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Investing in rural people

## Republic of Georgia

### Results-based Country Strategic Opportunities Programme 2019-2024

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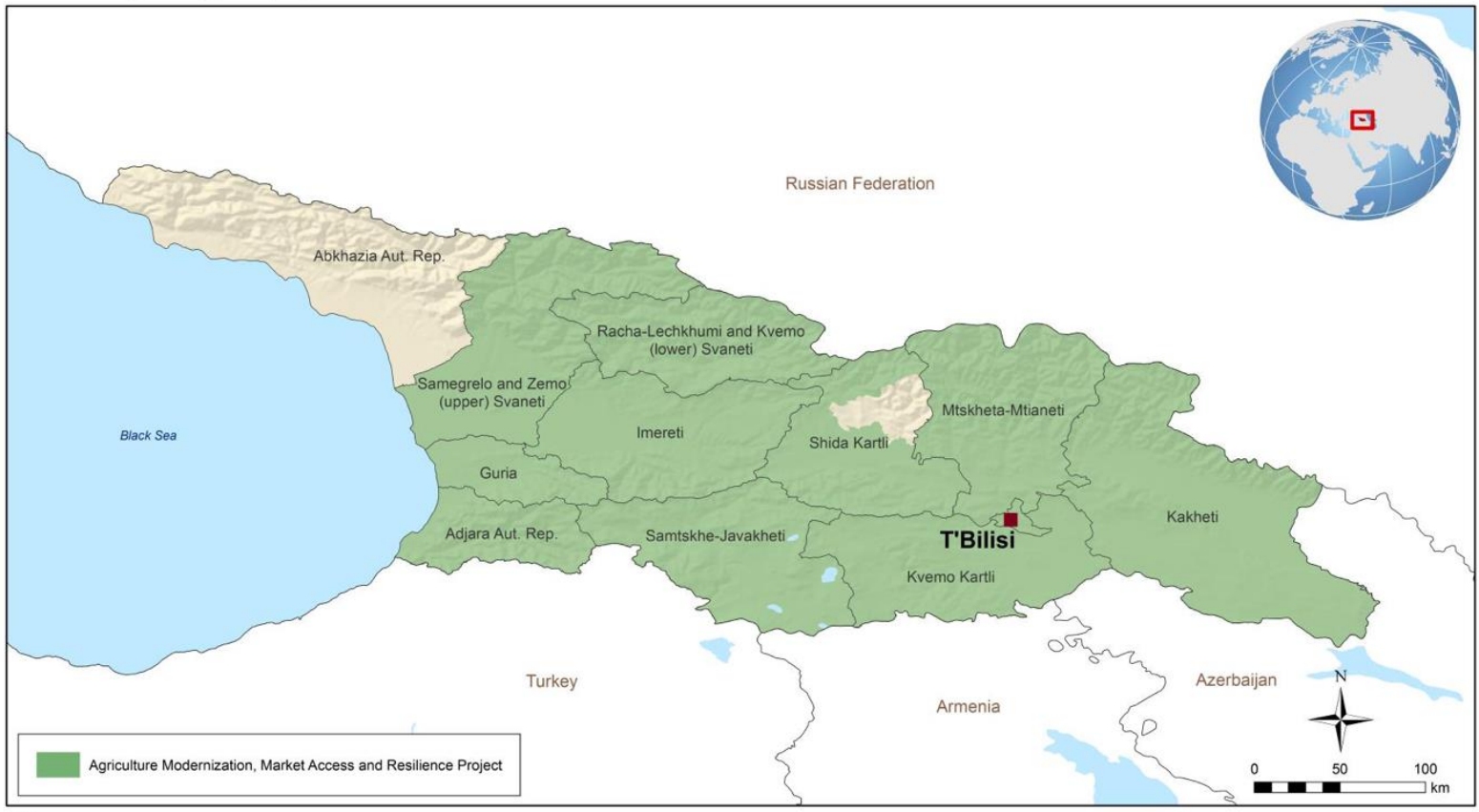
For: **Review**

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## **Abbreviations and acronyms**

ADA	Austrian Development Agency
AMMAR	Agricultural Modernization, Market Access and Resilience
ASP	Agriculture Support Project (IFAD-supported)
CSPE	country strategy and programme evaluation
DANIDA	Danish International Development Agency
DiMMA	Dairy Modernisation and Market Access
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GIZ	German Agency for International Cooperation
KM	knowledge management
M&E	monitoring and evaluation
RB-COSOP	results-based country strategic opportunities programme



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

**Map of IFAD-funded operations in the country**

## Executive summary

1. Georgia faces major challenges in reducing rural poverty. One is the continued depopulation of the rural areas, resulting in a loss of dynamism and entrepreneurship, and potentially leaving the rural areas populated by only a few pensioners, surviving on remittances, social transfers and subsistence backyard agriculture. Moreover, Georgia's European Union (EU) accession ambitions are imposing stricter and better-enforced food safety standards equivalent to those of the EU. While this benefits Georgian food consumers and potentially offers agricultural producers access to the world's largest market, only a small number of the productive rural poor is capable at present of complying with these requirements. Finally, with climate change, farmers in Georgia will face new risks. The smallholders have little knowledge of adaptive measures and can least afford them.
2. There is a real risk that the rural poor may be excluded if targeted support is not forthcoming. IFAD's role is thus to promote and support the interests of the productive poor, ensuring that they participate in a positive transformation of the rural areas.
3. The overarching goal of IFAD's strategy is to support the Government's efforts to promote inclusive and sustainable rural economic transformation, with improved resilience on the part of rural communities. This will be pursued through two strategic objectives.

### **Strategic objective 1 (SO1): Creating economic opportunities for the productive poor.**

4. First IFAD will create economic opportunities for the productive poor, which will include value chain development and the supporting of innovative business models, particularly in Georgia's poorer rural areas. IFAD will promote higher agricultural productivity and production, as well as income diversification.

### **Strategic objective 2 (SO2): Establishing an enabling environment for an adaptable, sustainable and inclusive rural economy.**

5. Second, IFAD will encourage and support efforts to establish an enabling environment as needed for an adaptable, sustainable and inclusive rural economy. Efforts toward this objective will work to preserve and augment productive capacities in terms of water, soils and rangelands (resources the rural productive poor depend on), in addition to strengthening their capacities for improved food safety and security.
6. The strategic impact will materialize by offering credible and evidence-based pathways for the rural poor to transition out of poverty, through a carefully calibrated package of technical advice, finance and upward linking into higher-level productive value chains. IFAD will hence position itself as the organization spearheading the interests of the productive rural poor, demonstrating the business case for transformation and encouraging the scaling up of successful undertakings. By targeting remote areas, IFAD will ensure better inclusion and also demonstrate that the vicious cycle can be halted of aging, youth emigration and economic decline in remote areas.
7. The main instrument for achieving the strategic impact to be brought by the two objectives will be investment projects: (1) the ongoing Agricultural Modernization, Market Access and Resilience project (AMMAR); (2) the Dairy Modernisation and Market Access project (DiMMA), currently under design; and possible support from future IFAD investments, should funding become available post-DiMMA. Currently there are no resources under the performance-based allocation system for Georgia subsequent to DiMMA, but AMMAR and DiMMA should be able to fulfil these objectives.

## Georgia

### Results-based Country Strategic Opportunities Programme

#### I. Country diagnosis

##### A. Socio-economic context

1. **Overview:** Georgia has seen dramatic changes since the last country strategic opportunities programme (COSOP) was drafted in 2004. The country has experienced armed conflicts resulting in more erratic access to the key market, where Georgian smallholders have traditionally exported produce. While there has been a major push towards increasing exports to the EU – especially after the signature of the Association Agreement in 2014 – the Russian market and the markets of the wider Commonwealth of Independent States continue to be important for smallholders.
2. **Economically,** Georgia has seen robust growth in the last decade. GDP per capita grew at 5.4 per cent per year from 2004 to 2016; by 2017 it had exceeded US\$4,290 with gross national income per capita of US\$3,830 (2016).<sup>1</sup> Georgia has achieved strong results in terms of macroeconomic and financial stability, the ease of doing business,<sup>2</sup> security and governance – all of which have attracted foreign investors and facilitated the growth of the tourism sector.
3. Agriculture accounts for 9 per cent of GDP, but employs 45 per cent of the labour force. The service sector contributes 50 per cent of GDP, while manufacturing and construction account for 28 per cent. Remittances from abroad benefit 10 per cent of the population and make up about 9 per cent of GDP.
4. Strong growth has resulted in a reduction of the poverty rate (43 per cent in 2006 down to 32 per cent in 2014), but with growing inequalities between urban and rural areas. Thus 43 per cent of all rural residents fall below the US\$2.50/day poverty line, while urban poverty is around only 20 per cent; since 2006, rural poverty has been reduced by only 4 per cent. The main driver of rural poverty reduction during the last decade has not been robust urban-driven growth (which could have increased demand for rural products), but rather higher social transfers, which are better targeted.<sup>3</sup>
5. Georgia is ranked 32 out of 119 countries in the 2017 Global Hunger Index. The International Food Policy Research Institute estimated child stunting at 11 per cent, wasting at 2 per cent (in 2009) and – according to an Oxfam study – the country's rate of undernourishment is at 7.4 per cent. Overall, food consumption is generally sufficient in terms of calories and protein intake, though it is characterized by low to medium nutritional diversity.
6. The Government actively promotes women in rural areas, including in agribusiness and cooperatives and in local decision-making bodies. However, women's participation in decision-making and access to information, assets, credits and services is less than that of men, contributing to Georgia ranking 90<sup>th</sup> out of 144 countries in the United Nation's Global Gender Gap Index. The average salary of women in the agricultural sector is 25 per cent lower than that of men. Women own only 31 per cent of farms, and only 4.7 per cent of cooperatives are led by women. The average size of women's farms is only a quarter of those owned by men.

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<sup>1</sup> World Bank (2018).

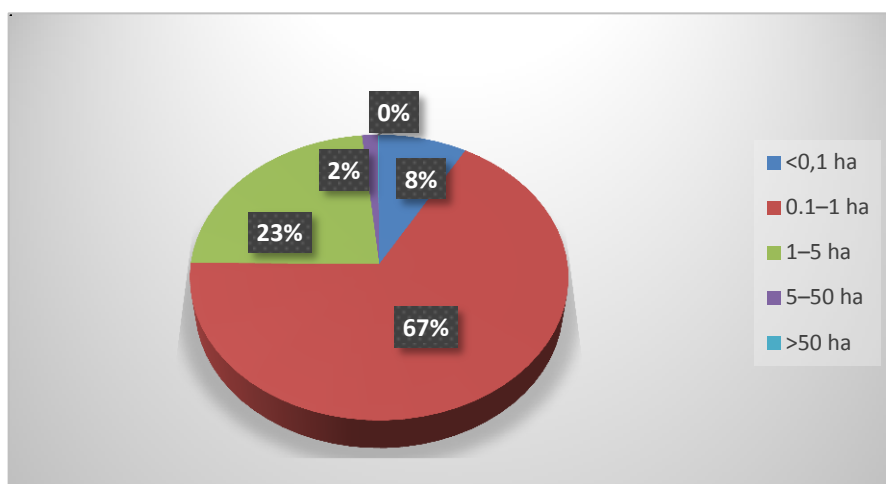
<sup>2</sup> Georgia now ranks nine out of 190 countries in the World Bank's *Doing Business* publication.

<sup>3</sup> World Bank (2016).

## B. The agricultural sector and the rural economy

7. The sector ownership structure was revolutionized during the early 1990s, with privatization of virtually all agricultural land. Small family farms now occupy 90 per cent of agricultural land. The result has been one of extreme land fragmentation (see figure 1 below). Thus, two thirds of all farmers have less than one hectare of land. Many produce on a semi-subsistence basis, trading only with their neighbours. Increasingly, they are old, largely reliant on social transfers, and with little knowledge of and interest in commercial farming.

**Figure 1: Percentage of farmers by farm size**



Source: GeoStat, *Agricultural Census*

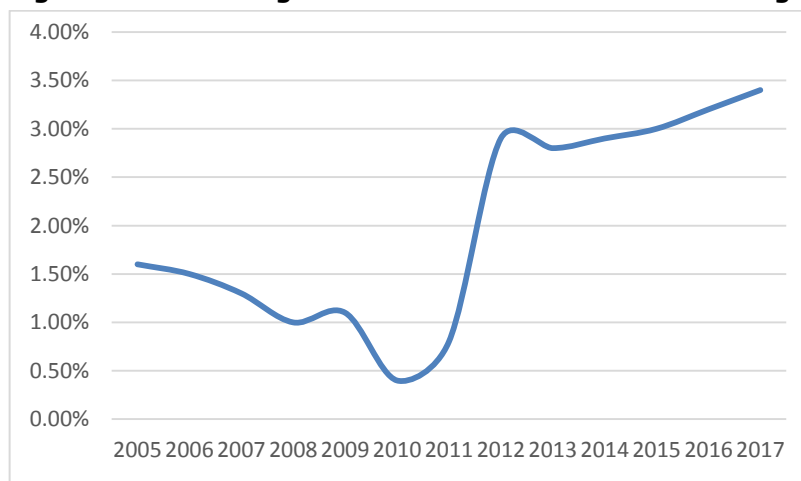
8. For the rural productive poor, a key challenge is extreme land fragmentation, which has made it difficult to achieve the consistent volumes and qualities of production that attract buyers/processers, leading to integration of this production into commercial value chains. They also face challenges related to access to financial services, infrastructure, and knowledge of new technologies and market demands that could be leveraged for higher incomes.
9. Markets in land are still underdeveloped, and property rights poorly defined. The latter is especially the case for communal grazing land, where governance issues of regulating access, protection and maintenance are particularly acute. Only 25 per cent of agricultural land is officially registered.<sup>4</sup> Climate change is another emerging challenge for Georgia. Agricultural production is becoming riskier, with more extreme events, higher temperatures and reduced precipitation – plus exposure to new pests and diseases affecting crops, forests and livestock. However, the rural poor can least afford to invest in adaptive measures and have little knowledge of how to adjust and seize any of the opportunities.
10. The formal private sector tends to consist of big farmers and agribusinesses producing select commodities, particularly exporters, and there is a strong private extension service available, for example for the hazelnut industry. However, the public extension services are concentrated in a limited number of centres, with few resources. They also have limited access to the commercial value chains, partly due to their small and inconsistent volumes, but increasingly also because of tightening standards on for example food safety, driven by EU requirements. However, there is clearly a potential in linking up willing and able smallholders within promising value chains, as emerging examples testify.

<sup>4</sup> The government, with support from the World Bank, is addressing this issue in its “Land Market Development Project”.

## C. Policy and institutional framework

11. The policy and institutional framework has changed substantially in the last five years, in particular as regards the substantially higher priority given by the Government to agriculture (see figure 2 below).

**Figure 2: Share of agriculture in the Government of Georgia budget**



Sources: Ministry of Agriculture: *Strategy for Agricultural Development 2015-2020* and the Government of Georgia budget 2017

12. This translated into increased investments, more support schemes, subsidies and cheap credit becoming available to farmers and agribusinesses. There was initially a strong response to these measures, with agricultural growth skyrocketing to 12 per cent in 2013, due to increased land area under cultivation and higher yields. However, since then growth has plateaued and there have been concerns about several aspects of the schemes, including targeting, sustainability and market distortions.<sup>5</sup>
13. Policies for the agricultural sector are shaped above all by Georgia's EU ambitions, within which sanitary and phytosanitary measures for agricultural products represent an important dimension; Georgia has already started to align its legislation with the EU's.
14. While the long-term Socio-economic Development Strategy of Georgia "Georgia 2020" (2014) remains the bedrock of government policy, the 2016 medium-term strategy (Freedom, Rapid Development and Prosperity) details how the Government will promote sustainable and inclusive rural economic growth, for example through access to finance and improved private-sector competitiveness. In this context, there is increased focus on better access to credits, services to smallholders and renewed interest in rural public goods. In agriculture, the Government's Strategy for Agricultural Development in Georgia 2015-2020 recognizes the importance of acting resolutely after a decade of public underinvestment, and highlights the need for a transformative approach in the sector. The strategy also factors in the external challenges and opportunities that will be catalysed by free trade agreement with the EU, which will deliver more EU support but impose tighter standards.

## D. Country, sector and programme risks and mitigation measures

15. There are a number of risks to be considered in designing the country strategy. These risks, and the associated mitigation measures, are summarized below.

<sup>5</sup> See: World Bank, *Georgia Public Expenditure Review* (2015).



<i>Risk</i>	<i>Risk level</i>	<i>Mitigation strategy</i>
<b>Institutional:</b> Government of Georgia capacities are insufficient to handle the increased workload arising from larger financial allocations and the regulatory reform agenda.	Medium	Build the capacity of the key implementing unit within the Government of Georgia, which is also handling other development projects not financed by IFAD. Extra resources will be made available to support implementation effectiveness.
Limited trust in collective solutions to common challenges undermines collective action cooperation.	Medium	Promote community development organizations/cooperatives through a phased approach as capacities and trust are built up.
<b>Targeting:</b> By targeting the poor in remote areas, projects are not able to attract the private-sector investments that will catalyse inclusive transformation.	Medium	Projects will target the rural poor, while also including selected “transformation drivers” who can encourage others to commercialize and supporting existing/aspiring entrepreneurs.
<b>Climate:</b> Climate change/extreme events increase risks for smallholder agriculture.	Medium	Test and promote climate-smart agricultural and natural resource management techniques and adaptive infrastructure.

## II. Previous lessons and results

### Experiences and results from the past

16. There are numerous key results that have informed this COSOP, emanating from the COSOP completion review and the country strategy and programme evaluation (CSPE) of 2017. A key positive result has been the scaling up of interventions, such as the establishment and strengthening of land registration offices, which helped the Government in its aim of opening up more branches across the country and thus driving land consolidation.
17. IFAD has also made robust efforts to increase the incomes of smallholders. The endline survey for the Agriculture Support Project (ASP) showed that beneficiaries’ income from agriculture increased by 14 per cent, while the Rural Development Project Completion Report showed the incomes of farmers and enterprises rising by 28 per cent.
18. IFAD has also helped increase the volume of marketed output and an expansion in the adding of value to local produce. Results under the ASP showed that the enterprises supported were able to establish linkages with farmers and other enterprises. The project completion report and a 2017 IFAD impact evaluation found that those farmers living in close vicinity to the supported agribusinesses were satisfied, thanks to low transport costs, higher prices and rapid payment when selling their products to these enterprises. The project created more than 1,152 new jobs and established linkages with 2,700 farmers and enterprises.
19. However, there have also been significant challenges in the portfolio, particularly in the creation of credit unions, cooperatives and so called community-based organizations, which generally have a history of limited sustainability and low impact. Out of 160 credit unions established under the Agricultural Development Project, by 2017 only two had survived. Similarly, the Rural Development Programme for Mountainous and Highland Areas based its participatory approach on newly established community organizations and farmers’ associations, but none of them survived beyond the life of the project.

### Lessons to inform the future strategy

20. The core lesson from past experience is one of ensuring close alignment with the policy context, and scaling goals according to the priorities and resource envelope of the government, particularly the Ministry of Environmental Protection and Agriculture. On one hand IFAD has had success, for example in the establishment of six food safety agencies, all of which are still fully functional and well-managed; they play an important role in the EU approximation process, as was also recognized by the recent IFAD country strategy and programme evaluation (2018). On the other hand, prior to 2013 the low level of public engagement in agriculture

had serious implications for the sustainability of interventions that relied on continued support.

21. The failed support to cooperatives and credit unions points to the limitations of imposing “best practice” approaches from elsewhere onto the Georgian context, where a legacy of forced collectivization has created mistrust in cooperative solutions. This lesson has informed the design of this COSOP. Clearly there are many benefits for smallholders in joining forces (e.g. economies of scale, attracting traders and improving their bargaining position) – but this will have to be a demand-led process.
22. For future investments, IFAD should also establish a strategic focus on rural finance and rural institution building, in line with government priorities. Rural finance is an area where IFAD has built up a body of experience, due to experimentation with different access-to-finance models (CSPE, 2018).
23. Another lesson is that IFAD cannot target the poorest in the rural areas while also delivering on its mandate to sustainably invest in the productive assets of the rural poor in Georgia. The poorest rural inhabitants tend to be older people, often living on social transfers, pensions and remittances, and backyard farming (typically around 0.1 ha) mainly for subsistence purposes; they are only marginally involved in (barter) trading with neighbours and family. However, in many areas opportunities emerge as land is abandoned, allowing for consolidation and economies of scale. Also, off-farm opportunities are emerging in the rural service sector, agro-industries and tourism. IFAD will thus concentrate future engagements in remote, excluded poorer areas, and will target the poor and those at risk of poverty and social exclusion. Nevertheless, these engagements will have an economic upside, and transformation drivers who are less poor will also be targeted who are able to demonstrate resilient and profitable approaches and generate employment.
24. Since it is expected that Georgia will sustain the current average growth rate of 5 per cent per year up to 2023 (*IMF Economic Outlook 2018*), it is expected that the country will gradually exit its current status among low-middle-income countries in about two to three years. This means that IFAD should foresee other areas of cooperation with the Government, such as the introduction of reimbursable technical assistance and the transfer of the knowledge and expertise that IFAD has at global level.

### **III. Strategic objectives: Aligning IFAD’s and Georgia’s priorities for an inclusive and synergetic partnership**

25. **Comparative advantage.** IFAD is a well-respected partner in Georgia, known for its competencies in reducing rural poverty through sustainable investments in the productive capacities of farmers, agribusinesses and rural financial service providers. IFAD has a clear proposition in all its undertakings: that of offering innovative pathways out of poverty for the rural poor, in the context of depopulation, increasing regulatory requirements and more competitive pressures. Operationally, the key focus area is on smallholders and on productive investment that accelerates inclusive growth in agriculture and the wider rural space. Finally, IFAD is also increasingly focusing on brokering knowledge partnerships and catalytic innovation on emerging challenges, especially on climate change.<sup>6</sup> In Georgia, IFAD will leverage these competencies to promote more resilient livelihoods in marginal rural areas, including support to climate-smart agriculture, economic diversification, talent retention and access to rural finance.

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<sup>6</sup> IFAD Strategic Framework 2016-2025 (2015).

26. **Goal and strategic objectives.** The overall goal of the COSOP for the period 2019-2024 will be to support the Government's efforts to promote inclusive and sustainable rural economic transformation and the improved resilience of rural communities. IFAD will aim to increase the capacity of the productive poor – those with potential and aspirations to remain in the rural areas and serve as role models – to take advantage of opportunities offered in the ongoing transformation of rural areas, while responding to a series of challenges confronting them. The achievement of this goal is assumed to rely on the achievement of two strategic objectives, focused on:
- (i) **Strategic objective 1 (SO1): Creating economic opportunities for the productive poor.** IFAD will continue to assist smallholder farmers in poor and mountainous areas to increase their agricultural productivity, profitability and access to markets, and will improve productive infrastructure. This objective will also focus on promoting off-farm jobs and diversification, including into the tourism sector. Improving the access of poor rural people to financial services will underpin efforts in both the agricultural and non-farm sectors. This objective will also assist the Government in delivering on its goals regarding rural diversification.
  - (ii) **Strategic objective 2 (SO2): Establishing an enabling environment for an adaptable, sustainable and inclusive rural economy.** With climate change comes the need to reduce the vulnerability of the agricultural sector and better manage natural resources. This objective involves work to preserve and augment the productive capacities of the water, soils and rangelands – all resources that the rural poor disproportionately depend on, not least in mountain areas, where the rangelands constitute a core element of livelihood strategies. IFAD will also work to reduce the vulnerabilities of smallholders to extreme weather events, with adaptive infrastructure being a key ingredient. Moreover, IFAD will seek to create an evidence platform on natural resource management that can inform both policymaking as well as concrete practices in areas such as irrigation and rangeland management. Strengthening the capacity of the rural poor themselves to manage these resources and to improve food safety and security will be critical for achieving this objective.
27. These two objectives are designed to achieve strategic impact, not least in poorer and more remote areas, where marginalization is most acute and remedial action most needed. The impact will come about by indicating evidence-based pathways for the rural poor to transition out of poverty, through a carefully calibrated package of technical advice, finance and upward linking into higher-productivity value chains. IFAD will ensure better inclusion and also demonstrate that the vicious cycle of aging, youth emigration and economic decline in remote areas can be halted – not necessarily by reversing rural-to-urban migration, but by demonstrating that rural livelihoods can be an attractive career option for young entrepreneurs.
28. The two strategic objectives will contribute to SDG1 ("End poverty in all its forms everywhere"), SDG2 ("End hunger, achieve food security and improved nutrition and promote sustainable agriculture"), SDG5 ("Achieve gender equality and empower all women and girls"), SDG6 ("Ensure availability and sustainable management of water and sanitation for all") and SDG13 ("Take urgent action to combat climate change and its impacts"). The strategic objectives also underpin and support the achievement of The Ministry of Environmental Protection and Agriculture of Georgia's seven strategic priorities.<sup>7</sup> Finally, the COSOP is also

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<sup>7</sup> (i) enhanced competitiveness of rural entrepreneurs; (ii) institutional development; (iii) amelioration and soil fertility; (iv) regional and sector development/value chain development; (v) ensuring food security; (vi) food safety, veterinary and plant protection; and (vii) climate change, environment and biodiversity.

aligned with all three objectives of the IFAD Strategic Framework 2016-2025. IFAD's engagement is also fully coordinated and aligned with the United Nation's Global Partnership for Sustainable Development.

29. Investment projects will constitute the core instrument for achieving the objectives. AMMAR, with its focus on irrigation and climate-smart agricultural practices, will contribute to both objectives and all of the outcomes. The learnings from governance of the irrigation infrastructure will feed into the conversation on natural resource management, and will assist IFAD in meeting its upscaling goals. The forthcoming DiMMA will also achieve both objectives, with a focus on small-scale dairy farmers in mountainous areas. It will also support pasture governance and management, contributing to more resilient and sustainable natural resource management.
30. In the current funding scenario, with no future IFAD funding in the next performance-based allocation system funding cycle (also known as the Eleventh Replenishment of IFAD's Resources [IFAD11], going from 2019 to 2021), both AMMAR and DiMMA will have to make concerted efforts to achieve the two strategic objectives. However, given the robust project management set-up and strong government commitment to both the sector and IFAD's investments, prospects are mainly positive, even if the agenda is ambitious. Clearly any future sequenced investment from IFAD would provide critical support and amplify the likely impact, but currently the most realistic scenario is that only AMMAR and DiMMA will be implemented and will constitute the core for achievement of the strategic objectives.

## **IV. Sustainable results**

### **A. Targeting, youth and gender**

31. In line with IFAD's policy on targeting, exchanges with the Government, the COSOP completion review and the Independent Office of Evaluation of IFAD recommendations, the COSOP targeting strategy will focus on reaching those rural poor who have potential to upgrade their productive capacity. These will be smallholder farmers and small-scale enterprises. Although at risk of poverty and social exclusion, they are actively able and interested in expanding production and increasing and diversifying their incomes. Actions will target local communities and formal and informal leaders to broadly disseminate information about the opportunities provided and ensure transparency in beneficiary selection.
32. Geographic targeting will be employed to reach poor and vulnerable communities, using clear and tangible criteria and data. The proposed DiMMA will target dairy producers in remote and mountainous areas where poverty is high. Self-targeting measures will be aligned to the specific capacities and priorities of poor and vulnerable groups. It will focus on those subsectors generating employment and on greater engagement with smallholders, especially women and youth.
33. Considering the disadvantaged situation of women in agriculture in Georgia, the investment projects will where possible implement direct targeting mechanisms and create arrangements for mainstreaming gender to increase women's participation and access to information, knowledge, markets and finances.
34. Youth are targeted under AMMAR, as well as in the design for DiMMA. A core emphasis is on developing economic opportunities that will prove sufficiently attractive to younger segments of the rural population for them to remain and prosper in their localities.<sup>8</sup>

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<sup>8</sup> In Georgia, youth is defined as people aged between 14 and 29 years.

## **B. Scaling up**

35. The strategy seeks to promote systematic scaling up of innovations. At the portfolio level, a programmatic approach will be adopted – an institutional mechanism that facilitates the identification, documentation, assessment and dissemination/replication of scalable innovations generated by activities on the ground.
36. The key learnings that will inform the pathways for scaling up will likely centre around how to create inclusive smallholder dairy value chains that deliver on increasing commercialization while also promoting the interests and well-being of the rural poor. A second learning theme could be around identifying the core ingredients of an attractive package that can catalyse young rural talent to invest in their locality. Finally, an overriding element of the learnings relates to viable coping strategies for smallholders in terms of their capacity to survive the ever stricter regulatory and food safety standards associated with the EU approximation process. These learnings will also inform the policy engagements, as described below.

## **C. Policy engagement**

37. IFAD will assist the Government to develop a joint understanding of the consequences and impacts on different rural population groups of the new regulations related to the Association Agreement with the EU, and will offer suggestions as to how to target support to those who risk being further marginalized. IFAD will also discuss pathways for identifying young rural entrepreneurs capable of meeting the increasingly stringent regulations, and shaping a conducive environment that will provide incentives for them to remain in the rural areas. AMMAR is already delivering important insights that can contribute to the conversation.<sup>9</sup> Under DiMMA, efforts will be made to learn how remote dairy smallholders can overcome regulatory and standardization challenges, and to develop insights into better natural management practices and governance of the commons, including regarding pasture land tenure.

## **D. Addressing natural resource and climate change challenges**

38. IFAD will continue to assist the Government in adapting to climate change and is a key element in both of these strategic objectives. AMMAR is currently developing innovative approaches to helping smallholder producers to build their resilience to climate change, as well as to take advantage of available incentives and funding to shift to climate-resilient production systems. The forthcoming DiMMA will escalate climate adaptation support by promoting sustainable natural resource management practices and techniques, including measures for livestock value chains such as climate-resilient livestock watering points, connectivity bridges, spot road improvements, rehabilitation of degraded rangelands, flood/water erosion control and shade. Moreover, consistent with the recommendation from the CSPE, IFAD will also seek grant financing to accelerate climate adaptation measures (for example from the Global Environment Facility and the Green Climate Fund).

## **E. Nutrition-sensitive agriculture and rural development**

39. While undernutrition is not a major issue, of growing concern is the increase in overweight and obesity: 53 per cent among women and 16 per cent among men (2014).<sup>10</sup> Georgia is characterized by low to medium dietary diversity, which means that on average the Georgian population can afford five of the food groups out of the recommended ten. Due to consumers' poor purchasing power, diets are typically characterized by high consumption of bread and bread products: thus

<sup>9</sup> AMMAR is also working on financial inclusion intermediation, for example through matching grants, as is also highlighted by the country strategy and programme evaluation.

<sup>10</sup> <http://globalnutritionreport.org/wp-content/uploads/2017/12/gnr17-Georgia.pdf>.

62 per cent of the food energy value comes from carbohydrate-based food. According to Oxfam, poor households spend more than 65 per cent of their income on food. To tackle these issues on an institutional level, the Government has taken important steps in raising the profile of food security and has drawn up 20 basic recommendations on food security and nutrition, along with a draft law on food security, thus further reinforcing its commitment. This COSOP aims to support dietary diversity in the country by strengthening the dairy value chain, which would enhance the nutrition of smallholders through the improved accessibility and affordability of locally produced milk and dairy products. IFAD interventions would also support enhanced quality and safety, particularly of dairy products, through developing the capacity of processors and producers, and through financial support to upgrade facilities to meet international food safety standards.

## **V. Successful delivery**

### **A. Financing framework**

40. IFAD will seek to leverage finance from development partners and all beneficiaries that share the goal of increasing the resilience of the rural poor, through productive investment.
41. The DiMMA project will start in 2019. In the transition scenario, sequenced investment may occur, depending on circumstances mainly outside the control of Georgia. However, no IFAD funding is allocated post-DiMMA, due to the selectivity of IFAD investments globally. Meanwhile, for any future project – and in the event that an allocation is assigned to Georgia – the cofinancing ratio should be aligned with IFAD's corporate ratio, i.e. at the 1:1.4 level.

### **B. Monitoring and evaluation**

42. The current monitoring and evaluation (M&E) system for projects is fully aligned with IFAD's reporting systems. Progress towards the strategic objectives will be tracked using the COSOP results framework, which in turn will build on the success of the current M&E system for AMMAR. The new approach for geo-referencing different interventions will be promoted by developing an M&E system that relies on evidence-based data. The M&E officer is already receiving support through IFAD's capacity development programmes, under the programme in rural M&E. Other capacity-building mechanisms will include support by IFAD during supervision missions to enhance the performance of the M&E system.

### **C. Knowledge management**

43. The CSPE noted that knowledge management (KM) did not receive much attention within the country programme. Specific attention and guidance will be given to it under the new COSOP.
44. KM will be critical in making sure relevant learnings from the projects inform scaling up, policy dialogue and South-South dialogue, and feed back into project design and implementation. The data generated from the M&E system will be the foundation for KM. A KM and communication strategy will be developed by the KM officer hired under AMMAR, to provide clear pathways for the different knowledge management activities.
45. A number of knowledge products will be prepared, including policy briefs for regulations related to livestock, and marketing assessment and operational strategies developed for value chains. In addition, by the end of AMMAR a key knowledge product would be developed on youth inclusion under the DANIDA-cofinanced component on young entrepreneurs.

## **D. Partnerships**

46. As substantiated in the CSPE, IFAD has built strong partnerships, including cofinancing partnerships with bilateral and multilateral donors.<sup>11</sup> Strategic partnerships will be built or consolidated at local, national, regional and international levels, based on the comparative advantage of each institution, with the aim of obtaining greater financial leverage through cofinancing at the project level, better support during implementation (from the private sector and civil society), and increased influence on national policy issues. These partnerships will also seek to leverage IFAD's impact by engaging in policy dialogues with key decision-making partners at all levels.
47. These partnerships will be developed mainly with: (a) line ministries and municipal authorities around results management, KM and policy dialogue; (b) other external development partners, notably the EU, European Bank for Reconstruction and Development, Swiss Agency for Development and Cooperation and World Bank on possible joint projects and/or complementarity; and (c) the Food and Agriculture Organization of the United Nations (FAO), German Agency for International Cooperation (GIZ) and the Austrian Development Agency (ADA), particularly on land management in marginal and remote areas. Moreover, IFAD will continue to engage with its bilateral partners, including DANIDA, to leverage both technical and financial resources that can scale up inclusive engagement, especially for youth.

## **E. Innovations**

48. IFAD has a track record of innovation: enabled by the Rural Development Project microfinance institutions have established innovative practices to deliver rural microcredit, and they have grown, upgraded their services to rural clients and built new client bases. The use of non-collateralized loans has been innovative, and has opened the door for the landless to access rural finance, as was also corroborated by IFAD's CSPE, where the support to microfinance institutions is highlighted in particular.<sup>12</sup> Under the ASP, the private sector has invested in the previously neglected agricultural leasing sector.
49. Going forward, innovation will focus on three core and interrelated challenges: firstly, innovating around economic growth in remote and marginal areas, testing different approaches – such as direct investment support, infrastructure and business linkages – to identify effective measures for retaining rural talent in these areas; secondly, innovations will be generated around how to strengthen rural climate resilience through different agricultural practices and infrastructural solutions; and third, innovations will be leveraged within governance arrangements pertaining to management of shared resources, not least within water/irrigation and pastures.

## **F. South-South and Triangular Cooperation**

50. In Georgia, IFAD will focus on expanding its role as a broker and promoter of rural development solutions and other resources that originate not only from the region but also globally, which can be collectively brought to bear to improve the livelihoods of rural inhabitants throughout countries in transition.
51. More concretely, IFAD will encourage regional partnerships with countries facing similar challenges, including on climate change, collective action and the depopulation of rural areas – particularly the mountainous areas. Obvious partner countries include Armenia, Republic of Moldova, Montenegro and Turkey. Concretely, innovations from Georgia could be showcased during South-South and Triangular Cooperation-related events (such as the annual UNOSSC Global South-

<sup>11</sup> See: Independent Office of Evaluation of IFAD, *Georgia CSPE*, (Rome, IFAD, 2018).

<sup>12</sup> *Ibid.*

South Development Expo and the United Nations' Day for South-South Cooperation), publications and IFAD's Rural Solutions Portal.



## RB-COSOP Results Management Framework

<b>Goal:</b> support the Government's efforts to promote inclusive and sustainable rural economic transformation with improved resilience of rural communities				
<b>Country strategy alignment</b>	<b>Key Results for RB-RB-COSOP</b>			<b>Indicative Lending and Non-Lending Activities For the next 3 years</b>
<b>Strategy for Agricultural Development in Georgia 2015-2020</b>	<b>Strategic objectives</b>	<b>Outcome indicators</b>	<b>Milestone indicators</b>	
<p>The Ministry of Agriculture's six year strategy for agriculture development focuses on seven key strategic directions:</p> <ol style="list-style-type: none"> <li>1. Enhanced competitiveness of rural entrepreneurs</li> <li>2. Institutional Development</li> <li>3. Amelioration and Soil Fertility</li> <li>4. Regional and sectorial development - value chain development</li> <li>5. Ensuring Food Security .</li> <li>6. Food Safety, Veterinary and Plant Protection .</li> <li>7. Climate Change, Environment and Biodiversity .</li> </ol> <p>IFAD's strategic</p>	<p><b>SO1: Creating economic opportunities for the productive poor</b></p>	<ul style="list-style-type: none"> <li>• At least 20% Increase in income for targeted households</li> <li>• At least 30% of targeted households reporting an increase in production (Core indicator)</li> <li>• 30% of supported households reporting improved physical access to markets, processing and storage facilities</li> <li>• At least 2,500 FTE job created (Core indicator)</li> <li>• At least 70% of supported/created rural enterprises are profitable after 3 years (Core indicator)</li> </ul>	<ul style="list-style-type: none"> <li>• At least 15 productive infrastructures constructed/rehabilitated.</li> <li>• At least 2500 people trained in production practices and/or technologies (30% women) (Core indicator)</li> <li>• At least 50% of trained beneficiaries reporting adoption of new/improved inputs, technologies or practices (Core indicator)</li> <li>• At least 5,000 persons trained in income-generating activities or business management (30% women) (Core indicator)</li> <li>• At least 50 rural enterprises created.</li> </ul>	<p><b>Lending activities: through IFAD financing (Loan and Grant) and additional financial leverage</b></p> <ul style="list-style-type: none"> <li>• Trainings and capacity building for beneficiaries and government staff</li> <li>• Engagement of youth and vulnerable groups in diversified income generating activities</li> <li>• Infrastructure to support the value chains</li> <li>• Support to improve natural resources management (including irrigation schemes, pastures)</li> <li>• Climate change</li> </ul>
	<p><b>SO2: Establishing an enabling environment for an adaptable, sustainable and</b></p>	<ul style="list-style-type: none"> <li>• At least 2,000 ha under improvement management practices (RIDE indicator)</li> <li>• At least existing/new laws,</li> </ul>	<p>3000 hectares of land brought under climate-</p>	

T

<b>Goal:</b> support the Government's efforts to promote inclusive and sustainable rural economic transformation with improved resilience of rural communities				
<b>Country strategy alignment</b>	<b>Key Results for RB-RB-COSOP</b>			<b>Indicative Lending and Non-Lending Activities For the next 3 years</b>
<b>Strategy for Agricultural Development in Georgia 2015-2020</b>	<b>Strategic objectives</b>	<b>Outcome indicators</b>	<b>Milestone indicators</b>	
objectives is aligned with the Government strategy and will contribute to the different strategic directions	<b>inclusive rural economy.</b>	regulations, policies or strategies within smallholder dairy, talent retention, EU approximation consequences or similar areas, proposed to policy makers for approval, ratification or amendment (Core indicator)	resilient management  At least 10 policy-relevant knowledge products completed (Core indicator)	mitigation through environmental plans  <b>Non-lending activities</b> <ul style="list-style-type: none"> <li>• Evidence-based data and knowledge products on productivity and income to inform policy discussions with the Government and other partners</li> <li>• Undertaking different studies and formulation of environmental plans</li> <li>• Annual implementation review workshops with stakeholders and potential partners</li> </ul>

# Agreement at completion point of last country programme evaluation

## Agreement at Completion Point

### Introduction

1. This is the first country strategy and programme evaluation (CSPE) conducted by the Independent Office of Evaluation (IOE) in Georgia, as approved by the 116<sup>th</sup> Session of the IFAD Executive Board. The main purpose of this evaluation is to assess the results and performance of the country strategy and programme and to generate findings and recommendations for the upcoming COSOP to be prepared in 2018. The CSPE identifies the factors that contributed to the achievement of strategic objectives and results, including the management of project activities by IFAD and the Government.
2. The CSPE assesses the results and performance of the activities conducted since December 2004, when the first COSOP was presented to the Executive Board. The CSPE covers the full range of IFAD support to Georgia, including lending and non-lending activities (knowledge management, partnership-building, and country-level policy engagement), including grants, as well as country programme and COSOP management processes.
3. The CSPE benefitted from other IOE evaluations that have covered Georgia. This includes the evaluations of four closed projects, including the impact evaluation of a recently closed project, as well as country studies prepared as part of the 2016 corporate level evaluation on decentralization and the thematic evaluation of rural finance (2005).
4. The CSPE main mission took place from 12 June to 12 July 2017. It included meetings with a wide range of stakeholders in Tbilisi and in project areas. Field visits to completed and ongoing IFAD-supported projects covered infrastructure, demonstration plots, microfinance institutions (MFIs), credit unions (CUs), and supply chain beneficiaries in the Autonomous Republic of Adjara, and the regions of Guria, and Samegrelo-Zemo Svaneti. The mission teams visited land registration and food safety offices, infrastructure sites, and matching grant beneficiaries in Kvemo Kartili region, and infrastructure in Mtskheta-Mtianeti region. The main mission concluded with a wrap-up meeting in Tbilisi on 11 July 2017.
5. The Agreement at Completion Point (ACP) reflects commitment of the Government of Georgia and IFAD Management of the main CSPE to adopt and implement the CSPE recommendations within specific timeframes. The implementation of the agreed actions will be tracked through the Presidents Report of the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.
6. The ACP will be signed by the Government of Georgia (represented by H.E. the minister of Finance) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). The signed ACP will be submitted to the Executive Board of IFAD as an annex to the new COSOP for Georgia.

7. **Recommendation 1. Establish some form of country presence or limit IFAD's engagement to co-financing operations led by other development partners.** Without a country presence IFAD cannot maintain the required flexibility, and at the same time consistency, in its engagement with a country such as Georgia, that is changing at such a fast pace and that is becoming increasingly demanding in terms of the kind of assistance it requires. For IFAD to play to its comparative advantage and add value, it has to leverage influence through partnerships. A consistent strategy for policy engagement and KM - yet to be developed - will require dedicated resources and solid expertise on the ground. If IFAD cannot establish a country presence, it should confine its engagement to co-financing operations led by other development partners. Past experience with co-financed projects has shown that IFAD can achieve good results through strong partnerships. This would enable IFAD to focus its resources on critical areas where it can add value through lending and non-lending activities.
8. **Agreed follow-up to recommendation 1:** The CSPE has highlighted that despite the challenges, the portfolio was relevant and, with some notable exceptions, well-aligned with Government priorities. While Management fully agrees that consistent with corporate priorities, there is a need to leverage partnerships, strengthen policy engagement and knowledge management, it does not concur with the premises of the recommendation as put forward *i.e. to establish some form of country presence or limit IFAD's engagement to co-financing operations led by other development partners*. Corporate level co-financing targets have been established and IFAD is also committed to country selectivity and prioritising investment opportunities for results and impact at scale. The Government and IFAD jointly prepared the Country Strategic Opportunities Programme which scopes the intensity of action and engagement. IFAD will continue to strengthen partnerships in Georgia and maximise opportunities for co-financing and scaling up investments for sustainable rural transformation and rural poverty reduction. While country presence is generally desirable, the current decentralisation plans foresee a Sub-regional hub in Turkey that will cover the Georgia country programme. This will increase proximity to the country and contribute to a closer engagement with the Government and other partners.
9. Responsible partners: Not applicable
10. Timeline: Not applicable
11. **Recommendation 2. Establish a strategic focus on rural finance and rural institution building, in line with Government priorities.** Rural finance is an area where IFAD has built up a body of experience due to experimentation with different access-to-finance models. No other development partner in Georgia has similar experience and IFAD should continue to pursue this niche. Furthermore, now that Government is showing an increasing interest in grassroots institutions and the EU (through ENPARD) and World Bank are supporting them, grassroots bodies can be the conduits for the financial products supported by IFAD. In this regard, IFAD should graft upon the work of others; there is no need to create parallel institutions unless absolutely necessary. It can also build on its successful relationship with MFIs. In the upcoming livestock project, MFIs should be used to target farmers and livestock cooperatives in the lower mountain regions.
12. **Agreed follow-up to recommendation 2:** IFAD Management agrees. IFAD has been engaged in Georgia since 1997. In the early years of engagement, there was a need to develop the mechanisms and institutional framework to allow for access to credit. This has been successfully achieved as also recognised in the CSPE.<sup>1</sup>

13. Government has recognised that the rural financial markets are robust and have enough liquidity. Government's request to IFAD is to support the organisation of smallholder farmers to enable them to tap into this available financial resource and its value added is to create the demand for the rural financial services; this approach is already in place. IFAD has not established parallel institutions and continues to build on and tap into the successful partnership with MFIs and the government agency, Agriculture Project Management Agency (APMA), as is the case with the ongoing IFAD-funded Agriculture Modernisation, Market Access and Resilience project.
14. Responsible partners: IFAD and Ministry of Environmental Protection and Agriculture
15. Timeline: through the COSOP 2018 and next designs
16. **Recommendation 3. Radically revise the approach to targeting, to adopt an explicit strategy for targeting those at risk of poverty and social exclusion within the rural population, in close cooperation with other development partners.** IFAD has an important role to play in Georgia if it focuses clearly on the poorer parts of the rural population and in particular women and youth. For this IFAD needs to do more to reach out to those parts of the rural population that are economically active, but at risk of poverty and social exclusion.<sup>1</sup> Only targeting entrepreneurial farmers and assuming that the rest will benefit indirectly will not be sufficient. IFAD has to adopt a differentiated targeting strategy that will support direct benefits for the relatively poorer parts of the population. Therefore, it is recommended that in preparation for the new country strategy, and in cooperation with like-minded partners, IFAD should conduct robust poverty and gender analysis to provide the basis for identifying and reaching out those groups that are at risk of poverty and social exclusion in rural development interventions, with a specific focus on women and youth. The outcome of the consultation would be to identify actionable strategies and, where possible, agree on coordinated interventions specifically targeted to rural youth and women, including single women and women-headed farming households. These strategies should inform IFAD's future project designs. Furthermore, any intervention supported by IFAD should ensure that women and youth from poorer households benefit equally. Interventions targeted at entrepreneurial farmers should ensure that entrepreneurial women are mobilized and benefit equally. Every project targeting value chains should include a commensurate set of activities that will give the private sector incentives to include smallholder farmers and monitoring to ensure the active poor benefit.
17. **Agreed follow-up to recommendation 3:** IFAD Management broadly agrees but recognises that the targeting approaches in MICs will not necessarily be directed at the extreme poor who mostly rely on social assistance programmes and are not economically active. Adopting a differentiated strategy is statutory for all our interventions (COSOP and design). The learning on IFAD operational policies are part and parcel of the engagement process by IFAD to ensure that pro-poor targeting mechanisms and approaches are employed. However, IFAD engages in policy dialogue and ensures alignment with Government

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<sup>1</sup> Note: this does not include those parts of the population that depend on social assistance

strategies and priorities. As a MIC and with imminent EU approximation, Georgian smallholders will have to comply with EU standards if they will continue to exist and participate in the economy. Our investments are intended to help these smallholders organise and graduate from their current situation and comply with EC standards. The fact that we also support enterprises is driven by this imminent development ensuring backward and forward linkages with the poorer segments. In all IFAD projects especially in MICs and particularly investments in VCs, various segments in the value chains provide opportunities for indirect outcomes such as job opportunities and input supplies and services from the youth and women in particular. Resources permitting, we will continue to conduct more feasibility and preparatory studies to develop packages for different segments of the target groups that fit with the overall macro-economic evolution and transformation of the agricultural sector

- 17. Responsible partners: IFAD and Government of Georgia
- 18. Timeline: through the COSOP 2018 and next designs

Signed by:

First Deputy Minister of the Ministry of Environmental Protection and Agriculture  
Government of Georgia, Tbilisi

Signature: \_\_\_\_\_



Associate Vice President  
Programme Management Department  
IFAD, Rome

Signature: \_\_\_\_\_

A handwritten signature in blue ink is written over a horizontal line.

## **RB-COSOP preparation process including preparatory studies, stakeholder consultation and events**

1. This RB-COSOP has been designed with IFAD's partners in Georgia, most notably the Ministry of Environmental Protection and Agriculture, but also other stakeholders from the private sector, civil society and external development partners. A RB-COSOP design team visited Georgia from 1 to 14 October 2017, during which intensive consultations were held, culminating in a joint learning event on 12 October 2017, when the preliminary findings were presented, discussed and the overall strategic direction agreed.<sup>13</sup>
2. Simultaneously, a RB-COSOP completion review was undertaken, upon which this RB-COSOP also rely for insights into past performance and learnings from the previous RB-COSOP (covering 2004-2013) and the country partnership and strategy note (CPSN, covering 2014-2017). Moreover, the RB-COSOP has also been informed by the preliminary findings, conclusions and recommendations of country strategy and programme evaluation conducted by IFAD's independent office of evaluation (2018). Other documentation include project evaluations, project completion reports, reviews and M&E reports.
3. The consultations in Georgia including the following stakeholders:
  - Ministry of Environmental Protection and Agriculture, including all relevant departments and units
  - AMMAR project staff
  - Ministry of Finance
  - Ministry of Economy and Sustainable Development
  - Ministry of Regional Development and Infrastructure
  - Statistics Georgia (GeoStat)
  - Georgia Farmers' Association
  - Georgian Amelioration Company
  - Georgian Alliance on Agriculture and Rural Development (GAARD)
  - OXFAM / Bridge
  - Action Against Hunger (a NGO)
  - European Neighbourhood Programme for Agriculture and Rural Development (ENPARD, EU supported)
  - Agricultural Cooperatives Development Agency (ACDA)
  - Agriculture Projects Management Agency (APMA)
  - Agriculture Projects Management Agency (APMA)
  - Biological Farming Association (Elkana, a NGO)
  - Women's Information Center (WIC, a NGO)
  - Scientific-Research Center of Agriculture (SRCA)

<sup>13</sup> The COSOP design team was led by Dina Saleh, IFAD country programme manager, Nicolas Tremblay, IFAD lead technical specialist, environment and climate, Edward Heinemann, IFAD, lead advisor, Peter Frøslev Christensen, lead consultant, Renaud Colmant, IFAD climate change specialist, Mohamed El Ghazaly, M&E consultant, Asyl Undeland, gender and targeting consultant, Sophie Berishvili, climate change specialist and Shorena Tchokhoniidze, institutional specialist.

- World Bank (including project staff and office staff)
- Swiss Agency for Development and Cooperation
- German International Cooperation (GIZ)
- Austrian Development Cooperation
- FAO
- UNDP
- UN Women
- UN Women
- CARE, Georgia
- USAID (office as well as USAID supported projects)

A country programme management team meeting was held in IFAD HQ on 17 October 2017, during which a presentation of the process and outcomes was made and broad agreement on the strategic direction was also solicited and obtained.



## Georgia RB-COSOP joint learning event: 12 October 2017



### Partnership for rural prosperity

### Proposed strategic focus of IFAD for the future

By Peter Frøslev Christensen  
IFAD lead consultant



### IFAD country strategy – engagement process

Approach to strategy review - Conversations with key partners:

- Government stakeholders, incl. MoA and its key departments and agencies
- Farmers, service providers and rural entrepreneurs
- External development partners, incl. SDC, WB, ADA, FAO, USAid and CSOs.

Learnings from these engagements have and are informing the strategy drafting process



### IFAD historical engagement with Georgia



### Key strategic context

#### IFAD own corporate strategies and mandate:

- IFAD is focused on raising the productivity and incomes of the rural poor; and improve their market integration
- Operationally, a key focus area is on the smallholders, and there are plenty in Georgia
- Priority on *productive* investment that accelerates inclusive growth not only in agriculture but in the wider rural space
- Increasingly also on brokering knowledge and innovation on emerging challenges especially on climate change.



### Georgian strategic policy context

#### Policy level: Substantial changes since the last strategy:

- Georgia's long term *SDS 2020* (2014) medium term *Freedom, Rapid Development & Prosperity* (2016) key in driving sustainable and inclusive economic growth, through effective public administration, human capital development, access to finance, and private sector competitiveness
- Increased focus on rural space through e.g. cheap credits, assistance to smallholders for e.g. inputs and ploughing and renewed interest in rural public goods



### Georgian strategic policy context

#### Ministry of Agriculture's 2020 strategy:

- Key is to frame previous urgent but ad-hoc measures into a systemic transformative strategy
- Accentuated by the DCFTA/AA and the accompanying challenges and opportunities
- The seven strategic directions give guidance and IFAD is ready to assist on delivering on the promises
- Complements the Rural Development Strategy 2017 - 2020



### Georgian context - challenges

- Extreme land fragmentation and high rural poverty
- Animal and crop diseases still prevalent
- Climate change impact diseases, stress and risk
- Rural infrastructure in state of disrepair
- Poor governance of infrastructure and natural resources
- Quality standards underdeveloped, squeezing smallholders
- Insufficient 'quality infrastructure'
- Weak value chains esp. for smallholders
- All partly due to policy neglect and underinvestment



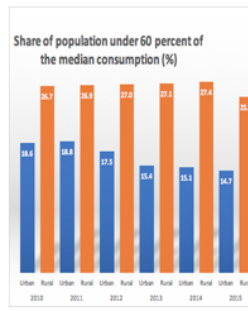
### Poverty and its drivers in Georgia



- 32% of country's population poor in 2014 (<\$2.5/day)
- More than 60% moderately poor and vulnerable to poverty
- Income sources of smallholders: Hired labour and from selling ag products



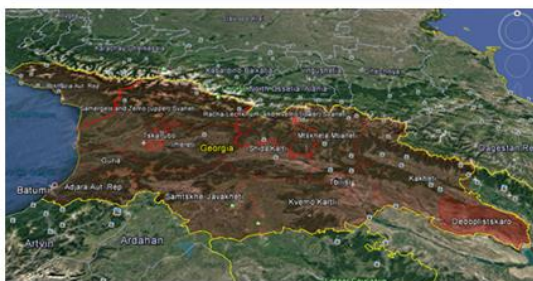
### Poverty disparities



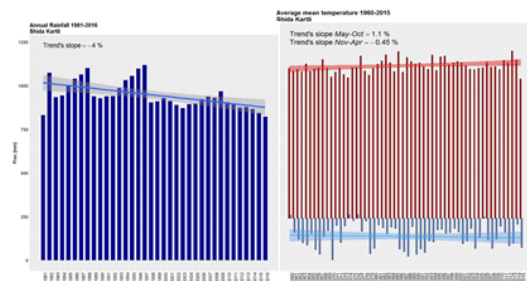
- Rural areas home to about 46% of population
- Here poverty is almost twice as high
- Poverty level differs by regions and proximity/connectivity to urban centres
- Mountainous regions have higher concentration of poor



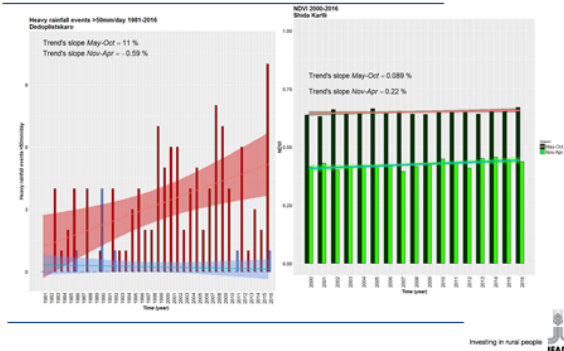
### Georgian climate context



### Climate context: Rain & Temperature



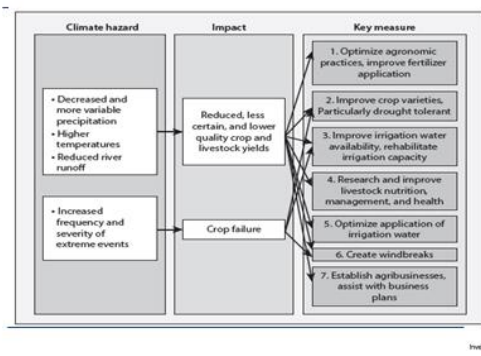
### Climate: Extreme events & vegetation



### Climate impacts

- Climate change is happening in Georgia
- Impacts are not yet dramatic
- But it would be unwise to neglect the trends, including :
  - increasing water deficits, to be compensated by additional irrigation
  - increase in extreme events due to changes in the rainfall pattern;
  - risk of new plant/animal/human diseases;
  - exposure to land degradation (wind and water erosion, potential reduction in biodiversity, etc.).

### Climate adaptation framework



### IFAD’s climate lessons & challenges

- Lessons learned from IFAD’s AMMAR Project (Agricultural Modernization, Market Access and Resilience Project)
- Attempts of reforestation, pasture enrichment, windbreaks were unsuccessful due to uncertainty of property rights & responsibility of land.
  - Significant policy and regulatory barriers, particularly affecting pastures:
    - Demarcation and registration
    - Land degradation and pasture condition insufficiently analyzed
    - Unclear management authority and lack of regulatory environment.

### IFAD’s future climate engagements

- Upcoming project Livestock Improvement in the Mountain Areas (LIMA) to address barriers to climate-smart investments in pastoral areas.
- This requires significant collaboration between Ministries of Economy, Agriculture, Environment & Justice.
- Funding from the Green Climate Fund may be sought to complement IFAD financing, resulting in the potential for “win-win-win” interventions.

### IFAD’s learnings

#### Informed by lessons learnt from past experiences:

- Government support, ownership is critical
- Don’t be driven by numbers only. Institutional context matter
- Ad-hoc, time-bound measures not sufficient to achieve rural transformative impact
- As a corollary, need to have better integrated approaches, factoring in CC, governance and complete VCs
- Poverty targeting and monitoring hereof needed
- Partnerships (domestic and international) are necessary

### IFAD's learnings

#### Informed by lessons learnt from past experiences:

- 'Broken' value chains reduce profitability and market access esp. for small-scale producers
- However, top-down established producer, marketing and community groups have had severe sustainability challenges
- Need to base support more robustly on demand, market driven consolidation, increased competitiveness and economies of scale
- Need to engage different partners such as the financial sector, suppliers, buyers and processors.



### IFAD's strategic partnership principles

#### Enhancing partnerships and leveraging impacts:

- Use existing sustainable structures for delivery
- Partner with like-minded rural development catalyzers such as IFIs and CSOs
- Seek to leverage finance for e.g. CC and youth
- Align to government policies



### IFAD's strategic partnership principles

#### Three pillars of mutual support areas – four point plan 2016–2020:

1. **Private sector strengthening** – IFAD will target the single largest business cluster
2. **Spatial planning** – IFAD will help deliver on the promise of development of rural highland and remote areas
3. **Governance** – IFAD work on both public and private governance of collective goods



### IFAD's strategic partnership principles

#### Seven pillars of mutual support areas – Agricultural strategy 2020:

1. **Competitiveness of farmer and rural entrepreneurs** – IFAD response: support value chain strengthening
2. **Institutional Development** – IFAD response: Assist in selected areas such as extension, APMA capacity and coordination
3. **Irrigation and Soil Management** – IFAD response: Key area but increasingly complemented with governance focus and climate adaptive engagements



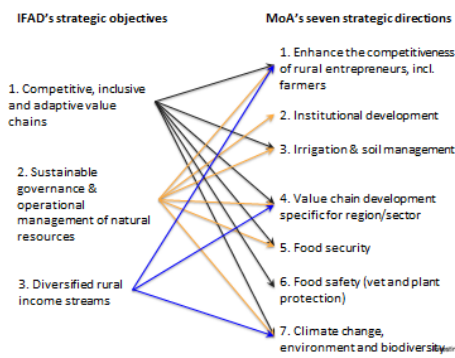
### IFAD's strategic partnership principles

#### Agricultural strategy 2020 (Cont'd):

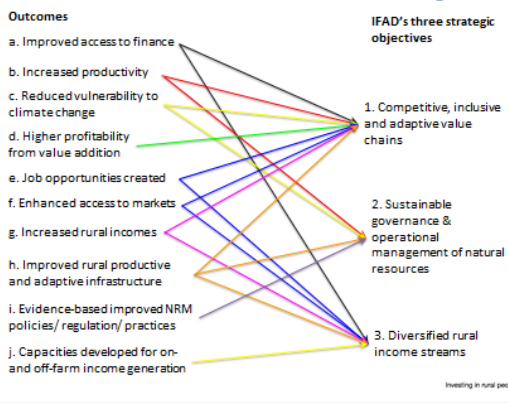
4. **Regional/sector specific value chain development** – IFAD response: Engage in adaptive VCs and solutions
5. **Ensuring food security** – IFAD response: Focus on commercialization & diversification of subsistence and smallholders
6. **Food safety, vet & plant** – IFAD response: Complement EU with technologies, inputs and VC strengthening
7. **Climate Change, environment and biodiversity** – IFAD Response: Robust focus on climate adaptive agriculture, sustainable water and land governance



### IFAD's strategic partnership objectives and alignment with MoA strategy



### Outcomes needed to deliver on objectives



### Tentative results framework

Key Results for RB-COSOP (covers 2 funding cycles)		
Strategic objectives	Outcome indicators	Milestone indicators
<b>S.O.1: Promote competitive, inclusive and adaptive value chains</b>	<ul style="list-style-type: none"> <li>At least 20% increase in income for targeted households</li> <li>At least 30% of targeted households reporting an increase in production (Core indicator)</li> <li>30% of supported households reporting improved physical access to markets, processing and storage facilities</li> </ul>	<ul style="list-style-type: none"> <li>At least 15 productive infrastructures constructed/rehabilitated.</li> <li>At least 2500 people trained in production practices and/or technologies (30% women) (Core indicator)</li> <li>30% increase in volume of agriculture and dairy produce</li> <li>At least 50% of trained beneficiaries reporting adoption of new/improved inputs, technologies or practices (Core indicator)</li> </ul>
<b>SO2: Improve sustainable governance &amp; operational management of natural resources</b>	<ul style="list-style-type: none"> <li>At least 2,000 ha under improved management practices (RIDE indicator)</li> <li>Two existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment (Core indicator)</li> </ul>	<ul style="list-style-type: none"> <li>2000 hectares of land brought under climate-resilient management</li> <li>At least 10 policy-relevant knowledge products completed (Core indicator)</li> </ul>
<b>SO3: Advance diversification of rural income streams</b>	<ul style="list-style-type: none"> <li>At least 2,500 FTE job created (Core indicator)</li> <li>At least 1,000 persons reporting using</li> </ul>	<ul style="list-style-type: none"> <li>At least 5,000 persons trained in income-generating activities or business management (30% women) (Core indicator)</li> </ul>

### How to do it: Reaching the rural poor

**Geographic targeting:** IFAD is working nationwide, with special focus on disadvantaged regions and municipalities

**Direct Targeting:** IFAD exercises direct targeting of the vulnerable, youth, smallholders; and quota for female-headed households

**Self-targeting measures** – focusing on the priorities and capacity of the productive smallholders

**Enabling measures** – to support a policy and operational environment favourable to poor

### Engaging & empowering women

45% of all women-operated farms specialize in raising livestock like beef cattle, horses, sheep, goats and kids—both the goat and human varieties.



### IFAD’s strategic partnership – engaging with partners

- Continue the strong partnership with ministry of agriculture and its agencies
- Reach out to the key actors in inclusive value chains, from farmers, to coops, buyers, sellers and extension
- Engage and broker with financial institutions from MFIs to banks and IFIs
- Learn, cooperate, coordinate and complement with other ministries, development partners and civil society organizations
- Openness to new partnerships that share IFAD vision of transformative and adaptive change in the rural space

### IFAD’s strategic partnership – next steps

#### Next steps in the process

Based on previous consultations, learnings and inputs from this workshop:

- Revise and update the strategy and results framework
- Share draft with government partners - soliciting comments
- Finalise strategy paper
- Submit to IFAD Executive Board (2018)

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### Questions for discussion

- Do you agree with the three objectives?
- To what extent should IFAD focus outside core agriculture to e.g. diversify off-farm incomes
- How can smallholders become more integrated in and benefitting from value chains? Coops, consolidation or connectivity?
- What are the critical elements that can attract entrepreneurial youth to invest in their rural livelihoods?
- Why have past public investment in agriculture underperformed? And what to do?





# Natural resources management and climate change adaptation: Background, national policies and IFAD intervention strategies

## Social, Environmental and Climate Assessment Preparatory Study for the RB-COSOP of Georgia

### 1. Major landscape characteristics and issues

#### 1.1 Socio-cultural context

1. Georgia spans on a territory of 69,700 km<sup>2</sup> and, as of January 2016, is home to 3.72 million people. Georgia's capital – Tbilisi – is the largest city of the country with the population of 1.1 million people<sup>14</sup>.
2. Georgia is a semi-presidential democratic state with multiparty system, has a president, as Head of the State and Prime Minister, as head of the Government (Government of Georgia). The President of the Republic and the Government wield executive power. The Parliament holds the legislative power in Georgia and court power is executed by constitutional court and other united courts.
3. Georgia is divided in nine regions: Guria, Imereti, Kakheti, Kvemo Kartli, Mtskheta-Mtianeti, Racha-Lechkhumi and Kvemo Svaneti, Samegrelo and Zemo Svaneti, Samtskhe-Javakheti, Shida Kartli. Georgia has two breakaway regions – Abkhazia and South Ossetia. A region is a non-self-governing administrative unit providing coordination and communication of several municipalities therein (with the exception of the municipalities of Adjara and that of Tbilisi) with the central Government. The 'State Commissioner' or the 'Governor' leads a region being formally appointed by the Prime Minister of Georgia.



4. Each region of Georgia is sub-divided in municipalities. According to the Local Self-

<sup>14</sup> Geostat, 2016: <http://geostat.ge/>

Government Code of Georgia (2014), a municipality is a self-governing unit where a local self-governance is implemented. The municipality could be under the form of a settlement (self-governing city) which has administrative borders or of a unity of settlements (self-governing community or 'Temi'), which has administrative borders and administrative centre.

5. A municipality has elective representative and executive bodies, registered population and hold its own property, budget, and revenues. The executive body of the municipality is called Gamgeoba (or Municipality Board), and the highest official of the municipality is a Governor (Gamgebeli or Head of the Board), or a mayor for self-governing city. For the purposes of optimisation of governance, a municipality may be again sub-divided in administrative units.
6. The population of Georgia has significantly decreased since the collapse of the Soviet Union, as a direct result of emigration triggered by economic hardship. According to the World Bank, at least 15% of the country's population migrated permanently since 1990s<sup>15</sup>.

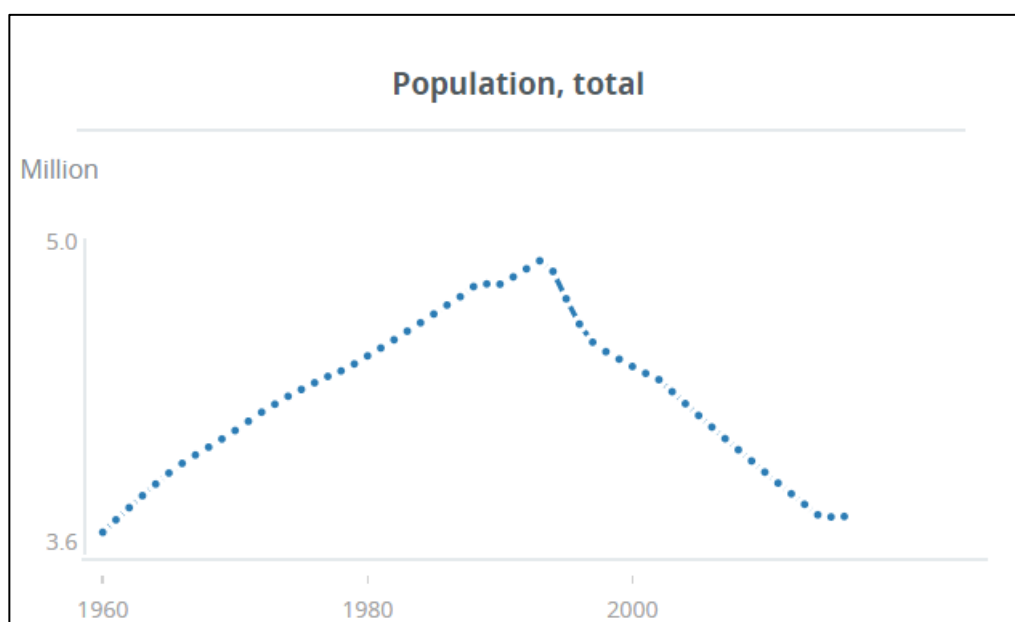


Figure 1: Total population in Georgia (World Bank, 2016)

### A. Rural poverty

7. The average monthly income per capita and per household during the last ten years have been slowly increasing. The same trend is observed for the average monthly expenditure per capita and per household, with incomes only slightly higher than expenditures. The poverty level has nonetheless increased in the country from 6.4% in 2007 to 10.1% in 2015<sup>16</sup>. Georgia's Human development index (HDI) value for 2014 was measured at 0.754 by UNDP. This index indicator places the country in the high human development category and positions it at 76 out of 188 countries and territories. It is noteworthy that between 2000 and 2014, Georgia's HDI value increased from 0.672 to 0.754. Rural population has been decreasing. The majority of the poor are in rural areas, many of them occupied in subsistence or small-scale agriculture since the fall of the Soviet Union. Agriculture is no longer one of the main driver of the economic growth of Georgia. Still, agriculture maintains its importance in rural development and the rural labor force is predominantly employed in the

<sup>15</sup> World Bank, 2016

<sup>16</sup> Social Service Agency, 2016. <http://ssa.gov.ge>



agriculture sector.

## B. Gender and youth

8. **Gender.** The constitution of Georgia guarantees equal rights to women and men. In 1995, Georgia adopted the Beijing Platform for Action and the Convention on the Elimination of All Forms of Discrimination against Women. The Millennium Development Goals also obliges the government to take measures for women's advancement and gender equality. After a pursuing a fragmented approach to women's advancement and gender equality in the late 1990s, Georgia has made important policy improvements since 2003. According to UNDP, slight gender inequalities persist in rural Georgia and justify measures to give equal opportunity to men and women in projects. However, these inequalities do not result in higher vulnerability for female-headed households
9. **Youth.** According to the State Youth Policy Document of Georgia a "youth" is considered to be a person aged from 14 to 29 years. The policy document covers identification and support of youth groups, among them students, children, vulnerable and marginalised groups, such as young people with disabilities, internally displaced young people, young people from ethnic minorities, underprivileged young people, young people living in mountains and rural areas, juvenile inmates, young people living in the areas bordering the occupation line etc. Georgian youth is considered by the state among the most valuable assets to ensure long-term democratic development and economic growth of the country.

## C. Land and water tenure

10. According to the Strategy for Agricultural Development in Georgia for 2015-2020, agricultural land accounts for over 3 million ha and constitute 43.4% of the whole territory of Georgia. It is made up of arable lands, pastures and meadows. 25% of Georgia's total land area is classified as permanent pasture which represents about 1.7 million ha of Georgia total land area of 6.9 million ha. This confirms the importance of pastures, as they constitute over 50% of the total agricultural lands in Georgia.
11. While most arable land was privatized after Georgia's independence, pastures remained under state ownership and are used under a regime of free access<sup>17</sup>. To date, there no clear delineation between state-owned, municipal and privately-owned land for agricultural; only 20-30% of the agricultural lands are officially registered by the National Agency of Public Registry. In 2010, with the issuance of the Law of State Property, privatization of pasture was *de facto* stopped; however, some of pasture lands had already been acquired by private owners between the independence and the issuance of the Law. The current ownership of pastures is estimated as follows:
  - Private owners: 15% -25%
  - Municipalities: 2-5%
  - Agency for Protected Areas: 2%
  - Public Property: 70-80%
12. Currently, conflicting policies are driving the pastures registration process. On one hand, the Agency of State Property (ASP) is conducting a national inventory of all state land, including pastures, in view of strengthening the administration of state property. ASP is coordinating with municipalities and concerned ministries the registration process of state property. On the other hand, the Ministry of Regional Development and Infrastructure (MRDI) is supporting municipalities to register state property, including pastures in view of strengthening the decentralization process in Georgia. This process is aiming at improving revenues of municipalities and is linked to various on-going legal, institutional and financial support to local development.

<sup>17</sup> Raaflaub and Dobry (2015). Pasture Management in Georgia

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## 1.2 Natural resources and their management

13. Georgia is a mountainous country with rich biodiversity and varying climate and precipitation. Almost the entire infrastructure, as well as industrial and agricultural lands are located in the lowlands. About half of the area is farmland, mostly hay land and pastures due to the mountainous landmass. Arable land often requires land reclamation measures. The key environmental problems in Georgia include pollution to air and water, as well as land degradation; deforestation, forest degradation, localized overgrazing, erosion and loss of biodiversity are affecting the provision of ecosystem services negatively.

### A. Water resources

14. The country can be divided into two main river basin groups: The Black Sea Basin, in the west of the country. The internal renewable surface water resources (IRSWR) generated in this basin are estimated at 42.5 km<sup>3</sup>/year.

15. Although water is abundant in Georgia, it is unevenly distributed geographically. Almost 80% of the fresh water is found in the western part of the country, while a majority of industrial facilities, irrigated land, and population is situated in the eastern part. Failing infrastructure for water supply, sewage, and wastewater treatment causes pollution of watercourses, particularly in the East, and may affect human health. Many of the rivers, especially Mtkvari and Rioni, are heavily polluted, affecting water quality nationally as well as in downstream countries.

16. Coliform bacteria levels in reservoirs and water supply systems have reached dangerous levels in many areas. The quality of drinking water often does not comply with human health and safety standards. The major sources of water pollution are domestic, industrial and agricultural activity, including inadequate waste management practices. In 1996, only 13% of domestic and industrial sewage was treated prior to discharge. Also the Black Sea is heavily polluted by uncontrolled sewage, agricultural runoff, oil spills and dumping of wastes. The entire ecosystem of the Black Sea has begun to collapse, and the wetlands (including Ramsar sites) are heavily affected.

### B. Soil and land degradation issues

17. Georgia is among the countries having the most diverse soil types within a small area, stipulated by vertical zonality consisting from five climatic zones. Distribution of the major soil types are shown on the map (Figure 2).

18. The World Bank<sup>18</sup> estimates that two-thirds of agricultural lands are eroded or degraded. Soil erosion, desertification and salinization (most common in east Georgia) are growing problems. Water and wind erosion, environmentally degrading agricultural practices and other anthropogenic pressures (e.g. uncontrolled logging)<sup>19</sup> and natural processes has led to the degradation of farmland. Given the scarcity of arable land, soil erosion remains one of the greatest problems. There is no systematic monitoring of industrial pollution of soils. There is however, an increase in the use of chemical substances (fertilizers, pesticides, herbicides, etc.) which may affect the soil quality. Bad waste management practices, including sub-standard landfills (official and illegal dumping sites) cause constant pollution of soil, water and air.

19. Land degradation does not only lead to a loss of land productivity but also increases the frequency and magnitude of floods, landslides, and mudflows. From 1995 to 2012, floods and erosion—particularly through landslides and mudflow—led to US\$650 million in economic losses.<sup>20</sup>

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<sup>18</sup> Georgia: Country Environmental Analysis – World Bank 2015

<sup>19</sup> Geostat, 2016: <http://geostat.ge/>

<sup>20</sup> Georgia: Country Environmental Analysis – World Bank 2015

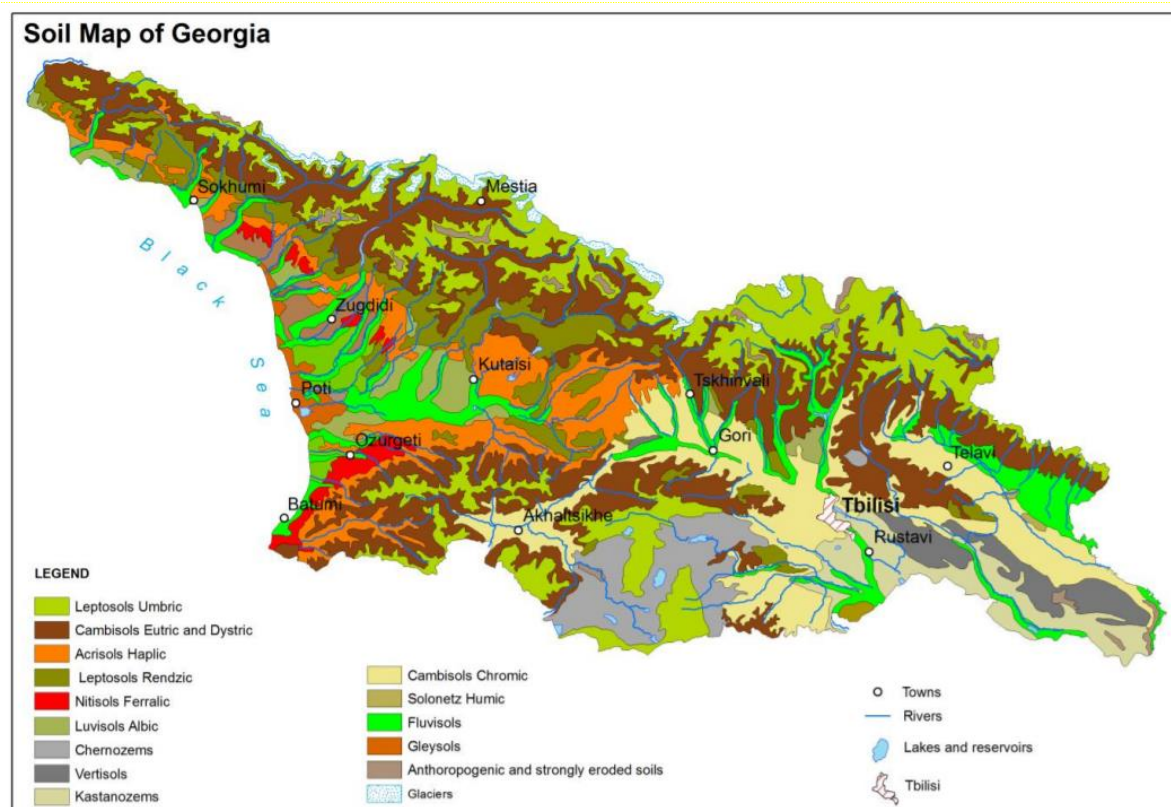


Figure 2: Soil map of Georgia<sup>21</sup>

### C. Vegetation cover

20. Forests, which cover almost 40% of the land area, are mainly located in mountainous areas and large parts are severely degraded. Currently the average density of the forest has reached a critical threshold in 52% of the land area. The intensive deforestation since the late 1990s is unprecedented in the history of Georgia. Unsustainable forestry practices and the encroachment of livestock into forests are affecting the diversity, quality and productivity of the forests.<sup>22</sup> Deforestation is mainly due to the drastic reduction in firewood imports from Russia. This has been compensated by illegal logging by the population. Degraded forests have drastically decreased protective functions (protection of soils, storage of waters, regulation of waters, sanitary-hygienic functions, etc.) and self-recovery ability. Landslides and avalanches are becoming more frequent. Deforestation exerts a negative influence on the entire ecological state in Georgia.

### D. Biodiversity

21. Because of its high landscape diversity and low latitude, Georgia is home to about 5,601 species of animals, including 648 species of vertebrates (more than 1% of the species found worldwide) and many of these species are endemics. The Caucasus is one of the most biologically rich areas on earth and is ranked among the planet's 25 most diverse and endangered hotspots by Conservation International. The bulk of biodiversity is found in the forests, freshwater habitats, marine and coastal ecosystems and high mountain habitats; these are also where the threats are the greatest.

### 1.3 Climate change impacts and vulnerabilities

22. The climate of Georgia is extremely diverse, considering the nation's small size. There

<sup>21</sup> Joint Research Center, European Commission, Soil Resources of Mediterranean and Caucasus Countries, 2013.

<sup>22</sup> Akhalkatsi (2015). Forest habitat restoration in Georgia, Caucasus ecoregion

are two main climatic zones, roughly separating Eastern and Western parts of the country. The Greater Caucasus Mountain Range plays an important role in moderating Georgia's climate and protects the nation from the penetration of colder air masses from the north. The Lesser Caucasus Mountains partially protect the region from the influence of dry and hot air masses from the south as well.

23. Much of western Georgia lies within the northern periphery of the humid subtropical zone with annual precipitation ranging from 1,000–2,500 mm. The precipitation tends to be uniformly distributed throughout the year, although the rainfall can be particularly heavy during the autumn months. The climate of the region varies significantly with elevation and while much of the lowland areas of western Georgia are relatively warm throughout the year, the foothills and mountainous areas experience cool, wet summers and snowy winters, snow cover often exceeds 2 meters in many regions.
24. Eastern Georgia has a transitional climate from humid subtropical to continental. The region's weather patterns are influenced both by dry, Caspian air masses from the east and humid, Black Sea air masses from the west. Annual precipitation is considerably less than that of western Georgia and ranges from 400–1,600 mm.

### **A. Climate change impacts**

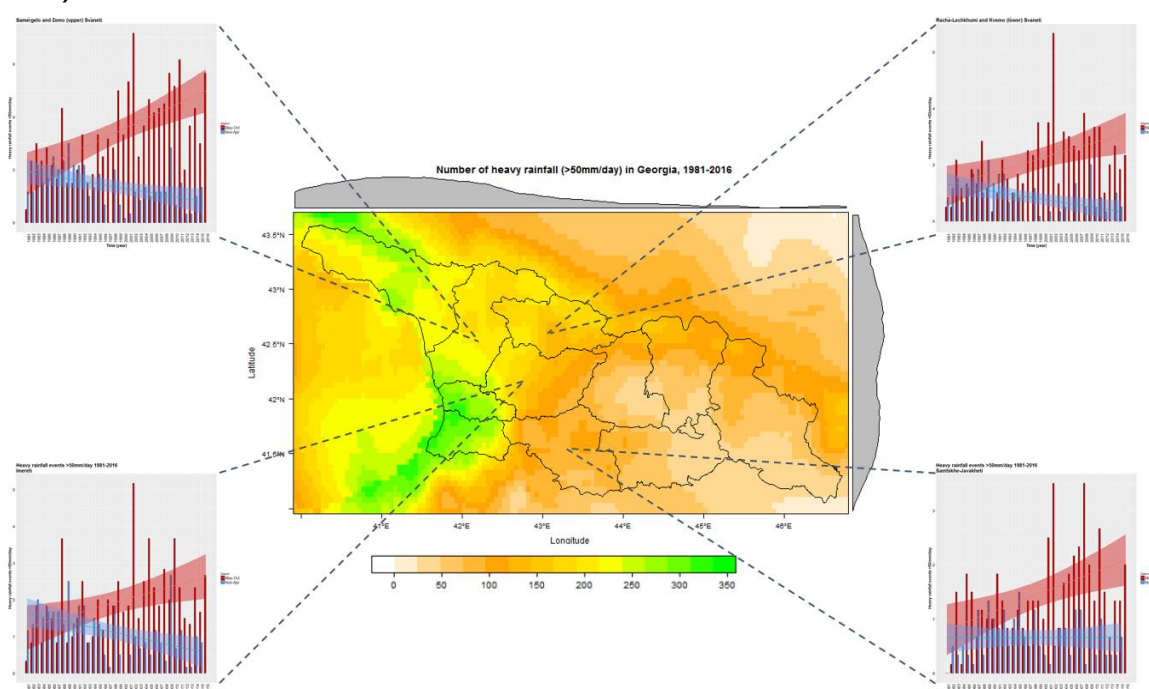
25. According to the IPCC, at regional level in West Asia, upward temperature trends are notable and robust in recent decades. Also, a weak but non-significant downward trend in mean precipitation was observed in recent decades, although with an increase in intense weather events.
26. Recent study from the National Adaptation Plan for Agriculture (NAPA) in Georgia observed changes in climate and therefore in agro-climatic zones in Georgia<sup>23</sup>. Temperature has increased in most parts of the country. According to the data of 1991-2015, precipitation through the period decreased slightly overall.
27. Climate change scenarios considered in the country's NAPA and its INDC predict:
  - (i) An increased risk to crops from rains that bring floods, landslides and mudslides
  - (ii) Reduced yields (except in eastern mountain regions where yields may increase)
  - (iii) Increase in variety and range of pests and diseases; (iv) Shifts in production zones and (v) Increased erosion and degradation of limited arable land. Climate change will impact natural resources (forest, pasture, water bodies, others) as well as rural infrastructures such as roads and water points and therefore livelihoods of smallholders and rural people.
28. Neglecting smallholders' adaptation will impact the rural poor negatively and will contribute to socio-economic issues such as rural depopulation (rural population in Georgia was reported at 46.17 % in 2016 and is decreasing) and unemployment (11.8% total population) with possible consequences on the country's stability. Economic losses without adaptation measures during 2021-2030 are estimated to be about 10-12 billion USD, while adaptation measures will cost within 1.5-2 billion USD.<sup>24</sup>
29. The analysis of the last decades climatic patterns (1960-2016) done by IFAD in 2017<sup>25</sup> confirms that the climate in Georgia has already changed and that the main trends foreseen by the IPCC and the NAPA are becoming evident. Extremes in maximum and minimum temperatures have exacerbated since 1960, meaning warmer maximum temperature in summer and colder minimum temperature in winter, for most of the Regions in the country.

<sup>23</sup> Climate Change National Adaptation Plan for Georgia's Agriculture Sector, Ministry of Environment and Natural Resources Protection of Georgia, 2017

<sup>24</sup> [Georgia's intended nationally determined contribution submission to the UNFCCC](#)

<sup>25</sup> Georgia Georeferenced Climate Trends Assessment 1981-2016. IFAD 2017.

30. Significant decrease in annual rainfall since 1981 is observed for several of the municipalities in Georgia but not at regional level except for Shida Kartli region (see figure 4). Georgia has several micro climates and the trends for annual precipitation can vary from one municipality to another within the same region (i.e. significant increase in Martvili and significant decrease in Tskhakaia within the Samagrela and Zemo Svaneti region). Significant decrease of annual rainfall is noted at local level in most of the municipalities in Imereti particularly during summer and in the North of Kakheti Region throughout the whole year. Those municipalities have experienced smallest amount of annual rainfall since 1981 three years in a row (2014-2015-2016).
31. A shift in intra annual monthly rainfall is observed with an increase in concentration of monthly rainfall in early autumn and late winter and a decrease in summer (with a negative trend of around  $1\text{mm}/\text{year}^2$  for August). Rainfall events are not equally distributed during the summer and assessments show trends of longer dry period combined with more intense rainfall events, storms that increase erosion and provoke mudflows and landslides. The study shows a significant increase in heavy rainfall events ( $>50\text{mm}/\text{day}$ ) during summer season for the period 1981-2016 (see Figure 3 below).

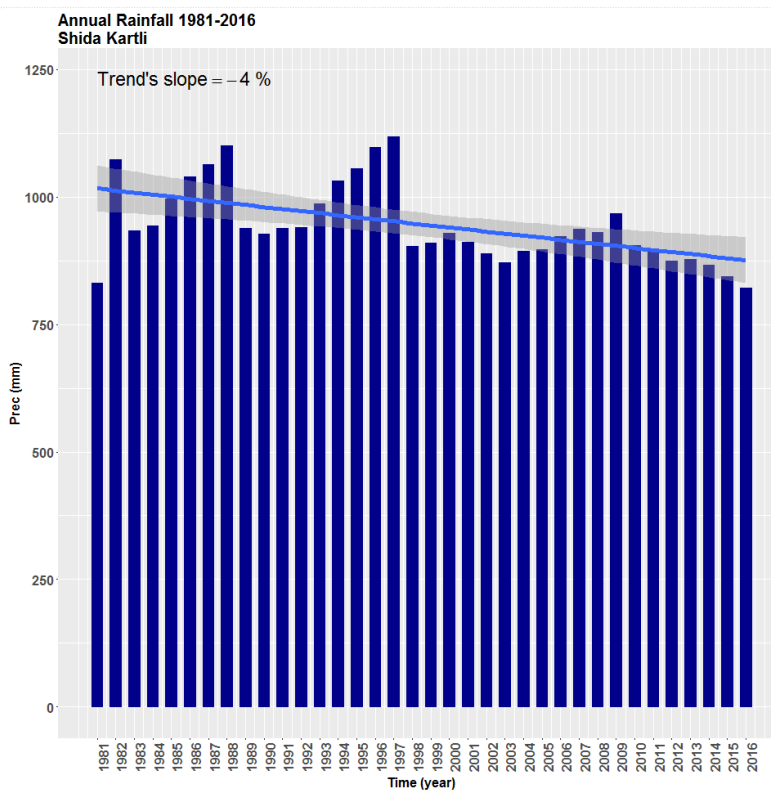


**Figure 3: Number of heavy rainfall events ( $>50\text{mm}/\text{day}$ ) in Georgia for the period 1981-2016**

32. A study of trends in snow cover for the period 2000-2016 was also conducted by IFAD<sup>26</sup> based on satellite imagery from Landsat, NASA. Results show as expected that the percentage of the territory covered by snow is higher during the winter months. In the two regions situated in the north of the country (Racha-Lechkhumi and Kvemo (lower) Svaneti, Samergelo and Zemo (upper) Svaneti) the study shows a robust trend of decreasing snow cover since 1981.

<sup>26</sup> Georgia Georeferenced Climate Trends Assessment 1981-2016. IFAD 2017.





**Figure 4. Declining rainfall in Shida Kartli (Eastern Georgia)**

33. From the above data the following conclusions can be made: (i) Although there is uncertainty of increase or decrease in annual rainfall, in the eastern part of the country rains are more concentrated and heavier in summer, increasing the torrential regime and thus the risk of flooding, soil erosion, and reduced infiltration of water in the soils (lower availability of water in during the warm season); (ii) the precipitation decrease in summer months and increased evaporation caused by higher temperatures could have negative impact on water availability leading to longer drought events in the future.
34. Aggregated climatic models under the scenario RCP8.5 predict higher temperatures in the whole country and less rainfall especially during summer months, with higher probability of drought in those areas with higher maximum number of consecutive dry days. The third communication to the UNFCCC (2014) similarly predicts higher temperature by 2070-2100 for the whole territory. The study also predicts an increasing trend for annual rainfall in the mountainous area until 2050, followed by a decrease except for some areas (Batumi, Pskhu and Mta – Sabueti). Significant decrease of precipitation is expected by 2100 on whole territory of Georgia, mostly in Samegrelo, Kvemo Kartli and Kakheti (22%).
35. According to the Initial National Communication Report to the United Nations Framework Convention on Climate Change (UNFCCC) published in 2014 and the National Adaptation Plan for Agriculture (NAPA) published in 2017, the climate of Georgia is affected by global climate changes and variability, with impacts illustrated in Table 1.

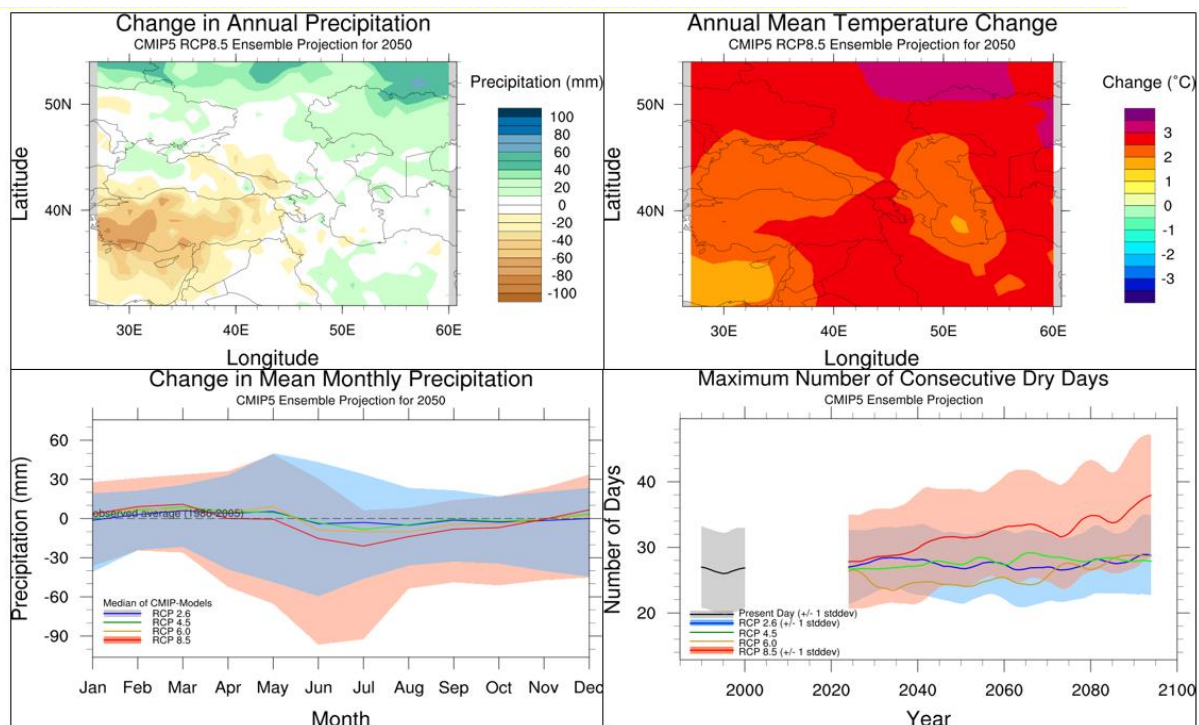


Figure 5: Change in annual precipitation (upper left), annual mean Temperature (upper right) and in Mean Monthly Precipitation (lower left) for 2050 compared to 1996-2005 baseline; Maximum Number of Consecutive Dry days (lower right) in Georgia (IPCC-CCKP<sup>27 28</sup>).

## B. Impact of climate change on urban infrastructures

36. Storm-water systems are under-designed in Georgia. Urban development increases the amount of water runoff and localized flooding and flash floods occur in urban areas where there are too few drains, or where their capacity is insufficient to deal with heavy precipitation. The population of Georgia, as well as its lands, roads, oil and gas pipelines, hydropower sites, energy transmission lines and mountain tourism sites periodically suffer with disasters, and the threat is increasing constantly. This is confirmed by disasters recorded by the geological office of Georgia. A large share of the populated and urbanized areas of Georgia are in ecologically dangerous zone, where West Georgia is distinguished with the greatest vulnerability.

<sup>27</sup> World Bank Climate Portal: <http://sdwebx.worldbank.org/climateportal/>

<sup>28</sup> IPCC 5th Assessment Report <https://www.ipcc.ch/report/ar5/>

**Table 1: Climate change impacts in Georgia**

<b>Resource</b>	<b>Impact</b>
<b>Water resources</b>	<p>With increasing temperatures (30–38C) the water supply of cattle watering points in Kakheti and Kvemo Kartli decreases every day from June to September. Water sources fed by rainwater (which is often the single source of watering) are gradually decreasing or are generally dried out. Water points are often subject to pollution due to animal high pressure.</p> <p>High-water levels of rivers should also be taken into consideration. Rivers often change riverbeds grasping thousands of hectares of soil every year, including even territories of populated areas. In such cases old burial grounds of anthrax might be stripped off. Several cases of anthrax in animals were recorded in the south of Georgia in 2013. It was stated that the focus of infection was the soil washed off by the heavy rains in that year.</p>
<b>Agriculture and livestock</b>	<p>Current climate change has already influenced cattle breeding. Frequent precipitation, strengthened as a result of warming, causes washing-off of the soil from the slopes, which, against the background of intense utilization of the grass cover, is accompanied by harsh reduction of productivity of mowing and grazing lands.</p> <p>Heat waves, which are projected to increase under climate change, could directly threaten livestock, reducing weight gain and sometimes causing fatal stress. Heat stress affects animals both directly and indirectly; it can increase an animal's vulnerability to disease, reduce fertility, and reduce milk production in dairy animals.</p> <p>The year 2000 was one of the worst harvest years for wheat due to "great" drought. According to the data of Dedoplistskaro meteorological station, aggregate precipitation in the wheat vegetation period was the lowest value in 1961-2015 period. The drought was further aggravated by increased temperatures. Average temperature for June in 2000 was the highest temperature in 1961-2015 period.</p> <p>Drought in 2014 has significantly damaged grain crops in some municipalities of Kakheti (East Georgia) and has serious negative impact on agricultural production in general.</p>
<b>Forest and biodiversity</b>	<p>Displacement of natural boundaries at sensitive areas of eastern Georgia (temperature forest ecosystems), loss of resilience of flora and fauna to invasive species, loss of natural ecosystems "corridors" for migration of rare and endemic species, increased cases of forest fires (Summer 2017) degradation of landscape diversity, loss of biodiversity impact on livelihood.</p>



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**C. Knowledge gap**

37. The National Adaptation Plan for Agriculture published in 2017 intends to reduce the knowledge gap on climate related impacts on agriculture. However, even though the document gives us a broad idea on main crops in Georgia, the document is not complete yet and the recommendations for adaptation measures should be strengthened.
38. There is a knowledge gap, which makes it challenging to improve the adaptation analysis. As an example, erosion risk is well known in Georgia but no recent study on this issue was conducted so far to identify the location and the related adaptation activities. In addition, there is a need to enable systematic quality control of the data used in the analysis. Technical training to share experience and best practice with the deployment of these adaptation practices in similar regions.
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## 2. Institutional analysis

39. Georgian legislation comprises various laws and international agreements. Along with the national regulations, Georgia is signatory to a number of international conventions related to environmental and social protection.
40. The Constitution of Georgia (1995, last amended in 2013) lays down the legal framework that guarantees environmental and social protection, and public access to information with regard to environmental conditions.
41. A number of ministries, departments and agencies are responsible either directly or indirectly for the implementation of environmental and social related legislation and policy.
42. The **Ministry of Environment and Natural Resources Protection** (MoENRP) was the authority for implementing and enforcing environmental legislation and policy, however due to the recent restructuring in the government in November 2017, the MoENRP was moved to the Ministry of Agriculture. The natural resources management was moved to the Ministry of Economy and Sustainable Development. At this stage it is unclear how these two Ministries will work together.
43. The core function of the **Ministry of Agriculture** (MoA) is to develop and implement a unified government policy on the development of agricultural sector of Georgia. Along with other issues, the Ministry is in charge of agro-production, agro-processing, land conservation and productivity improvement, crops, livestock, fisheries, agro-engineering and veterinary, as well as promotion of upgrade and accessibility of agricultural technology.
44. **Ministry of Economy and Sustainable Development** has an important role in the supporting agricultural development as well as pastures through its role in overseeing land management policies in general and the process of privatization of state owned lands as well as their registration in specific.
45. **National Environmental Agency** is a legal entity under the Ministry of Environment Protection of Georgia. The agency represents an independent organization from public administration that implements its activities independently under state control. Official functions include preparing and spreading informational documents, forecasts, warnings regarding to existing and expected hydro-meteorological and geodynamic processes.
46. **National Forestry Agency** is a legal entity under the Ministry of Environment Protection of Georgia. Its official functions include forest protection, monitoring, reforestation and forest use state policy.
47. **Ministry of Energy** of Georgia implements State Energy Policy for Georgia, participates in the development of strategies and programs that address the priorities in the energy sector, monitors their implementation, and works out appropriate recommendations. The Ministry structure includes the Department for Energy Efficiency and Renewable Energy.
48. **The low emission development strategies (LEDS)** aims to reduce greenhouse gas emissions. In 2013 the low emission development strategy, funded under the US EC LEDS program, started in Georgia. The program aims at supporting efforts to pursue transformative development and accelerate sustainable, climate-resilient economic growth while slowing the growth of greenhouse gas emissions.
49. **Ministry of Regional Development and Infrastructure** (MRDI) is in charge of regional development policies in addition to overseeing the development of the infrastructure, including water, roads and others. MRDI is in the process of strengthening policies and laws which allow transferring the implementation of services from central level to municipalities. MRDI has developed Regional Action Plans (for a duration of 7 years) of all regions and has initiated the development of

municipal development plans (for a duration of 4 years) for 40 municipalities.

50. Georgia's **climate change adaptation strategy** is structured around the **National Adaptation Plan (NAPA) to Climate Change** produced by Ministry of Environment and Natural Resources Protection in collaboration with other agencies including IFAD. The Third National Communication to UNFCCC as well as the Georgia's Intended Nationally Determined Contribution (INDC) are equally important documents. New strategies to ensure environment management and climate change mitigation and adaptation have been developed. Nonetheless, the country is still facing a major deficit in terms of climate change adaptation.

### 3. Recommendations to enhance environmental and climate resilience in agriculture and rural development

#### 3.1 Strategic orientation for the RB-COSOP

51. The RB-COSOP features two strategic objectives: 1. Inclusive and adaptive rural economic growth; and 2. Sustainable governance and operational management of natural resources of importance to the rural poor. These objectives will guide projects towards development of social and environmental strategies that include investments and capacity building practices, taking into account environmental constraints and climate change challenges.
52. IFAD aims to support climate change adaptation to increase the resilience to climate change at household level. This includes improving soil and water management to secure higher crop yields and land productivity, and mitigating the impact of the higher frequency and intensity of increased extreme weather events, such as drought, torrential rainfall/floods and storms.
53. Projects to be developed under the new RB-COSOP have to be in line with international environmental conventions and national strategies. These include Georgia's Intended Nationally-Determined Contribution (INDC), its National Adaptation Plan for Agriculture (NAPA) and its National Biodiversity Strategy and Action Plan 2014 – 2020 (NBSAP) under the Convention for Biological Diversity. RB-COSOP objectives have to be in line with the UN Sustainable Development Goals.
54. Georgia's INDC states that adaptation measures of the agricultural sector include the following measures of direct relevance to IFAD: (a) research and development of emergency response plans for agriculture dealing with droughts, floods, etc; (b) introduction of innovative irrigation management and water application techniques to safeguard agricultural yields; (c) implementation of various site specific anti-erosion measures to reverse land and forest degradation; (d) establishment of information centers for farmers that provides guidance on adaptive management of agriculture.
55. National and international stakeholders from different sectors and agencies should enhance coordination in their approach to the agricultural sector. IFAD should explore opportunities to partner with other agencies such as EBRD, GIZ, FAO, UNIDO or UNDP to increase the impact of its programmes. IFAD is currently not an implementing agency in the current United Nations Partnership for Sustainable Development (UNPSD) framework document for Georgia.<sup>29</sup> IFAD could contribute to the framework's objectives, especially in strengthening the government's capacities in environmental governance.
56. Funding from other co-financers (e.g. the Green Climate Fund or the Global Environment Facility) will be sought to complement IFAD financing. Possible projects should identify components that have development and environmental co-benefits making it possible to apply for climate and environmental funding.

#### 3.2 Proposed strategic actions

57. **Promote collective management of natural resources.** Explore different governance models to sustainably manage water and pasture resources in order to address the regulatory gap that currently affects public lands in Georgia. Specifically check whether user associations/unions present commercially and environmentally sustainable governance options, in combination with municipalities in the overall context of decentralization.

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<sup>29</sup> [United Nations Partnership for Sustainable Development \(Framework Document\) Georgia 2016-2020](#)

58. **Promote sustainable use of pastures.** Pasture overuse is a regional and local problem in Georgia and is mostly concentrated on pastures and forests near settlements. Increasing the productivity and the efficiency of animal feeding will mitigate the livestock pressures causing pasture and forest degradation. Measures should aim at halting soil erosion, increasing soil productivity and restoring vegetation and soils on degraded grasslands and forests that are used for grazing. Sustainable grazing practices include pasture rotation, setting up hay meadows, and pasture improvement including mowing, environmentally friendly fertilisation, seed dissemination, improved access to water, etc. The prospects for improvement of communally used natural pastures are limited without appropriate legislation. Proper pasture management requires a regulatory framework that allows for better stewardship and sustainable use of resources. In this respect it is important to ensure that low income and transhumant pasture users are not excluded.
59. **Improve farmer access to agronomic technology and information.** According to the National Adaptation Plan for Agriculture (MoENRP, 2017), relevant government institutions have limited systems, capacity and expertise to address challenges related to climate change efficiently. There is a need to effectively collect and analyze climatic and environmental data that not only support policy and decision making but also support farming households to identify resilient practices. This includes expanding and modernizing the hydrological and meteorological observing network (that largely fell into dereliction in the 1990s) and further applying geo-information technologies (GIS). Information systems should also provide farmers with market information for various products. Extension services should aim to reduce the climate change adaptation deficit in rural areas through promoting improved agronomic practices. This includes the capacity building of (i) technical offices of rural municipalities and villages, (ii) private sector companies, as well as of (iii) smallholders, associations and institutions in the field of natural resource management and sustainable livestock management. The INDC specifically mentions information centers for farmers that provides guidance on adaptive management of agriculture.
60. **Accelerate the construction of irrigation and drainage systems.** The relatively arid climate of eastern Georgia which will become drier and hotter requires wide application of irrigation, while many regions of western Georgia need to remove excess water through drainage systems. Measures include the construction and rehabilitation of water reservoirs through irrigation designation as well as the rehabilitation of drainage systems. The most efficient use of irrigation water can be achieved through drip and artificial sprinkling irrigation systems that strongly reduce the risk of soil water erosion and salinization. This priority is also listed in Georgia's INDC as an adaptive measure for agriculture.
61. **Strengthen youth involvement.** It is essential to have a common view of the needs, challenges and role of young people, based on which appropriate mechanisms and approaches will be established for full-fledged development of the young generation in Georgia. Young people are generally more open for migration. It is very hard to face all the challenges (employment, education, health and healthy lifestyle, drug/alcohol abuse, violence, participation in social life, etc.) of young people if there is no cross-sectoral approach to youth and youth policy. It is important to establish a permanent co-ordination body with participation of all ministries, local governments, youth organisations and groups, the private sector, international organisations and donors.
62. **Mainstream gender.** IFAD projects should analyse how intended interventions benefit or disadvantage women. Projects should be mainstream gender into their activities and give equal opportunities to women and men to improve their livelihoods.

### 3.3 Proposals for additional financing

63. The international climate finance landscape offers many opportunities for IFAD to significantly increase the impact of its programmes through its blended financing approach. However, requirements of climate funds are becoming more demanding and require IFAD to adjust its programming approaches. IFAD is registered as an implementing entity of the Global Environment Facility, Adaptation Fund, and the Green Climate Fund.
64. **Green Climate Fund:** Currently two other multilateral agencies submitted proposals to the fund. The United Nations Development Programme (UNDP) submitted in November 2016 a funding proposal of USD 46 million for the project titled "Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia". The European Bank for Reconstruction and Development (EBRD) submitted a regional concept note in October 2016 that includes Georgia for the programme "FP025: GCF – EBRD Sustainable Energy Financing Facilities". US\$420.5 million are requested from the GCF. The programme aims to promote technologies that address water efficiency and climate resilience in agricultural sector. To avoid overlap IFAD should not invest in renewable energy and early-warning systems without ensuring close cooperation with these eventual projects. Investment opportunities should be explored in irrigation and drainage systems as adaptation measures against climate change.
65. **Global Environment Facility:** Various environmental projects are currently financed through this fund (see GEF website). IFAD projects aimed to improve pasture management may be highly eligible for GEF co-financing, because sustainable grazing practices prevent erosion, protect biodiversity and maintain ecosystem services. Georgia's GEF-6 allocation has been fully committed. Planning for GEF-7 should begin in the second half of 2018.
66. **Adaptation Fund:** The Adaptation Fund will be approached for co-funding of the upcoming DiMMA project (Dairy Modernization and Market Access). The proposed AF funding will complement the modernization of the dairy value chain with specific interventions in pastoral areas to prevent or reverse land and forest degradation, consistent with the above recommendation and in line with the INDC.

## Country at a glance

Land area (km <sup>2</sup> thousand) <sup>1</sup>	69.7	GNI per capita (USD) 2013/1	
Total population (million) 2016/1	3.7	GNI per capita growth (annual %) 2012 /1	
Population density (people per km <sup>2</sup> ) 2013		Inflation, consumer prices (annual %) 2013 /1	
Local currency	Georgian Lari (GEL)	Exchange rate: USD 1/3 =	2.48
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (annual population growth rate) 2016/2	0.1	GDP (USD million) 2016 /2	14332.9
Crude birth rate (per thousand people) 2015/2	13.8	Annual rate of growth of GDP 2016/2	2.7
Crude death rate (per thousand people) 2015/2	13.3	Sectoral distribution of GDP 2016 /2	
Infant mortality rate (per thousand live births) 2016 /2	12	% agriculture	9.3
Life expectancy at birth (years) 2015 /2	73	% industry	25.4
Number of rural poor (million) (approximate) 2016/2	1.7	% services	65.4
Poverty headcount ratio at \$3.10 a day (2011 PPP) (% of population) 2014/2	25.3	General government final consumption expenditure (as % of GDP) 2016/2	83.2
Total labour force (million) 2016 /2	2.03	Household final consumption expenditure, etc. (as % of GDP) 2016/2	64.8
Female labour force as % of total 2016 /2	45.5	Gross domestic savings (as % of GDP) 2016/2	16.8
<b>Education</b>		<b>Balance of Payments (USD million)</b>	
School enrolment, primary (% gross) 2006-2015 /2	116.78	Merchandise exports 2016 /2	2114
Adult literacy rate (% age 15 and above) 2014 /2	99.6	Merchandise imports 2016 /2	7236
		Balance of merchandise trade	
<b>Nutrition</b>		Current account balances (USD million)/2	-1673
Daily calorie supply per capita 2012/6	n.a	Foreign direct investment, net 2016 /2 (USD million)	1571
Malnutrition prevalence, height for age (% of children Under 5) 2009/5	11.3		
Malnutrition prevalence, weight for age (% of children under 5) 2009/5	1.1	<b>Government Finance</b>	
Malnutrition prevalence, weight for height (% of children under 5)/ 20095	1.6	Total expenditure (% of GDP) 2016 /2	18.4
		Total external debt (USD million) 2015/2	14853
<b>Health</b>		Present value of debt (as % of GNI) 2015 /2	37.8
Health expenditure, total (as % of GDP) 2014 /2	1.55	Total debt service (% of exports of goods and services) 2015 /2	29.7
Physicians (per thousand people) 2014 /2	4.776	Lending interest rate (%) 2016 /2	12.6
Percent of population with sustainable access to an improved water source/2 (%)	100	Deposit interest rate (%) 2016 /2	9.9
Population without access to improved sanitation /2 (%)	86.3		
		<b>Land Use</b>	
<b>Agriculture and Food</b>		Arable land as % of land area 2014 /2	6.6
Food imports (% of merchandise imports) 2016 /2	14.2	Forest area (km <sup>2</sup> thousand) 2015 /2	28224
Fertilizer consumption (hundreds of grams per ha of Arable land) 2014 /2	151.2	Forest area as % of total land area 2015 /2	40.6
Food production index (2004-2006=100) 2014/2	88.49	Agriculture irrigated land (% of total agriculture land) 2008/2	4
Cereal yield (ton per ha) 2014/2	1.99		
1/Geostat			
2/ World Bank World Development Indicators			
3/ National bank of Georgia			
4/WHO			

## Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Groups	Major Issues	Action Needed
<p><b>Poverty and vulnerability to poverty</b></p> <p>The poverty and most importantly vulnerability to it has been slightly growing during last two years;</p>	<ul style="list-style-type: none"> <li>• Lone retired people,</li> <li>• People with disabilities and extreme poor, IDPs and minorities</li> <li>• Rural HHs especially in remote and mountainous areas</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change poses risks to all rural households, but effects more vulnerable HHs, and mountainous communities;</li> <li>• Limited employment and labour opportunities in rural areas;</li> <li>• Lack of property ownership among women and youth restricts access to finances;</li> <li>• Migration from rural areas to urban settlements and abroad;</li> <li>• Remittances used for consumption;</li> <li>• The social targeted assistance in many cases stimulates 'inactive' behavior</li> </ul>	<ul style="list-style-type: none"> <li>• State policies and strategies on social issues are to be inclusive (not IFAD mandate);</li> <li>• Support to sub sectors dominated by the <i>productive</i> poor and must include smallholders;</li> <li>• Wide outreach and information dissemination on IFAD programme's benefits for inclusion;</li> <li>• Promote diversification of income streams;</li> <li>• Target mountainous areas in policies and investments with higher poverty incidents and climate change vulnerability;</li> <li>• Direct targeting of productive groups to improve nutrition and incomes (women headed HHs and youth)</li> </ul>
<p><b>Vulnerability to climate change and natural disasters</b></p>	<ul style="list-style-type: none"> <li>• Rural HHs,</li> <li>• HHs in mountainous areas</li> </ul>	<ul style="list-style-type: none"> <li>• Growing incidents of drought, hail, frost and other natural disasters;</li> <li>• Degradation of natural resources because of lack of policies and legislation in pastures management and de facto 'open access' regime;</li> <li>• Overgrazing of near village pastures;</li> <li>• Limited knowledge on climate smart technologies;</li> <li>• Limited knowledge on climate resilience and adaptation strategies;</li> <li>• Lack of off farm opportunities;</li> </ul>	<ul style="list-style-type: none"> <li>• Support policies, legislation, strategies on sustainable management of natural pastures;</li> <li>• Support adaptation of sustainable agricultural technologies and ecosystem-based practices by smallholder farmers in agriculture and livestock to enhance climate change resilience</li> <li>• Build capacities for diversification and off farm incomes;</li> </ul>
<p><b>Low agricultural productivity</b></p>	<ul style="list-style-type: none"> <li>• Subsistence oriented and small scale farmers;</li> <li>• Farmers in mountainous areas;</li> <li>• Smallholder farmers</li> </ul>	<ul style="list-style-type: none"> <li>• Very small land plots suitable for cropping;</li> <li>• Animal and crop diseases;</li> <li>• Rural infrastructure in state of disrepair;</li> <li>• Poor governance of infrastructure and natural resources;</li> <li>• Quality standards underdeveloped, squeezing smallholders</li> <li>• Insufficient 'quality infrastructure'</li> <li>• Weak value chains esp. for smallholders</li> <li>• Limited access to irrigation water;</li> <li>• Low yield, limited production, limited returns</li> <li>• Lack of knowledge of adequate agricultural</li> </ul>	<ul style="list-style-type: none"> <li>• Investments focus on improvements in horticulture/livestock productivity</li> <li>• Support access of smallholders to improved inputs and technologies</li> <li>• Enhance capacity of smallholders</li> <li>• Encourage and incentivize links between farmers to form groups</li> <li>• Provide support to improve fodder and feed production and management</li> </ul>



		<p>practices and limited access to extension</p> <ul style="list-style-type: none"> <li>Limited use of inputs (seeds, breeds, fertilizers)</li> </ul>	
<ul style="list-style-type: none"> <li><b>Weak Value Chains</b></li> </ul>	<ul style="list-style-type: none"> <li>Smallholder farmers, inputs suppliers, small and medium size enterprises</li> </ul>	<ul style="list-style-type: none"> <li>EU requirements for food safety to be introduced in 2020, would mostly affect smallholders and squeeze many from small scale production</li> <li>Small producers have difficulties to meet market requirements in quantity, quality and food safety</li> <li>Poor level of organization along the value chain</li> <li>Limited processing and short value chains</li> <li>Limited access to finances</li> </ul>	<ul style="list-style-type: none"> <li>Provide support to viable smallholders with meeting food safety requirements;</li> <li>Support efficient linkages and partnerships amongst producers and processors;</li> <li>Support improved access to modern technology;</li> <li>Investments in supportive infrastructure and services;</li> <li>Improving access to finances</li> </ul>

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

Organization	Strengths	Weaknesses	Opportunities	Threats
Ministry of Finance	<ul style="list-style-type: none"> <li>- Well developed and generally efficient financial management system for use of IFAD funds to finance programme activities.</li> <li>- Key role in enforcing state policies on financial issues, budgeting and taxes.</li> <li>- Robust expertise in Loan Negotiations, concluded by Government of Georgia, controls their realization and loan's return.</li> <li>- Capacity to provide and manage state budget funds and control their transfer within Georgia.</li> </ul>	<ul style="list-style-type: none"> <li>- Does not support implementation of LEADER-CLLD approach which include the development of local strategies, supporting stakeholder networking and the appraisal and approval of individual LEADER projects.</li> </ul>	<ul style="list-style-type: none"> <li>- Can manage the Special Account, flow of funds and withdrawal applications.</li> </ul>	Limited cooperation from line ministry may undermine coordination
Ministry of Economy and Sustainable Development	<ul style="list-style-type: none"> <li>- Key role in implementation of macroeconomic policy and private entrepreneurship development.</li> <li>- Priority is to support liberalization of entrepreneurial activities, creation of favorable, transparent and stable legal regulatory framework for private business owners.</li> <li>- Controls the privatization process.</li> <li>- Facilitates issuance of licenses and permits and reform of the system of technical regulation.</li> <li>- Directs development of tourism, transport and communication infrastructure.</li> </ul> <p>Important Legal Entities under the Ministry: National Agency of State Property, Georgian National Tourism Administration, Enterprise Georgia</p>	<ul style="list-style-type: none"> <li>- Has few resources and limited competence to manage agricultural land plots under its ownership: pastures, windbreaks etc.</li> <li>- Significant amount of land resources is neither in state nor in private ownership or may be disputable between the private sector and the state.</li> </ul>	<ul style="list-style-type: none"> <li>- Can accelerate process of land registration of state land plots in the certain municipalities or districts.</li> <li>- Can transfer certain state land plots for usage to the local government.</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Merging the Ministries:</b> The Ministry of Energy and the natural resources management component of the Ministry of Environment and Natural Resources Protection will be incorporated into the Ministry of Economy and Sustainable Development.</li> <li>-</li> </ul>
Ministry of Regional Development and Infrastructure	<ul style="list-style-type: none"> <li>- Key agency in development and implementation of regional development strategy of Georgia as well as regional development strategies for nine regions of Georgia with their regional action plans.</li> <li>- Responsible for the Rural Development Strategy, which emphasizes diversification.</li> <li>- Oversees regional and infrastructure development throughout the country which includes modification and modernization of state road networks of international and domestic importance.</li> <li>- Monitors architectural and construction works in</li> </ul>	<ul style="list-style-type: none"> <li>- No hierarchy of strategic documents on central, regional, municipal, administrative unit level.</li> </ul>	<ul style="list-style-type: none"> <li>- To create regional development agencies in all regions of Georgia for implementation of strategic documents and projects.</li> <li>- To delegate project implementing duties of municipal development fund to the municipal governments (announcing tenders, supervising construction process etc.)</li> <li>- To advocate transferring management of state agricultural land resources to the</li> </ul>	

	<p>Georgia.</p> <ul style="list-style-type: none"> <li>- Issues proposals and drafts on modernization of Georgian infrastructure which is then reviewed by the Parliament of Georgia.</li> <li>- Creates legislation basis for decentralization process.</li> </ul> <p>Subdivisions of the Ministry: Automobile Roads Department of Georgia, Transport Administration and Main Architectural-Constructions Inspection.</p>		municipal governments.	
Ministry of Agriculture	<ul style="list-style-type: none"> <li>- Key agency in development and implementation of unified government policy on the development of agricultural sector of Georgia.</li> <li>- Has a wide range of technical and administrative capabilities.</li> <li>- Has direct contacts with farmers on the fields through regional and municipal branches.</li> <li>- Supports the development of agricultural cooperation.</li> <li>- Promotes processing of primary agricultural and food products.</li> <li>- Organizes scientific-consulting services, capacity building and hands-on training courses of agricultural entrepreneurs;</li> </ul> <p>Important Legal Entities under the Ministry: National Food Agency, Georgian Amelioration, Agricultural Cooperatives Development Agency, Agricultural Projects' Management Agency, Meqanizatori</p>	<ul style="list-style-type: none"> <li>- Limited interagency cooperation of rural development commission which was created within the Ministry and it is not the governmental commission involving all other Ministries of Georgia.</li> </ul>	<ul style="list-style-type: none"> <li>- To enhance impact through an enabling role in supportive policy, regulatory, coordination and monitoring functions.</li> <li>- To develop a long-term vision for the development of agriculture extension services.</li> <li>- To strengthen the capacity of provincial governments to assume a leadership role in the agriculture sector.</li> </ul>	<p><b>Merging the Ministries:</b> The environment component of the Ministry of Environment and Natural Resources Protection merged with the Ministry of Agriculture.</p>
Ministry of Environment and Natural Resources Protection	<ul style="list-style-type: none"> <li>- Key role in implementation of national policy in environmental protection.</li> <li>- Organizes evaluation of the existing and expected meteorological and geodynamic processes, geo-ecological situation and preparation of information on the state of environment on the territory of Georgia, in rivers and water reservoirs, Black Sea territorial waters, continental shelf and special economic zone.</li> <li>- Coordinates and monitors development of national policy of founding, functioning and managing the system of protected areas.</li> <li>- Ensures the rational use and protection of land,</li> </ul>	-	<ul style="list-style-type: none"> <li>- Can play a key role in supervising environmental projects funded by international funds, providing implementation support to enhance impact.</li> <li>- To strengthen the capacity of provincial governments to manage natural resources.</li> </ul>	<p><b>Merging the Ministries:</b> The environment component of the Ministry of Environment and Natural Resources Protection will be merged with the Ministry of Agriculture and the natural resources management component of the</p>

	<p>measures against soil erosion, carrying out activities on restoration and preservation of fertility within its competence.</p> <ul style="list-style-type: none"> <li>- Key role in climate change adaptation and mitigation of climate change.</li> <li>- Coordinates and monitors the implementation of the commitments assumed under international environmental agreements.</li> </ul> <p>Important Legal Entities under the Ministry: Agency of Protected Areas, National Forestry Agency, National Environmental Agency</p>			<p>Ministry of Environment and Natural Resources Protection will be incorporated into the Ministry of Economy and Sustainable Development.</p>
Geostat	<ul style="list-style-type: none"> <li>- Produces the statistics and disseminates the statistical information according to the Georgian legislation.</li> <li>- Priority is to introduce the international practice and methodology and share relevant experience based on the agreements and treaties concluded with the international organizations engaged in this field.</li> <li>- Works out a unified policy for the field of statistics and secures coordinated cooperation with its territorial units and other bodies producing the statistics.</li> <li>- Conducts statistical surveys and census of the population, processes administrative data and produces annual reports.</li> </ul>	<ul style="list-style-type: none"> <li>- Prolonged process of obtaining specific statistical information for governmental bodies.</li> </ul>	<ul style="list-style-type: none"> <li>- Can conduct specific surveys on demand.</li> <li>- Particular statistics can be purchased on the basis of the agreement.</li> </ul>	<p>Integrity of especially rural data can be weak.</p>
The private sector	<ul style="list-style-type: none"> <li>- Dynamic and growing rapidly for crops, livestock, fruit &amp; vegetables.</li> <li>- Introduction to the EU regulations develops quality control mechanisms and leads to value chain improvements.</li> <li>- Emergence of agriculture and livestock service providers.</li> </ul>	<ul style="list-style-type: none"> <li>- Poor infrastructure in the rural areas (irrigation, drainage systems, roads, transportation).</li> <li>- Lack of land titling in some areas makes it difficult to ensure the use rights of purchasers.</li> <li>- Fragmented and unrecorded supply chain.</li> <li>- The lack of cold storage, grain storage, grain drying facilities, and deep processing of fruits and vegetables.</li> </ul>	<ul style="list-style-type: none"> <li>- To develop winter and off-season production of different agricultural commodities.</li> <li>- To provide rural insurance, financial, consulting, and rental services.</li> <li>- To export agricultural products to neighboring countries and EU.</li> </ul>	<ul style="list-style-type: none"> <li>- Geopolitically dependent on what events can occur in the neighboring countries.</li> <li>- Uncertainty of government policy.</li> </ul>
Financial institutions	<p>The banking system is the biggest part of the Georgian financial market. It is sound and stable and has continued to perform well. There are 17 commercial banks operating in the country with</p>	<ul style="list-style-type: none"> <li>- Lack of agro credit opportunities for small holder farmers.</li> <li>- Low competence of credit officers in assessment of agricultural</li> </ul>	<ul style="list-style-type: none"> <li>- Potential exists for developing financial products suitable for rural areas.</li> <li>- Willing to increase their activities in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>- Dollarization presents specific challenges as it increases credit and liquidity risks.</li> </ul>

	<p>nonresident shareholding structure. The leading commercial banks are presented throughout the major rural centers (Liberty Bank, TBC, BoG). As for microfinance organizations in Georgia, there are 75 institutions operation in the country. Some of them are also presented in rural centers (Credo, Crystal, Rico). Before launching governmental program of cheap agro credits through commercial banks, according to the National Bank data, microfinance institutions had been leaders in providing agro credits. The National Bank, as an independent body, exercises supervision over the financial sector for the purposes of facilitating financial stability and transparency of the financial system, as well as for protecting the rights of the sector's consumers and investors.</p>	<p>business potential and risks.</p>	<p>- Potential for enhancing Agro credit project initiated by the government.</p>	
<p>Local NGOs, CSOs, service providers</p>	<p>Many organizations active, with different expertise, degree of community outreach and knowledge. Some have well qualified and experienced personnel, strong grassroots base, advocacy skills and the cultural knowledge that is essential for successful grassroots development. Important role in developing gender equity.</p>	<p>Limited technical and management capacity in the regions. Service providers are not presented in all municipalities of Georgia. Fragmented funding is not enough to create the basis for sustainable development.</p>	<p>Can help programme implementation but local expertise is needed at community level. Community activities must continue long enough to be sustainable. Communities that have benefitted from good NGO assistance desire longer-term engagements with outsiders to help their development. Upgrading of skills is essential.</p>	

### Key file 3: Complementary donor initiatives

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
Capacity Building Of Agricultural Cooperatives (CBAC)	770,000 EUR	Grant	ADA	Georgian Farmers Association	2015	3	Georgia (except Tusheti)	Polycymaking, value chains
Sustainable Forest Governance In Georgia II	1,000,000 EUR	Grant	ADA	Caucasus Environmental NGO Network	2015	3	Adjara, Samegrelo-Upper Svaneti, Kakheti and Tbilisi	Forest Management, Polycymaking
Gender Assessment Of Agriculture And Local Development Systems And Follow Up To Its Findings	30,000 EUR	Grant	ADA	United Nations Entity for Gender Equality and the Empowerment of Women	2015	1	Adjara, Qvemo Qartli, Samtskhe-Javakheti, Kakheti, Shida Qartli and Samegrelo regions	Improvement of the social and economic living conditions in rural areas
Capacity Development Of The Ministry Of Agriculture Of Georgia: Improved Policy Making And Effective Implementation Of The Strategy For Agricultural Development (Contribution To Enpard Georgia Programme)	1,900,000 EUR	Grant	ADA	Food and Agricultural Organization	2013	4	Georgia (except Tusheti)	Strengthening small farmers and small farmers' organizations as well as farmer cooperation, environmentally friendly agriculture, the sustainable models for rural development in mountainous areas
Sustainable Forest Governance In Georgia: Strengthening Local And National Capacity And Developing Structured Dialogue Phase I	582,835 EUR	Grant	ADA	Caucasus Environmental NGO Network	2012	3	Adjara, Samegrelo-Upper Svaneti, Kakheti and Tbilisi	Forest Management, Polycymaking
Participative Rural Development In Georgia	187,400 EUR	Grant	ADA	CARE Austria, Association for	2015	3	Lagodekhi district and Eastern Georgia	LAGs, innovative agricultural initiatives, non-agricultural enterprises

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
				Development Cooperation and Humanitarian Aid				
Contribution To Rural Projects In Georgia	375,000 EUR	Grant	ADA	CARE Austria, Association for Development Cooperation and Humanitarian Aid	2014	4	Georgia (except Tusheti)	Small holder farmers, cooperatives, food production, rural poverty
Plant the Future	13,000,000 GEL	State Budget	Ministry of Agriculture of Georgia	APMA	2015	2021	All regions of Georgia (Except Tbilisi, Kutaisi, Rustavi, Batumi, Poti)	Perennial gardens, Seedlings Farms
Irrigation and Land Market Development Project	50,000,000 USD	Credit	World Bank	Ministry of Agriculture of Georgia - Project Planning and Monitoring Division (PPMD)	2014	5	Three regions of Georgia	Irrigation and Drainage, Public Administration - Agriculture, Fishing & Forestry
Restoring Efficiency to Agriculture Production (REAP)	22,000,000 USD	Grant	USAID	Cultivating New Frontiers in Agriculture (CNFA)	2013	5	All regions of Georgia	Small and medium enterprises (SMEs), machinery services for farmers, markets for agricultural goods and services, livestock sector and milk processing
Developing Georgia's Agricultural	300,000 USD	Grant	USAID	Partnership for	2014	3	Georgia	Education focusing on

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
Economics Capacity				Economics Education and Research (PEER)				agricultural market analysis, trade in agricultural goods, and agricultural policy
Georgia Agricultural Policy Initiative (GAPI)	2,100,000 USD	Grant	USAID	U.S. Department of Agriculture (USDA)	2013	4	All regions of Georgia	Agriculture information system, market outlook and agricultural policy analysis
Farmer to Farmer program (F2F)	2,500,000 USD	Grant	USAID	ACDI VOCA	2013	5	All regions of Georgia	Technical assistance to farmers, farm groups, and agribusinesses, food security and agricultural processing, production, and marketing
Georgia Hazelnut Improvement Project (G-HIP)	3,300,000 USD	Grant	USAID	Cultivating New Frontiers in Agriculture (CNFA)	2015	5	Samegrelo, Guria	Hazelnut production
Higher Income in the South Caucasus Thanks to Competitive Agricultural Products	5,100,000 CHF	Grant	Swiss Agency for Development and Cooperation	Mercy Corps Georgia	2017	4	Kvemo Kartli and Adjara	Smallholder farms, access to markets, Women's Room, livestock, livelihoods
Technical Assistance to Support the Establishment of a National Animal Identification and Traceability System (NAITS) in Georgia	5,935,000 CHF	Grant	Swiss Agency for Development and Cooperation and Austrian Development Agency (ADA)	FAO, National Food Agency of Georgia's Ministry of Agriculture	2016	4	All regions of Georgia	Agriculture value-chain development; MULTISECTOR or CROSS-CUTTING Rural development, animal health with a focus on epidemic diseases, disease prevention, zoonosis and food safety
Alliances Lesser Caucasus	9,181,000	Grant	Swiss	Mercy Corps	2014	3	Samtskhe-Javakheti,	Increasing productivity of



Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
Programme in Georgia	CHF		Agency for Development and Cooperation	Europe			Kvemo Kartli and Adjara	livestock, Increasing income of small-scale producers, Agriculture value-chain development
Modernising vocational education and training related to agriculture in Georgia	6,547,000 CHF	Grant	Swiss Agency for Development and Cooperation	UNDP and Ministry of Education and Science of Georgia (MoES)	2013	5	All regions of Georgia	Vocational education and training (VET) system in agriculture, in farm productivity and rural incomes
Alliances Lesser Caucasus Programme in Georgia	2,750,000 CHF	Grant	Swiss Agency for Development and Cooperation	Mercy Corps Europe	2011	3	Kvemo Kartli	Increasing productivity of livestock, Increasing income of small-scale producers, Agriculture value-chain development
Market Opportunities for Livelihood Improvement in Kakheti, Georgia	5,000,000 CHF	Grant	Swiss Agency for Development and Cooperation	HEKS EPER	2011	5	Kakheti	Livestock farming, poverty reduction, small farmers
On-Demand Services for the Governments of Georgia, Armenia and Azerbaijan in the Areas of Agricultural and Regional Development	900,000 CHF	Grant	Swiss Agency for Development and Cooperation	Ministries of Agriculture, Regional Development and Economic Development	2013	4	All regions of Georgia	Agriculture and Food Security, agricultural policy and regulatory frameworks (incl. trade)
Capacity Building of Agricultural Cooperatives	818,590 EUR	Grant	Austrian Development Cooperation	Georgian Farmers' Association	2015	3	Samtskhe-Javakheti, Kvemo Kartli, Kakheti	Capacity Building of Agricultural Cooperatives in the following value chains: Potato, Overwintering Onion, Carrot, Apicultural products
Food and Agricultural SME Support Initiative	596,848 EUR	Grant	European Union	Georgian Farmers'	2017	26 mon	Georgia	Capacity Building of Business Support

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
				Association		ths		Organizations in the agriculture sector
Zrda Activity in Georgia	15,000,000 USD	Grant	USAID	Chemonics	2016	6	Border villages of Georgia, Kvemo Kartli, Samtskhe Javakheti and Akhmeta	Micro, Small, and Medium Enterprises (MSMEs) Development and Growth, Increase productivity of rural households, Facilitate Market Linkages, Establish networks, Cross-cutting focus
Zrda Activity in Georgia	1,256,504,20 GEL	Grant	USAID	Georgian Farmers' Association	2016	4	Georgia	To strengthen the skills, productivity, and networks of local actors – from vulnerable households to Micro, Small, and Medium Enterprises (MSMEs) – so that they can contribute to broad-based economic growth and strengthened resilience in target communities.
Work-Based Learning	149,787 USD	Grant	UNDP	Georgian Farmers' Association	2016	2	Samtske-Javakheti, Kakheti, Mtskheta-Mtianeti, Racha-Lechkhumi, Kvemo Svaneti, Samegrelo	Fruit-Growing, Animal Husbandry, Beekeeping
ENPARD-Small Farmers Co-operation component	59,000 EUR	Grant	European Union	Georgian Farmers' Association	2014	2	All regions of Georgia	Technical and Financial Support to agricultural cooperatives
ENPARD	4,095,315,14 EUR	Grant	European Union	Care Osterreich Verein Fur Entwicklungszusammenarbeit und	2014	3	All regions of Georgia	Business-oriented smallholder farmer groups, online marketplace, market access to inputs/sales, provision of services or machinery, improved

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
				Humanitare Hilfe				production or processing
ENPARDII - Technical Assistance to the Ministry of Agriculture of Georgia	1,500,000 EUR	Grant	European Union	FAO	2017	2	All regions of Georgia	Competitiveness of the agricultural sector, policy making, reduction of rural poverty
Capacity Development of Agriculture of Georgia. Improved Policy Making and Effective Implementation of the Strategy for Agricultural Development (ENPARD Support)	1,200,000 EUR	Grant	Austrian Development Cooperation	FAO	2013	4	All regions of Georgia	Strengthening small farmers and small farmers' organizations, Strategy of Agriculture Development 2015-2020
Gender sensitive socio-economic empowerment of vulnerable IDPs through co-funding of their livelihoods opportunities and promotion of their social mobilization	1,530,221 EUR	Grant	European Union	FAO / UNWomen	2016	1	All regions of Georgia	Agricultural economic capacity of vulnerable IDPs, Food Security
Capacity Building for Sustainable Wildlife Management	485,000 USD	Grant	FAO	FAO	2017	1	All regions of Georgia (Pilot regions Racha and Kakheti)	Up-to-date wildlife resources management system
Nationwide Phytosanitary Capacity Evaluation (PCE) in Georgia	89,400 USD	Grant	FAO	FAO	2016	1	All regions of Georgia	Gaps of the phytosanitary system, phytosanitary legislation, phytosanitary capacity development strategy
Strengthening capacity of NPPO to control newly introduced Erwinia amylovora	26,000 USD	Grant	FAO	FAO	2016	1	All regions of Georgia	Erwinia amylovora.
Improving food safety in Georgia's dairy sector	5,000,000 USD	Grant	European bank of Reconstruction and Development	FAO	2016	1	All regions of Georgia	Dairy sector, trainings

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
			nt - EBRD					
SME DEVELOPMENT AND DCFTA-GEORGIA	5,033,940 EUR	Grant	EU	DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH	2015	4	Tbilisi, Shida Kartli, Samegrelo, Imereti, Kakheti	Small and medium-sized enterprises (SMEs), Georgia's economic integration into the EU market,
Rural Economic Development in southern Caucasus" (RED)	11,000,000 CHF	Grant	Danish International Development Agency - DANIDA and Swiss Agency for Development and Cooperation	Niras, Mercy Corps and CNFA	2012	5	Kvemo Kartli and Samtskhe Javakheti	Potato and Dairy Value chains
National Animal Health Program	1,400,000 USD	Grant	United States Department of Agriculture - USDA	USDA and the Colorado State University	2008	9	All regions of Georgia	Technical Capability of the National Animal Health and Food Safety Services System
Improving dairy quality and productivity in Georgia	200,000 EUR	Grant	French Ministry of Foreign Affairs	FERT/GBDC	2011	5	One village in Samtskhe-Javakheti	Dairy quality and productivity
Market Alliances against Poverty (Alliances)	9,200,000 CHF	Grant	Swiss Agency for Development	Mercy Corps Europe	2008	8	Samtskhe-Javakheti, Kvemo Kartli and Adjara	Reduction of rural poverty by using Making Market for Poor – M4P - approach in

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
			nt and Cooperation					livestock, milk and meat sectors.
Rural Development in the Region of Racha-Lechkhumi (RDRL)	6,000,000 CHF	Grant	Swiss Agency for Development and Cooperation	Mercy Corps Europe	2008	7	Racha-Lechkhumi	Reduction of rural poverty by using Making Markets for Poor – M4P - approach in livestock, milk and meat sectors.
New Economic Opportunities (NEO)	7,500,000 USD	Grant	USAID	Chemonics	2011	4	All regions of Georgia	Rural incomes, food security, small-scale households, agricultural water, internally displaced persons (IDP) communities, communities distressed by natural or other disasters, livestock sector.
Economic Prosperity Initiative (EPI)	8,500,000 USD	Grant	USAID	Deloitte and CNFA	2010	4	All regions of Georgia	Agriculture sector productivity, non-agricultural value chains, high-potential value chains: Wine, Hazelnuts, Berries, Fresh Fruit, Processed Fruit, Root Crops, Fresh Vegetables, Processed Vegetables
Integrated Socio-Economic Development in the Pankisi Valley	460,000 CHF	Grant	Swiss Agency for Development and Cooperation	UNDP	2010	2	Kakheti	Small-scale cattle and sheep farmers, veterinary, extension and laboratory services, animal housing and feeding
Animal Health Management in Cross Border areas of Armenia and Georgia	590,000 EUR	Grant	ADA	CARD	2011	3	Kvemo Kartli and Samtskhe-Javakheti	Animal health and animal disease prevention, capacity building/ training for veterinary personnel, veterinary authorities and the cross-border co-operation of

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Irrigation, Water Management, etc.)
								experts in the field of animal health
Strengthening Foot-and-Mouth Disease surveillance and control in the Trans-Caucasian countries to assist progression on the West Eurasia FMD Progressive Control Pathway (Phase II)	1,500,000 EUR	Grant	EUCommission Delegation to Georgia - EUD	FAO	2010	2	Armenia-Georgia-Azerbaijan border areas	Livestock farmers, enhanced laboratory capacity
Economic development for IDPs in Georgia	800,000 EUR	Grant	EUCommission Delegation to Georgia - EUD	World Vision	2010	2	Shida Kartli	demonstration plots, soil farming, animal husbandry, beekeeping, food processing facilities
Support to the improvement of the quality of Food Safety, Veterinary and Plant Protection system in Georgia	200,000 EUR	Grant	EUCommission Delegation to Georgia - EUD	ScanAgri	2009	2	All regions of Georgia	National Agency for food safety Veterinary and Plant protection, legislative and institutional network.
Development of high value agriculture sector in Georgia	23,000,000 USD	Grant	Millennium Challenge Georgia - MCG	CNFA	2009	2	All regions of Georgia	Matching grants for farmers, innovative agricultural production technology
Swedish Support to Milk and Dairy Sector” (SMDSP)	9,200,000 USD	Grant	Swedish International Development Cooperation Agency - Sida	OPTO International(later GRM International)	2005	6	Kakheti, KvemoKartli and ShidaKartli regions	Farmers, processors and entrepreneurs, increasing both quantity and quality of milk.
From Cow to Consumer – an Integrated Dairy Project in Georgia	10,000,000 SEK	Grant	Swedish International	ScanAgri	2002	3	Tbilisi, Kakheti and southern Georgia	Increased quality and quantity of milk sold for dairies.

Project Name	Amount	Grant/Credit	Donor(s)	Govern Authority	Start date	Duration (years)	Geographic Coverage	Main Thematic Areas (Value chains, Water Irrigation, Water Management, etc.)
			Development Cooperation Agency - Sida					

## Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Levels and Causes <sup>x</sup>	Coping Actions	Priority Needs	RB-COSOP Response
<p><b>Subsistence based farming HHs</b></p> <p>Vulnerable groups:                      ✓ Retired and people with disabilities. Old age, disability and survivor pensions are received by 20% of population (2016);                      ✓ Social allowances recipients make 12.3% of population (2016);                      ✓ Internally Displaced People (IDPs) make 6.2% of population (2016);                      ✓ Socially excluded groups (minorities)</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> <li>- Many just persistently poor (about 16% of population);</li> <li>- Have 6 or more members of the HH with only one or two economically active;</li> <li>- Head of HH have often no upper school education, no higher education;</li> <li>- engaged in non-farm employment and activities (not IFAD direct target group)</li> <li>- engaged in informal employment mostly for subsistence level activities and for own consumption;</li> <li>- Income is at the level or lower than established living standards' minimum;</li> <li>- No livestock, no or very small land plot, mostly rely household plot;</li> <li>- Very vulnerable to changing weather patterns;</li> </ul>	<p><b>Moderate to Severe</b></p> <ul style="list-style-type: none"> <li>•Lack of farm or off-farm jobs;</li> <li>•Have limited assets: no arable land or very small plot; very small household plots, have poultry, no or very few if any livestock (1-3 cattle), no machinery;</li> <li>•Skills mismatch with demand on a market;</li> <li>•Low productivity of production with no investment;</li> <li>•Difficulty to sell any agricultural products' surplus due to low quality and quantity</li> </ul>	<ul style="list-style-type: none"> <li>•Rely on state transfers (pensions, disability, social allowances);</li> <li>•Land if owned, leased out for in kind payment;</li> <li>•Ag production is very basic;</li> <li>•Rely only on HH labour;</li> <li>•Income usually as low paid seasonal labour;</li> <li>•Reduction in consumption, especially of meat, fruits;</li> </ul>	<ul style="list-style-type: none"> <li>•Improve access to social infrastructure and services;</li> <li>•Improved nutrition;</li> <li>•Minimize risks to ag production;</li> <li>•Employment opportunities;</li> <li>•Higher incomes;</li> <li>•Improved access to natural resources/pastures for grazing, collection of fuelwood, plants</li> </ul>	<ul style="list-style-type: none"> <li>•Generate employment in ag production, processing and services;</li> <li>•Support VCs with considerations of nutritional value of products;</li> <li>•Support capacities for diversification of livelihoods;</li> <li>•Ensure fair access to pastures;</li> <li>•Ensure inclusion and consider interests of poor in capacity building activities and other projects' benefits;</li> <li>•Improved productive and social infrastructure</li> <li>•Improved ecological environment</li> </ul>



<p>- Very vulnerable to external shocks</p>				
<p><b>Semi subsistence farming HH</b> (at least 40 per cent of ag production is for commercial purposes)*</p> <p>Can be fully engaged in agriculture, or have agriculture as a second important source of income. This is a target group of IFAD programme</p> <p>✓ Smallholder HHs, ✓ Women headed HHs, ✓ Young people led HHs;</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> <li>- Have upper school education, sometime higher education</li> <li>- Mostly self-employed in own farms for own consumption and surplus sales;</li> <li>- Income is at the level and slightly higher than established living standards' minimum;</li> <li>- No livestock, or 1-2 cattle, fragmented small land plots in average 1.2ha and not larger than 2 ha, small household plot;</li> <li>- Rely significantly on natural resources;</li> <li>- Very vulnerable to changing weather patterns;</li> </ul> <p>Very vulnerable to external shocks</p>	<p><b>Moderate and Vulnerable to Poverty</b></p> <ul style="list-style-type: none"> <li>• Limited technical knowledge, no access to extension;</li> <li>• Lack of off-farm jobs;</li> <li>• Limited access to markets due to lack of awareness and inability to meet requirements in quantity and quality, sell to middlemen or at local open markets;</li> <li>• Can not aggregate production to reduce transactions cost, negotiate effective prices;</li> <li>• Moderate to high levels of land degradation;</li> <li>• Limited access to irrigation;</li> <li>• Limited access to finances (affordability);</li> <li>• Access to good quality inputs;</li> <li>• Insufficient capacity to introduce innovations</li> </ul>	<ul style="list-style-type: none"> <li>• Part of the income comes from the employment in public sector, state payments/benefits (pensions, disability);</li> <li>• Ag production is with limited investments and thus low productivity, small quantities, low profitability;</li> <li>• Seeks new knowledge;</li> <li>• Seeks to improve productivity and yields;</li> <li>• Rely on family labour;</li> <li>• Avoid or limit taking risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved nutrition;</li> <li>• Improved health;</li> <li>• Ensure access to natural resources;</li> <li>• Improved rural infrastructure (access roads, irrigation);</li> <li>• Access to improved inputs, knowledge, technology and finance;</li> <li>• Expand production scale, and quality;</li> <li>• Seek access to technical knowledge;</li> <li>• Ability to consolidate production with other farmers for higher profit margin and lower cost;</li> <li>• Improve access to markets;</li> <li>• Enhance resilience to climate change.</li> </ul>	<p><u>In addition to RB-COSOP responses above:</u></p> <ul style="list-style-type: none"> <li>• Employment generation;</li> <li>• Diversification of income streams;</li> <li>• Improve production with access to natural resources, knowledge and new technologies;</li> <li>• Improve access to inputs and services;</li> <li>• Facilitate formation of groups, unions;</li> <li>• Improve opportunities for postharvest storage, processing and marketing;</li> <li>• Improve product quantity, quality to meet market requirements;</li> <li>• Access to technical and business development skills.</li> </ul>
<p><b>Commercial farmers and enterprises</b> (Agriculture is a lifeline and a major source of income and livelihood)</p> <p>IFAD target groups</p> <p><u>Characteristics:</u></p>	<ul style="list-style-type: none"> <li>• Access to finances is limited (affordability);</li> <li>• Access to irrigation is limited;</li> <li>• Issues with access to markets (seeks selling production to established links to middlemen or to the processors);</li> </ul>	<ul style="list-style-type: none"> <li>• Takes loans for ag production from formal financial sources</li> <li>• Has some other supplemental sources of income;</li> <li>• Seeks new knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Improved nutrition and health;</li> <li>• Improved access to natural resources;</li> <li>• Improved rural infrastructure (access roads, irrigation);</li> </ul>	<ul style="list-style-type: none"> <li>• Support securing rights to pasture land</li> <li>• Support VCs with considerations of nutritional value of products for own consumption as well;</li> <li>• Support animal health</li> </ul>

<ul style="list-style-type: none"> <li>- Have higher and often technical education;</li> <li>- Have arable land plot and rent additional land to grow cereals, fruits and vegetables, have household plot, livestock (from 5 and more cows), some types of machinery (truck, mini tractor);</li> <li>- Hires permanent and seasonal labour;</li> <li>- engaged also in other employment/business</li> <li>- Income is higher than established living standards' minimum;</li> <li>- Has from 3 to 20 heads of cattle</li> <li>- Has 5-7 ha of land (leased)</li> <li>- Vulnerable to changing weather patterns;</li> <li>- Vulnerable to external shocks</li> </ul>	<ul style="list-style-type: none"> <li>•Moderate to high levels of land degradation;</li> <li>•Rely somewhat on pastures for summer grazing</li> </ul>	<p>and technologies;</p> <ul style="list-style-type: none"> <li>•Access to resources to expand production and profit from value chain;</li> <li>•Increase product quantity or consolidate with other farmers;</li> <li>•Improve product quality to meet market requirements and to increase premium;</li> <li>•Improve food safety requirements to meet EU requirements;</li> <li>•Improve production facilities;</li> <li>•Searches for various credit/grant resources</li> </ul>	<ul style="list-style-type: none"> <li>•Access to improved inputs, knowledge, technology and finance;</li> <li>•Ability to consolidate production with other farmers for higher profit margin and lower cost;</li> <li>•Improved knowledge on CSA;</li> <li>•Access to better inputs;</li> <li>•Access to markets with better links with processors, further integration in VCs;</li> <li>•Access to marketing infrastructure;</li> <li>•Predictability and stability of markets;</li> <li>•Expand production scale and upgrade facilities;</li> <li>•Enhance resilience to climate change.</li> </ul>	<p>programme (awareness, capacity building, vaccination);</p> <ul style="list-style-type: none"> <li>•Ensure access to natural resources, knowledge and new technologies;</li> <li>•Improve access to inputs and services;</li> <li>•Facilitate formation of groups, cooperatives;</li> <li>•Improve opportunities for postharvest storage, processing and marketing;</li> <li>•Assist in establishing links with the private sector;</li> <li>•Improve product quantity, quality to meet market requirements;</li> <li>•Access to technical and business development skills</li> <li>•Adopt climate resilient production practices</li> <li>•Support diversification of farming systems.</li> </ul>
<p><b>Women-headed farming households<sup>xx</sup></b></p> <p>About 30% of HH are led by women in 2015 (mostly single women, divorced or widowed). This is IFAD target group</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> <li>- Women led HH are more vulnerable to poverty</li> <li>- Engaged in own farm for subsistence or for small scale commercial farming</li> <li>- No or few livestock (usually not more than 3 cows), very small land plot, mostly rely household plot;</li> </ul>	<ul style="list-style-type: none"> <li>•Rarely have technical education;</li> <li>•Access to arable land is limited (almost never by inheritance or after divorce, only either through primary land allocation or from the secondary markets);</li> <li>•Strongly rely on natural resources;</li> <li>•Lower wages in the labour market;</li> <li>•Limited access to finances, extension, inputs, irrigation, machinery due to patriarchal traditional norms;</li> <li>•Limited access to finances;</li> <li>•Limited access to information on opportunities;</li> <li>•Lack of confidence in dealing</li> </ul>	<ul style="list-style-type: none"> <li>•Support from the paternal family;</li> <li>•Sell possessions;</li> <li>•Sell dowry;</li> <li>•Cultivating household plot to grow produces for market;</li> <li>•Small-scale home based processing;</li> <li>•Taking loan from informal sources or expensive non-collateralized loans for short terms;</li> <li>•Reduction in consumption.</li> </ul>	<ul style="list-style-type: none"> <li>•Improved nutrition;</li> <li>•Improved health;</li> <li>•Access to pasture and other natural resources;</li> <li>•Improved social and physical rural infrastructure;</li> <li>•Access to finances;</li> <li>•Access to improved inputs, technology and extension;</li> <li>•Access to business development skills and information;</li> </ul>	<ul style="list-style-type: none"> <li>•Develop, implement and monitor implementation of the Gender Strategy for each project with specific approaches to women beneficiaries and women headed HHs to improve inclusiveness and benefits sharing;</li> <li>•Support gender sensitive and gender positive policies and legislation;</li> <li>•Tailored support to women in agriculture to address their specific needs and interests;</li> <li>•Include sub sectors and activities priority for women;</li> </ul>

<ul style="list-style-type: none"> <li>- Very vulnerable to changing weather patterns;</li> <li>- Vulnerable to external shocks</li> </ul>	<ul style="list-style-type: none"> <li>with banks and state institutions;</li> <li>•Limited participation in decision making processes and bodies.</li> </ul>			<ul style="list-style-type: none"> <li>•Provide support with access to finances;</li> <li>•Target women with specially tailored capacity building and empowering activities</li> <li>•Access to services, information and opportunities</li> <li>•Assistance to form groups;</li> <li>•Postharvest storage and processing techniques;</li> <li>•Diversification of farming systems.</li> </ul>
<p><b>Women</b> which inhibit women' economic participation relate to to working women</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> <li>- Engaged in own farm</li> <li>- No or few livestock (usually not more than 3 cows), very small land plot, mostly rely household plot;</li> <li>- Very vulnerable to changing weather patterns;</li> <li>- Vulnerable to external shocks</li> </ul>	<ul style="list-style-type: none"> <li>•High domestic workload, lack of childcare support services, especially in rural areas,</li> <li>•unequal access to assets and resources,</li> <li>•low participation in decision making due to prevailing traditional patriarchal attitude especially in rural areas</li> <li>•On average, women engage in agricultural work 80 days more than men but mostly as unpaid labour</li> <li>•female's remuneration about 44 per cent lower than men's;</li> <li>•Limited access to finances due to lack of collateral;</li> <li>•Limited access to inputs, irrigation, machinery;</li> <li>•Limited access to finances;</li> <li>•Limited access to information on opportunities;</li> <li>•Lack of confidence in dealing with banks and state institutions.</li> </ul>	<ul style="list-style-type: none"> <li>•Cultivating household plot to grow produces for market;</li> <li>•Small-scale home based processing;</li> <li>•Taking loan from informal sources or expensive non-collateralized loans for short terms;</li> <li>•Reduction in consumption.</li> </ul>	<ul style="list-style-type: none"> <li>•Improved nutrition;</li> <li>•Improved health;</li> <li>•Improved social and physical rural infrastructure;</li> <li>•Access to finances;</li> <li>•Access to improved inputs, technology and extension;</li> <li>•Access to business development skills and information;</li> </ul>	<p><i>The same as above</i></p>