

“Integrated Poverty Reduction Program in Vulnerable Rural Communities of Samtskhe – Javakheti Region”.

In frame of the above project ABCO- Georgia implemented the following works:

studies of potato, cheese and honey markets:

In November-December of 2006 a survey was conducted by ABCO which covered large markets, supermarkets and shops in Tbilisi, which sell potato, cheese and honey. Within the framework of the survey approximately 300 people from various trade outlets including small shops, mini-markets, markets, supermarkets, the hypermarket "Goodwill" as well as two markets located nearby Akhmeteli subway station and Tbilisi Central Market were interviewed.

Results: The study obtained comprehensive information regarding demand in Tbilisi markets for these agricultural products and their prevailing prices. Importantly, the study explored possibilities for introducing into the market the agricultural products produced in Akhalkalaki district. These results are being used as part of the business plans for production marketing by local Farmers Groups.

Mid-term evaluation of the programme was conducted

In accordance with the proposal, the mid-term evaluation of the Akhalkalaki Linkages programme was conducted in July-August 2007. The evaluation methodology was chosen to focus mainly on qualitative methods in order to try and get the most learning from the evaluation.

Before conducting the main evaluation, quantitative data was collected through the implementation of a revised Knowledge, Attitude, and Practice (KAP) survey. This survey was implemented by ABCO and ICCN. During the evaluation process, the evaluator conducted focus group discussions with communities and cooperatives; as well as interviews with Linkages programme staff, partners, RSC management and specialists, and municipal officials.

Results: Mid-term survey was conducted, programme implementation up to 1 June 2007 evaluated and recommendations provided in the evaluation report to improve the efficiency of the programme.

Assessment of the change of the income Akhalkalaki district population conducted

In November 2007, consortium partners conducted an assessment to measure changes in income of the Akhalkalaki district population. The purpose of the assessment was to establish the impact that the Akhalkalaki Linkages programme has had on the income and quality of life of the Akhalkalaki district population. In total the assessment covered 300 respondents from 25 communities in the district. The survey shows that as a result of the programme implementation household income from the following agricultural activities in Akhalkalaki increased by: a. Potato growing-42.7% (212 respondents); b. Cattle breeding-50.3% (205 respondents); c. Dairy products-41.1% (181 respondents); d. Bee-keeping-98.2% (21 respondents). Average increase of income of the programme direct beneficiaries is 66.8% (84 respondents). The report of the survey will be provided to EC upon completion.

Results: The impact made by the programme on the income and quality of life of Akhalkalaki district population was established, revealing average increase of household income of the programme direct beneficiaries is 66.8%.

Training and one-on-one consultancies for Business Plans

Fourteen four-day trainings in business planning were provided by ABCO to 172 representatives of communities and Farmer Groups in 14 communities

Results: A total of 132 Farmer Group and community members improved their skills in business planning and subsequently are applying this knowledge to their business and agricultural activities, i.e. development of viable business plans, better planning of agricultural activities and marketing of products.

Thy nine-day trainings in accounting and book-keeping were provided to 28 accountants and financial persons, who represent Farmer Groups as well as other private organizations from Akhalkalaki district

Results: 48 local accountants improved their skills in accounting and book-keeping and are applying this knowledge to strengthen financial management in local non-governmental and governmental organizations, i.e. cooperatives, associations, NGOs, small and medium size enterprises, educational institutions, and trade unions.

Outline working relationship with district level Government

Twelve Farmer Groups established with assistance of Mercy Corps, specific goals and objectives developed

As a result of the programme activities twelve Farmer Groups were established in the communities. Each group was assisted with the development of its organizational goals and specific objectives. All groups have already registered as cooperatives. ABCO facilitated this process by providing the Farmers Groups with the template of the relevant statutes and assisting them with legal registration.

Results: A total of 162 farmers from the target communities and districts have organized into eight Farmer Groups.

Development of RSC (Farm House)

Rural Service Centre (Farm House) started activities, providing agricultural consultations

Rural Service Centre was officially opened on 30 May 2007 by EC ambassador in Georgia. The grant agreement between Mercy Corps and the Rural Service Centre was signed on 14 March 2007. According to this agreement, Mercy Corps will fund RSC operational activities for 15 months; thereafter the RSC will be expected to sustain itself through fee-based services. In March of 2007, the RSC hired a manager, administration staff (accountant, cleaner, guards) and the following agricultural specialists:

- Crop growing specialist
- Livestock breeding specialist
- Bee-keeping specialist
- Agricultural machinery specialist

Results: RSC staff conducted agricultural-related activities throughout the agricultural season. Furthermore, Akhalkalaki district farmers acquired fee-based extension services from the RSC covering a wide range of agricultural matters. During the reporting period, more than 1000 local farmers received consultations and services from RSC specialists.

Akhalkalaki Rural Service Center were equipped with the following machinery and equipment:

- AKHALKALAKI RURAL SERVICE CENTRE -MACHINERY AND EQUIPMENT

<p>Tractors:</p> <p>CLAAS Celtis 356, 84 hp CLAAS Celtis 456, 102 hp BELARUS 892, 89 hp</p> <p>Rotational cultivator 4 rows, GRIMME Potato seeder 4 rows, "Agromaster" OPD-4 Potato seeder 2 rows, "Agromaster" OPD-2</p> <p>Plough 4 cases, "Agromaster" KP 124</p> <p>Plough 3 cases, PKMP-3-40 R</p>	<p>Plough 3 cases (purchased by ARSC)</p> <p>Chemicals sprayer 600 lit. "Agromaster"</p> <p>Chemical sprayers, 18 lit. "Agromaster" - 5</p> <p>Crops separator "Agromaster" YK 1250</p> <p>Potato harvester KTN-2V</p> <p>Potato seeder 2 rows</p> <p>Mower</p> <p>Press for hay</p>
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By the project for local farmers were imported 50 tons of Elit Class potato seeds from “Agrico” (Holland).





Rural Service Centre sustainability plan created

In November 2007, based on the recommendations of ABCO the management structure and management personnel of the RSC were changed. As during winter agricultural activities, except livestock breeding, are suspended in Akhalkalaki, all specialists' contracts, except Livestock breeding specialists, were not renewed after November 2007. In winter the RSC will organize comprehensive training sessions for candidates of the RSC specialist positions (the previous specialists will take part in the sessions and selection process). The best candidates will be selected and hired again from March 2007, when spring agricultural activities start in Akhalkalaki. The ARSC established a Limited Liability Company by the name of Akhalkalaki-Agro, which is 100% owned by the ARSC. The LLC will undertake all business activities conducted by ARSC, as required by Georgian law.

By 1 December 2007 Akhalkalaki RSC earned from all its business activities and has on the bank account 13,582 GEL (5,830 Euro).

Results: Sustainability plan for Akhalkalaki RSC was developed and its practical implementation started.

Marketing survey for honey was conducted by ABCO. Based on the survey results, concrete recommendations for honey producers of Akhalkalaki district are being developed and included in the business plan of bee-keepers cooperative.

Trainings for groups of bee-keepers were conducted by ABCO in business planning and marketing. For these farmers special recommendations for honey marketing were developed.

Creation and development of cooperatiio among the local farmers

- 11 - Seed potato growing cooperatives (Kumurdo, Vachiani, Aragva, Alastani,, Kulikami, Khulgumo, Gogasheni, Olaverdi, Azmana, Baraleti, Sulda);
- 1 - Seed potato growing Association – (Kotelia);
- 1-Pig breeding cooperative – (Diliska);
- 4- Livestock breeding cooperatives – (Okami, Ptena, Alatumani, Kartikami);
- 1- Sheep breeding cooperative – (Kartsakhi);
- 1- Fish breeding cooperative – (Bejano);
- 1- Bee-keeping, honey production and packaging association – (Akhalkalaki);

Facilitating marketing and networking

Market plan for potato production in Akhalkalaki district was developed

Together with the marketing survey in Tbilisi, a market survey was carried out on potato production and markets in Akhalkalaki district in May 2007 by ABCO. A marketing plan for potatoes was produced in June 2007 by ABCO, including recommendations on how to enter the wholesale market. The main recommendation was to establish properly equipped (climate control, ventilation, etc.) potato storage facilities in Akhalkalaki, which will give local producers the opportunity to enter retail markets in Tbilisi. The marketing plan is distributed through Akhalkalaki Rural Service Centre to local potato producers and discussed in special meetings with potato farmers, organised by the RSC.

Results: A marketing plan for local potatoes was produced, which helps farmers identify new markets with better prices and subsequently increase their income.

Business plans developed for twelve Farmer Groups

ABCO team assisted Farmer Groups to prepare business plans to assess the viability and profitability of their business and to essentially provide a blueprint for healthy business development. Importantly, Linkages grant funding to Farmer Groups is based on the quality of their business plans. Business plans were completed by twelve Farmers Groups (cooperatives). The business activities, covered in the business plans, are:

- Seed potato production
- Bee-keeping
- Livestock breeding
- Cheese production
- Hay production

All of the above Farmer Groups are cooperatives, established with assistance of the programme.

Results: During the reporting period, twelve cooperatives have developed viable business plans, which will form the basis for opportunities to apply for financial assistance from the programme. The business plans will also serve as a blue-print for sustaining profitable businesses.

200 follow up meetings/trainings with 10 Farmer Groups were conducted by ABCO

After formation of Farmer Groups ABCO conducted 200 follow up meetings/trainings with the members of Farmer Groups. These meetings/trainings were conducted both before and after formal registration of Farmers Groups. On average 20 meetings /trainings were held with each of the ten Farmers groups. During these meeting, ABCO assisted and trained Farmers Groups members in:

- Selection of potential business activities
- Assessment of the profitability of different agricultural business activities
- Identification of most appropriate agricultural business activity for the particular Farmers Group
- Filling out loan application forms and development of simple business plans
- Negotiation skills in business
- Legal registration of the Farmers Group, necessary documentations and steps for registration
- Preparation of first draft of business plan for the particular Farmers Groups

Results: About 200 group members improved their business planning capacity and ten Farmer Groups selected suitable business activities, legally registered and developed simple business plans.

Identify opportunities to share raw materials and equipment to gain new market buyers

In March 2007 Mercy Corps and ABCO assisted to RSC to establish and implement procedures and prices for renting out of the equipment. The Farmer Groups also rented the same machinery from RSC. The abovementioned approach ensured high yield and high-quality crops and as a result easy access to the market not only to Akhalkalaki, but to Tbilisi as well. Selling price is 1.5 GEL/kg for seed potatoes, 0.5-0.6 GEL/kg for consumer potatoes.

Results: Using the same technologies for seed potato production gave Farmer Groups the possibility to sell their products easily with the acceptable price.

Financing FGs Business Plans and examples of financial packages

Possible modalities to develop Credit lines and Capital Investment financing are developed

Mercy Corps and ABCO mutually established a Loan Guarantee Fund with a total amount of Euro 40,700 or USD 55,000 (Euro 37,000 or USD 50,000 is Mercy Corps' contribution and Euro 3,700 or 5,000 USD is ABCO's contribution) in February 2007. The respective accounts have been opened in the Bank of Georgia. The Loan Guarantee Fund has been set up to improve participating farmers' access to agricultural loans. Mercy Corps and ABCO will guarantee a portion of the loan of qualifying farmers, thus improving their credit worthiness and increasing their access to credit resources.

During this reporting period, Mercy Corps signed a collaborative agreement with MFI Credo. The agreement sets up conditions under which Credo will provide credit services to Akhalkalaki target farmers underwritten by Mercy Corps. Mercy Corps expects to set up similar collaborative agreements with other microfinance institutions operating in Akhalkalaki.

Results: The collaboration with MFI Credo has already increased farmers' access to agricultural credit products, greatly assisted through Mercy Corps and ABCO guaranteeing a maximum of 50% of the farmer's loan from Credo.

ABCO developed distribution channels for Local potato and Honey producers through the retail chain in Tbilisi