMOs		Sophie Kemkhadze	Lika Margania	English	Georgian
9/22/2004	GAIN Report CA 4053		Sophie Kemkhadze	Lika Margania	English	Georgian
9/23/2004	Activity of Credit Associations Development Center		Don Van Atta	Nino Beradze	Georgian	English
9/23/2004	Information on the targeted use of GEL 3.5 Million for funding the "Tea" Program from the State Budget		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/23/2004	Information about progress of issuance of licence and permission of entrepreneurial activity		Don Van Atta	Rusudan Arveladze	Georgian	English
9/24/2004	Letter to David Shervashidze Concerning the Vet Law	Torben Holtze	David Shervashidze	Nutsa Amirejibi	English	Georgian
9/27/2004	Additional invitees to Food Safety Seminar		Otar Chigladze	Nino Beradze	Georgian	English
9/27/2004	Accuracy of recording of main facilities and financial liabilities of the units within Departments		Don Van Atta	Rusudan Arveladze	Georgian	English
9/27/2004	Sakanonmdeblo Matsne #100 (13.09.04)		Don Van Atta	Rusudan Arveladze	Georgian	English
9/27/2004	Sakanonmdeblo Matsne #99 (10.09.04)		Don Van Atta	Rusudan Arveladze	Georgian	English
9/27/2004	Strategy For Sustainable Agricultural Development and Food Security of Georgia			Nutsa Amirejibi	Georgian	English
9/28/2004	sakartvelos Saknonmdeblo Matsne No.26 24.09.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/28/2004	Sakartvelos Sakanonmdeblo Matsne No.39 14.09.2004		Don Van Atta	Nutsa Amirejibi	Georgian	English
9/29/2004	Publication of a feature on "Sericulture in Georgia"		Giga Kurdovanidze	Nutsa Amirejibi	English	Georgian
9/30/2004	Sakartvelos Sakanonmdeblo Matsne No.102 20.09.2004		Don Van Atta	Tiko Janashvili	Georgian	English
9/30/2004	Sakartvelos Sakanonmdeblo Matsne No.103 21.09.2004		Don Van Atta	Tiko Janashvili	Georgian	English

ANNEX 26. MAJOR MEETINGS AND TRAVEL DURING THE REPORTING PERIOD

Dates(s)	Purpose	Place	Project participants	Other participants
6/28-7/2/2004	Consultation on Seed Law	Tbilisi	Bidzina Korakhashvili, Mamuka Matiashvili	David White, World Bank RDP PHRD consultant
7/3/2004	third meeting of Working group to develop Ministry medium-term time-bound action plan based on Ministry Strategy	DM Tkeshelashvili's office	Sophie Kemkhadze, Bidzina Korakhashvili	Omar Kacharava - Head of Food and Processing Industry Department, Zurab Lipartia – Head of Plant Protection Service, Ministry of Agriculture, Tamaz Kunchulia – Head of the Strategic Development and Policy Department, Givi Merabishvili - Head, Legal and Legislative Activity Service, Roman Kakulia – Head of the Foreign Affaires Department, Tamar Zurabishvili – Head of the Foreign Policy Sector, Kote Khutsaidze – Head of Agricultural Industry Service Department, Givi Khmaladze – Head of Agrarian Reforms Service, Ekaterine Shervashidze – Meeting Secretary, Levan Ramishvili – Head of Veterinary Department Gennadi Kerdzevadze
7/5/2004	CIMMYT work in Georgia	Project office	Don Van Atta	David Bedoshvili, CiMMYT representative in Georgia, Kenneth Sayre, CiMMYT
7/5/2004	Award of completion certificates to English students	MAF collegium room	Teimuraz Maghlekalidze, Don Van Atta, Bidzina Korakhashvili	
7/5/2004	Approval of FFP ITSH Tender documents	Tkeshelashvili's office	Don Van Atta, Nana Tsuladze	Giorgi Tkeshelashvili, Omar Kacharava, Tamaz Kunchulia, Givi Merabishvili - Legal Department Head - Ministry of Agriculture and Food
7/6/2004	Food Security Working Group (WFP)	WFP office	Don Van Atta	Roman Kakulia - Head of department of International relations - Ministry of Agriculture and Food, Pippa Bradford - Country Director, Georgia
7/6/2004	institutional reform in MAF	Project office	Don Van Atta	Paul Wooster, Agrisystems Inc.
7/7/2004	MAF strategy, ag extension and community based organization building	project office	Don Van Atta, Sophie Kemkhadze	Maria Iarrera – EC Delegation
7/7/2004	Preparation of the presentation for the Cabinet meeting:: MoA	The office of the First Deputy Minister	Sophie Kemkhadze	George Tkeshelashvili - First Deputy Minister - Ministry of Agriculture and Food, Nugzar Sarjveladze, Deputy Minister, Tamaz Tkhelidze, Deputy Minister, Tamaz Kunchulia, Head of the Strategic

	Reorganisation			Planning Department, Kote Khutsaidze, Roman Kakulia - Head of department of International relations - Ministry of Agriculture and Food, Givi Merabishvili - Legal Department Head - Ministry of Agriculture and Food, Genadi Kerdzevadze - Head of Minister's Apparatus - Ministry of Agriculture and Food
7/12/2004	FAO/BSEC workshop: facilitating agricultural trade among BSEC Member countries	Hotel "Sympatia"	Nana Tsuladze	
7/12/2004	update on Tabakhmela and Vet Dept work with DTRA/BAH	Sheraton Metechi	Don Van Atta	Michael Gold, Elizabeth Harrison, Booz-Allen-Hamilton
7/12/2004	RAPA work on food safety and standards	RAPA office	Sophie Kemkhadze	Tamar Labartkava, Quality Control and Assurance Specialist, AgVantage
7/12/2004	Mineral water standards in the EU	TACIS IBPP project office	Giorgi Dangadze	Barbara Lehbruch - TACIS IBPP (DIN-Sakstandarti) Project director, Zurab Chekurishvili - Head of Sakminkhitskali
7/13/2004	coordination with GTZ wine lab project	GTZ wine lab office, MinAg	Don Van Atta, Bidzina Korakhashvili	Ambros Dotser, Eduard Lekiasvhili
7/14/2004	Medium term plan for operationalizing the Government's strategy for agriculture	Office of the First Deputy Minister	Sophie Kemkhadze, Bidzina Korakhashvili	George Tkeshelashvili, First Deputy Minister, Ms. Tamar Zurabashvili, Head of the Financial Administration, Mr. Zurab Lipartia, Head of the Plant Protection Service, Mr. Omar Maisuradze, Deputy Head of the International Relations Department, Mr. Omar Kacharava, Head of the food security Department, Mr. Givi Merabishvili, Head of the Legal Service, Mr. Levan Ramishvili, Head of the Veterinary Department, Mr. Givi Khmaladze, Deputy Head of the Strategy Planning Department
7/15/2004	meeting of Agrarian Committee of Parliament in Shiraki Valley (Dedoplistskaro raion)		Don Van Atta, Bidzina Korakhashvili, Mamuka Matiashvili, Nutsa Amirejibi, David Beridze, David Tskhvaradze	Giorgi Kheviashvili, Mikheil Machaavariani, David Shervashidze - Deputy Minister - Ministry of Agriculture and Food, Nugzar Svarjeladze, Tamaz Tkhelidze
7/20/2004	DIN Sakstandarti project steering committee meeting	Sakstandarti	Giorgi Dangadze	Barbara Lehbruch - - TACIS IBPP (DIN-Sakstandarti) Project director
7/20/2004	meeting on food products licensing	AYEG office	Giorgi Dangadze	Shota Gvenetadze, MP
7/23-8/1/2004	MSU food safety course	East Lansing, MI	Sophie Kemkhadze	

7/26/2004	GTZ extension project design	project office	Don Van Atta	Herr Durr, GTZ, Niko Orvelashvili
7/27/2004	possible activity of Eurasia Foundation in agribusiness	EF office		
7/27/2004	Situation in Georgian agriculture	First Deputy Minister's office	Bidzina Korakhashvili	Andres Billmeier – IMF mission, FDM Giorgi Tkeshelashvili, Tamaz Kunchulia
7/28/2004	Meeting with USDA FAS attache	Minister's office	Don Van Atta	David Shervashidze, Dorothy Adams
7/29/2004	review of project Phase IIIb work plan with USAID	Collegium room, Ministry of Agriculture	Don Van Atta, Bidzina Korakhashvili, Mamuka Matiashvili, Giorgi Dangadze, Irakli Inashvili, Tiko Janashvili, Nino Beradze, Paata Mikadze, Jeko Mchedlishvili	Jeff Lehrer, Al Williams, Craig Bell, Joseph Downey, Rezo Ormotsadze, Irina Gabriadze, Ketii Chogovadze, Inga Tsutskiridze
7/31-8/10/2004	Preparatory mission for WB RDP		Staff	Garry Smith, WB consultant
8/3/2004	FFP tax exemption	USAID mission Caucasus	Don Van Atta, Tamuna Zedginidze	Ann Marie Yastishock, Nana Gurgenidze, Jeff Lehrer, Al Williams, Dato Giorgadze – Ministry of Finance
8/5/2004	Selection of ITSH tender winner	MinAg	Giorgi Misheladze, Tamuna Zedginidze	MinAg tender commission
8/9/2004	Food Law Study Trip planning	RAPA office	Sophie Kemkhadze	Gary Smith, Lali Durmishidze
8/12/2004	review fulfillment of FSP conditionalities	EC Delegation	Don Van Atta	Federico Berna, Jean-Yves Gourdol – advisor to Ministry of Finance – European Commission Food Security Program (European Union), Maria Iarrera
8/13/2004	mt Ag Committee chair Kheviashvili, brief on project, food law issues	Parliament	Don Van Atta, Sophie Kemkhadze, Nutsa Amirejibi	Giorgi Kheviashvili, Zurab Shkhvatsabaia
8/14/2004	Media event: arrival of US FFP wheat	Poti	Giga Kurdovanidze, David Tskhvaradze	David Shervashidze, Michael Dickerson – US Embassy
8/16/2004	Introduction of the Draft Food Law	Parliament, Agrarian Issues Committee	Sophie Kemkhadze	Zurab Shkhvatsabaya Zurab, Deputy Chair of the Agrarian Issues Committee
8/17/2004	Monitor work of Internal Control Unit	Poti port, Kutaisi grain-receiving combine	Don Van Atta, Giga Kurdovanidze, David Beridze	Gia Kobakhidze, MinAg Internal Control Unit head

8/17/2004	Fulfillment of FSP conditionalities	FD Ministers' Office	Sophie Kemkhadze	Giorgi Tkeshelashvili, First Deputy Minister, Mr Jean-Yves Gourdol, FSP TA team leader
8/17/2004	Food Law – follow-on of the previous meeting	Parliament, Agrarian Issues Committee	Sophie Kemkhadze	Zurab Shkhvatsabaya, MP, Deputy Chair of the Agrarian Issues Committee
8/18/2004	Food Law	Amaltea – dairy plant	Sophie Kemkhadze	Zurab Tskitishvili, MP, Agrarian Issues Committee
8/18-20/2004	FAO seminar on Fisheries, Fisheries Law (Saktevzi)	Batumi	Mamuka Matiashvili	
8/20/2004	USDA Georgia project plans, FFP tender	Minister's office	Don Van Atta	David Shervashidze, Jim Richardson
8/21-22/2004	Distribution of humanitarian aid	Tskhinvali region	Giga Kurdovanidze, David Tskhvaradze	David Shervashidze
8/23/2004	brief TACIS consultant designing tender for Poverty Reduction Project in Kvemo Kartli and Javakhetia	project office	Don Van Atta, Sophie Kemkhadze, Bidzina Korakhashvili	Pierre Van Roosbroeck
8/24/2004	Visit to Machkhela gorge, honey industry		Giga Kurdovanidze	Zurab Zhvania, David Shervashidze
8/24-27/2004	Cabinet meeting	Batumi	Giga Kurdovanidze, David Tskhvaradze	David Shervashidze, Cabinet of Ministers
8/25/2004	FAO support to Saktevzi project	project office	Don Van Atta	Raymon Van Anrooy, FAO; Irakli Kacharava
8/26/2004	Charter of the Food Safety Administration	RAPA office	Sophie Kemkhadze	Shota Chkheidze., Head of the Food safety Administration
8/30/2004	briefing for World Council of Credit Unions consultant to WB RDP	MAF project office	Don Van Atta	Jesus "Chuy" Chavez
9/1/2004	FSP conditions for next round of FSP budget support	project office	Don Van Atta	Federico Berna, Jean Yve Gourdon – Expert of EC Food Security Program – Ministry of Finance

9/2/2004	possibilities for agricultural financing	Bank of Georgia main office	Don Van Atta	ED Coll – Senior Adviser – EBRD, Chuy Chavez, WOCCU, Natia Jorjikia, WB Credit Union center, Michael Kortenbusch, David Pandjakidze, BoG credit director
9/14/2004	Beginning of grape harvest in Kakheti	Kakheti	Giga Kurdovanidze, David Tskhvaradze	David Shervashidze, Minister of Agriculture
9/14/2004	Introductory meeting with new head of the MoHealth Sanitary Insoection	State Sanitary Inspection	Don Van Atta, Sophie Kemkhadze, Tiko Janashvili	David Meskhishvili, Head of the Inspection
9/15/2004	Agrarian Committee of Parliament of Georgia meets to discuss work during first session of year	Parliament	Bidzina Korakhashvili	Committee memberss
9/16/2004	Elkana regional meeting	Tbilisi	Bidzina Korakhashvili	
9/17/2004	Pre-Council discussion of the MoA strategy	MoA council room	Sophie Kemkhadze, Bidzina Korakhashvili	Giorgi Tkeshelashvili, First Deputy Minister, Sarjveladze, Deputy Minister, Kakulia, Kunchulia, MoA senior Staff
9/18/2004	first trading session for 2004 FFP wheat	Tbilisi petroleum products and grain exchange	Don Van Atta, Levan Khundadze, Irakli Donjashvili	
9/18-25/2004	Codex Alimentarius Committee for Europe	Bratislava, Slovakia	Sophie Kemkhadze, Bidzina Korakhashvili [paid for by FAO]	
9/21-22/2004	DIN project training in "Technical Regulations and European Union Standards"	Hotel Simpatia, Tbilisi	Nana Tsuladze, Giorgi Dangadze	
9/21/2004	World Bank Medium-Term Expenditure Framework (MTEF)	project office	Don Van Atta	Geoff Dixon, WB consultant
9/22/2004	regular OEG partners' meeting discusses legal drafting	USAID Mission Caucasus	Don Van Atta, Mamuka Matiashvili , Nutsa Amirejibi	

9/22/2004	discuss project work, other donors' activities with Swedish International Development Cooperation Agency	project office	Don Van Atta	Eric L. Jonsson, Director, SIDA South Caucasus Coordination Office; Nina Strandberg, Area Manager, Department for Europe, Division for EE and CA
9/23/2004	discussion for traders of FFP sale procedures	Tbilisi Petroleum Products and Grain exchange	Don Van Atta, Levan Khundadze, Irakli Donjashvili, Vaso Chigladze, Nana Tsuladze	
9/23/2004	Discussion of draft tax code	Parliament	Mamuka Matiashvili	Agrarian Committee of the Parliament of Georgia
9/24/2004	Ministry Collegium meeting	Ministry	Don Van Atta, Bidzina Korakhashvili, Mamuka Matiashvili, Nutsa Amerijibi	Ministry senior management, Federico Berna, Seamus O'Grady
9/28-10/7/2004	MSU Food Safety course	Marriott Courtyard, Tbilisi		Government, Formal Private, Informal Private, PVO/NGO, Parastatals
9/28/2004	agricultural donors' coordination meeting	EC delegation	Don Van Atta	Torben Holtze, Federico Berna, Maria Iarrera, Jeff Lehrer, Al Williams, Sabine Mau, Pippa Bradford
9/30/2004	Second committee reading of Veterinary Law	Parliament	Mamuka Matiashvili	Agrarian Committee of the Parliament of Georgia
9/30/2004	Grape purchase problems	Kakheti	Giga Kurdovanidze, David Tskharadze	David Shervashidze

ANNEX 27. ABBREVIATIONS

ADP	World Bank Agricultural Development Project
ARET	World Bank Agricultural Research, Extension and Training Program
APU	Agricultural Policy Unit
AYEG	Association of Young Economists of Georgia
BASIS	Broadening Access and Strengthening Input Market Systems (USAID indefinite quantity contract)
CASE	Center for Social and Economic Research (Polish NGO)
CTO	Cognizant Technical Officer
DAI	Development Alternatives, Incorporated
DFID	UK Department for International Development
EBRD	European Bank for Reconstruction and Development
EDPRP	Economic Development and Poverty Reduction Program
EU	European Union
FAO	United Nations Food and Agriculture Organization
FFP	Food for Progress
FSN	Foreign Service National
FY	Fiscal Year
GEPLAC	Georgian-European Policy and Legal Advice Center
GRDF	Georgia Rural Development Fund
GTZ	Gesellschaft für Technische Zusammenarbeit
HACCP	Hazard Analysis and Critical Control Point [methodology]
IFAD	International Fund for Agricultural Development
ITSH	Internal Transport, Shipment and Handling (USDA)
OECD	Organisation for Economic Co-operation and Development
OIE	Organisation Internationale des Epizooties
RAPA	Restructuring Assistance and Policy Advice for the Ministry of Agriculture and Food of Georgia
RARP	Regional Agricultural Revival Project
SAEPR	Polish Foundation for Support to Agriculture APU
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VAT	Value-added Tax
WFP	World Food Programme
WTO	World Trade Organization