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Invertir en la población rural

## República de Georgia

### Programa sobre Oportunidades Estratégicas Nacionales basado en los Resultados para 2019-2024

#### Nota para los representantes en la Junta Ejecutiva

##### Funcionarios de contacto:

##### Preguntas técnicas:

##### **Khalida Bouzar**

Directora Regional  
División del Cercano Oriente, África del Norte y Europa  
Tel.: +39 06 5459 2321  
Correo electrónico: k.bouzar@ifad.org

##### **Vrej Jijyan**

Gerente del Programa en el País  
Tel.: +39 06 5459 2158  
Correo electrónico: v.jijyan@ifad.org

##### Envío de documentación:

##### **Deirdre McGrenra**

Jefa  
Unidad de los Órganos Rectores  
Tel.: +39 06 5459 2374  
Correo electrónico: gb@ifad.org

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Para **examen**

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## **Acrónimos y siglas**

AMMAR	Proyecto de Modernización de la Agricultura, Acceso a los Mercados y Resiliencia
COSOP	programa sobre oportunidades estratégicas nacionales
DANIDA	Organismo Danés de Desarrollo Internacional
DiMMA	Proyecto de Modernización del Sector Lácteo y Acceso a los Mercados
EEPP	evaluación de la estrategia y el programa en el país
FAO	Organización de las Naciones Unidas para la Alimentación y la Agricultura
ODS	Objetivo de Desarrollo Sostenible
PIB	producto interno bruto
SyE	seguimiento y evaluación

## Mapa de las operaciones financiadas por el FIDA en el país



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

## Resumen

1. Georgia se enfrenta a grandes desafíos para reducir la pobreza rural. Uno de ellos es la continua despoblación de las zonas rurales, que ocasiona la pérdida de dinamismo y capacidad empresarial, lo que podría dejar a estas zonas pobladas por apenas unos pocos jubilados, que sobreviven de las remesas, las transferencias sociales y la agricultura doméstica de subsistencia. Además, debido a sus anhelos de adhesión a la Unión Europea, Georgia está imponiendo normas de inocuidad de los alimentos más estrictas, que aplica con más eficacia, equivalentes a las de la Unión Europea. Si bien esto beneficia a los consumidores de alimentos del país y podría ofrecer a los productores agrícolas acceso al mercado más grande del mundo, en la actualidad hay solo un pequeño número de personas pobres productivas en las zonas rurales que puede cumplir con estos requisitos. Por último, con el cambio climático, los agricultores de Georgia se enfrentarán a nuevos riesgos; los pequeños agricultores están muy poco informados sobre las medidas de adaptación y son los que menos pueden permitírselas.
2. Existe un verdadero riesgo de que las personas pobres de las zonas rurales queden excluidas si no reciben apoyo específico. Por consiguiente, la función del FIDA es promover y apoyar los intereses de la población pobre productiva, para garantizar que esta participe en una transformación positiva de las zonas rurales.
3. La meta general de la estrategia del Fondo es respaldar las iniciativas del Gobierno encaminadas a promover la transformación inclusiva y sostenible de la economía rural y mejorar la resiliencia de las comunidades rurales. Se intentará alcanzar esta meta por medio de los dos objetivos que se enumeran a continuación.

### **Objetivo estratégico 1. Creación de oportunidades económicas para la población pobre productiva.**

4. En primer lugar, el FIDA creará oportunidades económicas para la población pobre productiva, lo cual incluirá el desarrollo de cadenas de valor y el apoyo a modelos empresariales innovadores, sobre todo en las zonas rurales más pobres de Georgia. El Fondo promoverá el aumento de la productividad y la producción agrícolas, así como la diversificación de los ingresos.

### **Objetivo estratégico 2. Establecimiento de un entorno propicio para una economía rural adaptable, sostenible e inclusiva.**

5. En segundo lugar, el FIDA alentará y apoyará las iniciativas encaminadas a establecer un entorno propicio para una economía rural que sea adaptable, sostenible e inclusiva. A fin de lograr este objetivo, se tratará de preservar y aumentar las capacidades productivas en lo que respecta al agua, los suelos y los pastizales (recursos de los que depende la población pobre productiva del medio rural), además de fortalecer las capacidades de esta población para mejorar la seguridad alimentaria y la inocuidad de los alimentos.
6. El impacto estratégico se materializará al ofrecer a la población rural pobre vías creíbles y basadas en datos empíricos para salir de la pobreza, mediante una combinación cuidadosamente planificada de asesoramiento técnico, financiación y vinculaciones ascendentes en las cadenas de valor productivas de más alto nivel. En consecuencia, el FIDA se posicionará como una organización que promueve los intereses de la población pobre productiva, demostrando la viabilidad de la transformación y fomentando la ampliación de escala de las actividades que arrojen buenos resultados. Al focalizarse en las zonas remotas, el Fondo garantizará una mejor inclusión y también demostrará que es posible detener el círculo vicioso del envejecimiento, la emigración de los jóvenes y el declive económico en las zonas remotas.

7. Los instrumentos principales para lograr el impacto estratégico de estos dos objetivos serán los proyectos de inversión siguientes: 1) el Proyecto de Modernización de la Agricultura, Acceso a los Mercados y Resiliencia (AMMAR), en curso de ejecución, y 2) el Proyecto de Modernización del Sector Lácteo y Acceso a los Mercados (DiMMA), en fase de diseño; y el posible apoyo de futuras inversiones del FIDA, en caso de disponerse de fondos después del DiMMA. Actualmente, no hay recursos para Georgia con arreglo al Sistema de Asignación de Recursos basado en los Resultados después del DiMMA, pero estos objetivos deberían poderse lograr mediante el AMMAR y el DiMMA.

## Georgia

### Programa sobre Oportunidades Estratégicas Nacionales basado en los Resultados

#### I. Diagnóstico del país

##### A. Contexto socioeconómico

1. **Panorama general.** Georgia ha cambiado drásticamente desde que se elaboró el último programa sobre oportunidades estratégicas nacionales (COSOP) en 2004. El país se ha visto afectado por conflictos armados que han vuelto más errático el acceso al mercado principal, donde los pequeños agricultores georgianos tradicionalmente han exportado sus productos. Aunque se ha realizado un esfuerzo ingente para aumentar las exportaciones a la Unión Europea, sobre todo después de la firma del acuerdo de asociación en 2014, el mercado ruso y los mercados de la más amplia Comunidad de Estados Independientes siguen siendo importantes para los pequeños agricultores.
2. **Desde el punto de vista económico,** Georgia ha registrado un fuerte crecimiento en el último decenio. El producto interno bruto (PIB) per cápita creció un 5,4 % anual entre 2004 y 2016; en 2017 había superado los USD 4 290 y el ingreso nacional bruto per cápita ascendía a USD 3 830 (2016)<sup>1</sup>. Georgia ha logrado resultados importantes en lo que concierne a la estabilidad macroeconómica y financiera, la facilidad para hacer negocios<sup>2</sup>, la seguridad y la gobernanza, todos ellos elementos que han atraído a los inversionistas extranjeros y facilitado el crecimiento del sector turístico.
3. El sector agrícola representa el 9 % del PIB, pero da empleo al 45 % de la población activa. El sector de los servicios constituye el 50 % del PIB, mientras que la industria manufacturera y la construcción representan el 28 %. Las remesas procedentes del extranjero benefician al 10 % de la población y aportan el 9 % del PIB.
4. El fuerte crecimiento se ha traducido en una reducción de la tasa de pobreza (del 43 % en 2006 al 32 % en 2014), pero las desigualdades han aumentado entre las zonas urbanas y las rurales. Así pues, el 43 % de todos los habitantes de las zonas rurales vive por debajo del umbral de pobreza de USD 2,50 al día, mientras que la pobreza urbana apenas alcanza el 20 %; desde 2006, la pobreza rural se ha reducido tan solo en un 4 %. El motor principal de la reducción de la pobreza rural durante el último decenio no ha sido el fuerte crecimiento impulsado por la economía urbana (que podría haber aumentado la demanda de productos rurales), sino más bien las mayores transferencias sociales, que están mejor orientadas<sup>3</sup>.
5. Georgia ocupa el puesto 32 de los 119 países clasificados en el Índice Global del Hambre de 2017. El Instituto Internacional de Investigación sobre Políticas Alimentarias estimó que el retraso del crecimiento afectaba al 11 % de los niños, la emaciación, al 2 % (en 2009) y, según un estudio de Oxfam, la tasa de subalimentación del país es del 7,4 %. En general, el consumo de alimentos suele ser suficiente en cuanto al aporte calórico y la ingesta de proteínas, aunque la diversidad nutricional varía de baja a mediana.
6. El Gobierno promueve activamente a las mujeres en las zonas rurales, en particular en las agroempresas y las cooperativas y en los órganos locales de adopción de decisiones. Sin embargo, la participación de las mujeres en la toma de decisiones y

<sup>1</sup> Banco Mundial (2018).

<sup>2</sup> En la actualidad, Georgia ocupa el noveno puesto entre los 190 países que figuran en la publicación *Doing Business* del Banco Mundial.

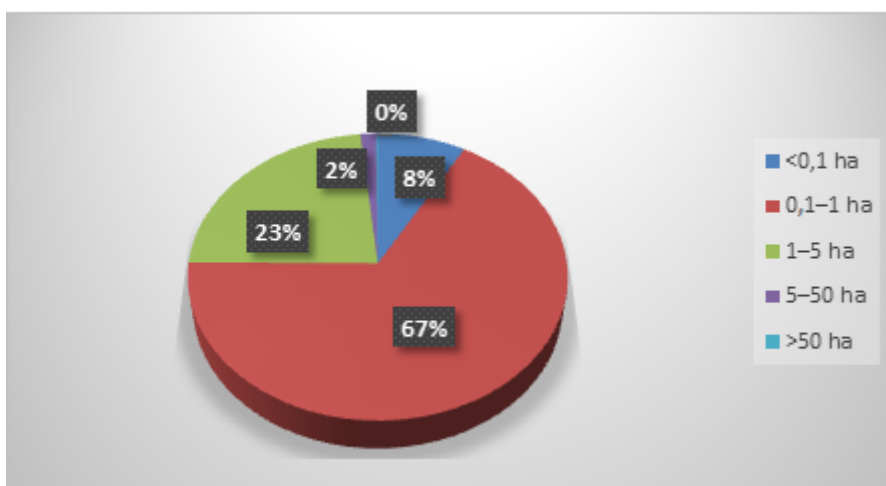
<sup>3</sup> Banco Mundial (2016).

su acceso a la información, los activos, el crédito y los servicios son menores que los de los hombres, lo que contribuye a que Georgia ocupe el puesto 90 de los 144 países clasificados en el índice mundial de disparidad entre los géneros de las Naciones Unidas. El sueldo medio de las mujeres en el sector agrícola es un 25 % más bajo que el de los hombres. Las mujeres poseen solo el 31 % de las explotaciones, y solo el 4,7 % de las cooperativas están dirigidas por mujeres. El tamaño medio de sus explotaciones es solo una cuarta parte de las de los hombres.

## B. El sector agrícola y la economía rural

7. El régimen de propiedad del sector se revolucionó a principios de los años noventa, con la privatización de casi todas las tierras agrícolas. Las pequeñas explotaciones familiares ahora ocupan el 90 % de estas tierras. El resultado ha sido una fragmentación extrema de la tierra (véase más abajo el gráfico 1). En consecuencia, dos tercios de todos los agricultores poseen menos de 1 hectárea de tierra y muchos practican una producción de semisubsistencia y comercian solo con sus vecinos. Cada vez más se trata de ancianos, que dependen en gran medida de las transferencias sociales y tienen poco conocimiento de la agricultura comercial y escaso interés en ella.

**Gráfico 1. Porcentaje de agricultores por tamaño de la explotación**



Fuente: GeoStat, *Agricultural Census*.

8. La población pobre productiva se enfrenta a un gran desafío: con la extrema fragmentación de la tierra es difícil mantener una producción constante en volumen y calidad, que es lo que atrae a los compradores o elaboradores y lo que permitiría integrar esta producción en las cadenas de valor comercial. También se enfrenta a problemas relacionados con el acceso a los servicios financieros, la infraestructura y el conocimiento de las nuevas tecnologías y las demandas del mercado, que podrían aprovecharse para incrementar los ingresos.
9. Los mercados de tierras siguen estando poco desarrollados, y los derechos de propiedad aún no están bien definidos. Esto es especialmente cierto en el caso de las tierras de pastoreo comunales, donde las cuestiones de gobernanza relacionadas con la regulación del acceso, la protección y el mantenimiento son especialmente delicadas. Solo el 25 % de las tierras agrícolas están registradas oficialmente<sup>4</sup>. El cambio climático es otro nuevo desafío para Georgia, la producción agrícola se ha vuelto más arriesgada debido al aumento de los fenómenos extremos y las temperaturas y la disminución de las precipitaciones. Además de la exposición a nuevas plagas y enfermedades que afectan a los

<sup>4</sup> Con el apoyo del Banco Mundial, el Gobierno está abordando esta cuestión mediante el Proyecto de Desarrollo de los Mercados de Tierras.



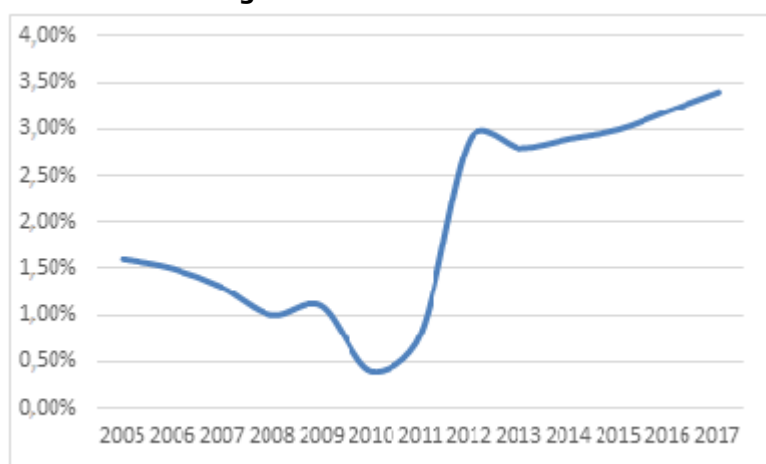
cultivos, los bosques y el ganado. Sin embargo, la población pobre de las zonas rurales es la que menos puede permitirse invertir en medidas de adaptación y no tiene el conocimiento suficiente para adaptarse y aprovechar las oportunidades.

10. Por lo general, el sector privado estructurado está integrado por grandes agricultores y agroempresas que se dedican a la producción de algunos productos básicos, sobre todo exportadores, y existen sólidos servicios de extensión privados, por ejemplo para el sector de la avellana. Sin embargo, los servicios de extensión públicos están concentrados en unos pocos centros, con escasos recursos. También tienen un acceso limitado a las cadenas de valor comercial, en parte debido a que sus volúmenes de producción son reducidos e irregulares, pero también cada vez más debido al endurecimiento de las normas, por ejemplo, en materia de inocuidad de los alimentos, a causa de los requisitos de la Unión Europea. Sin embargo, está claro que existen posibilidades de vincular a los pequeños agricultores, que quieran y puedan hacerlo, con cadenas de valor prometedoras, como atestiguan algunos ejemplos recientes.

### C. Marco normativo e institucional

11. El marco normativo e institucional ha cambiado considerablemente en los últimos cinco años, en particular debido a la prioridad mucho mayor que el Gobierno ha asignado a la agricultura (véase el gráfico 2 a continuación).

**Gráfico 2. Porcentaje correspondiente a la agricultura en el presupuesto del Gobierno de Georgia**



Fuentes: Ministerio de Agricultura, Estrategia de Desarrollo Agrícola para 2015-2020 y presupuesto del Gobierno de Georgia correspondiente a 2017.

12. Esto se tradujo en un incremento de las inversiones y en la puesta a disposición de un mayor número de planes de apoyo, subsidios y crédito barato para los agricultores y las agroempresas. En un principio, estas medidas tuvieron una buena acogida y el crecimiento agrícola aumentó vertiginosamente hasta alcanzar el 12 % en 2013 gracias al incremento de la superficie cultivada y a mayores rendimientos. Sin embargo, desde entonces el crecimiento se ha estancado y se ha expresado preocupación acerca de varios aspectos de estos planes, como la focalización, la sostenibilidad y las distorsiones del mercado<sup>5</sup>.
13. Las políticas para el sector agrícola están determinadas principalmente por las ambiciones de Georgia de adherirse a la Unión Europea, para lo cual las medidas sanitarias y fitosanitarias relativas a los productos agrícolas representan una dimensión importante; Georgia ya ha comenzado a armonizar su legislación con la de la Unión Europea.

<sup>5</sup> Véase: Banco Mundial, *Georgia Public Expenditure Review* (2015).

14. Si bien la Estrategia de Desarrollo Socioeconómico a largo plazo de Georgia, "Georgia 2020" (2014), sigue siendo la piedra angular de las políticas gubernamentales, la estrategia a medio plazo de 2016 (Libertad, Desarrollo Rápido y Prosperidad) explica en detalle el modo en que el Gobierno promoverá crecimiento sostenible e inclusivo de la economía rural, por ejemplo, mediante el acceso a la financiación y la mejora de la competitividad del sector privado. En este contexto, se hace cada vez más hincapié en la facilitación del acceso de los pequeños agricultores al crédito y los servicios, y hay un renovado interés por los bienes públicos de las zonas rurales. En lo relativo a la agricultura, la Estrategia de Desarrollo Agrícola para el período 2015-2020 reconoce la importancia de actuar decididamente después de un decenio de inversiones públicas insuficientes y destaca la necesidad de adoptar un enfoque transformador en el sector. En la estrategia también se tienen en cuenta los desafíos externos y las oportunidades que se materializarán en el marco del acuerdo de libre comercio con la Unión Europea, gracias al cual Georgia recibirá más apoyo de la Unión Europea, pero estará sujeta a normas más estrictas.

#### **D. Riesgos del país, los sectores y los programas y medidas de mitigación**

15. Existen diversos riesgos que deben considerarse al diseñar la estrategia en el país. A continuación se resumen estos riesgos y las medidas de mitigación conexas.

Riesgo	Nivel de riesgo	Estrategia de mitigación
<b>En materia de instituciones.</b> Las capacidades del Gobierno de Georgia no son suficientes para gestionar la creciente carga de trabajo generada por el aumento de las asignaciones financieras y el programa de reforma reglamentaria.	Medio	Fomentar la capacidad de la principal unidad de ejecución del Gobierno de Georgia, que también está encargada de la gestión de otros proyectos no financiados por el FIDA. Se pondrán a disposición recursos adicionales para promover la eficacia de la ejecución.
La escasa confianza en las soluciones colectivas a problemas comunes socava la cooperación para la acción colectiva.	Medio	Promover cooperativas u organizaciones de desarrollo comunitario mediante un enfoque escalonado a medida que se fomentan las capacidades y la confianza.
<b>En materia de focalización.</b> Al centrarse en la población pobre de las zonas remotas, los proyectos no logran atraer las inversiones del sector privado que podrían impulsar una transformación inclusiva.	Medio	Los proyectos estarán dirigidos a la población rural pobre, pero incluirán también algunos "agentes de transformación" que pueden animar a otros a comercializar con los actuales empresarios y con quienes aspiran a ser empresarios, y a prestarles apoyo.
<b>En materia de clima.</b> El cambio climático y los fenómenos extremos aumentan los riesgos para la agricultura en pequeña escala.	Medio	Poner a prueba y promover técnicas agrícolas y de gestión de los recursos naturales climáticamente inteligentes e infraestructura adaptable.

## **II. Enseñanzas y resultados previos**

### **Experiencias y resultados del pasado**

16. En la elaboración del presente COSOP se han tenido en cuenta numerosos resultados principales que se señalaron en el examen final del COSOP y la evaluación de la estrategia y el programa en el país (EEPP) de 2017. Unos de los resultados positivos más importantes ha sido la ampliación de escala de las intervenciones, como el establecimiento de oficinas de registro de tierras, y el fortalecimiento de las existentes, con lo que se ayudó al Gobierno en su objetivo de abrir más sucursales en todo el país y, así, impulsar la concentración parcelaria.
17. El FIDA ha hecho ingentes esfuerzos para aumentar los ingresos de los pequeños agricultores. La encuesta final del Proyecto de Apoyo Agrícola reveló que los ingresos de los beneficiarios procedentes de la agricultura aumentaron en un 14 %, mientras que según el informe final del Proyecto de Desarrollo Rural los ingresos de los agricultores y las empresas aumentaron en un 28 %.

18. El FIDA ha ayudado a incrementar el volumen de la producción comercializada y a ampliar la agregación de valor para los productos locales. Los resultados del Proyecto de Apoyo Agrícola evidenciaron que las empresas que recibieron apoyo lograron establecer vínculos con los agricultores y otras empresas. Según el informe final del proyecto y una evaluación del impacto realizada por el FIDA en 2017, los agricultores que vivían en las inmediaciones de las agroempresas respaldadas se mostraban satisfechos con los bajos costos del transporte, los precios más elevados y el pago rápido que recibían al vender sus productos a esas empresas. Gracias al proyecto se crearon más de 1 152 nuevos puestos de trabajo y se establecieron vínculos con 2 700 agricultores y empresas.
19. Sin embargo, también se han registrado dificultades importantes en la cartera, sobre todo en lo que respecta a la creación de cooperativas de crédito, otros tipos de cooperativas y organizaciones de base comunitaria, que suelen tener un historial de escasa sostenibilidad y bajo impacto. De las 160 cooperativas de crédito creadas en el marco del Proyecto de Desarrollo Agrícola, solo dos seguían activas en 2017. Asimismo, el Programa de Desarrollo Rural en las Zonas Montañosas y las Tierras Altas basó su enfoque participativo en organizaciones comunitarias y asociaciones de agricultores recién establecidas, pero ninguna de ellas sobrevivió una vez terminado el programa.

### **Enseñanzas aplicables a la futura estrategia**

20. La principal enseñanza extraída de las experiencias anteriores es que hay que garantizar una mayor alineación con el contexto normativo y ampliar la escala de los objetivos en función de las prioridades y la dotación de recursos del Gobierno, en especial del Ministerio de Protección del Medio Ambiente y Agricultura. Por un lado, el FIDA ha logrado buenos resultados, por ejemplo en el establecimiento de seis organismos encargados de la inocuidad de los alimentos, que están bien gestionados y siguen en pleno funcionamiento; estos organismos desempeñan una función importante en el proceso de aproximación a la Unión Europea, como también se reconoció en la reciente evaluación de la estrategia y el programa en el país del FIDA de 2018. Por otro lado, antes de 2013, la escasa participación pública en la agricultura tuvo graves consecuencias para la sostenibilidad de las intervenciones, que dependían de un apoyo constante.
21. El hecho de que el apoyo prestado a las cooperativas y las cooperativas de crédito no haya logrado los resultados deseados pone de manifiesto las limitaciones de imponer las “mejores prácticas” de otros lugares en el contexto georgiano, donde el legado de la colectivización forzada ha creado desconfianza en las soluciones cooperativas. Esta enseñanza se ha tenido en cuenta a la hora de diseñar el presente COSOP. Indudablemente, los pequeños agricultores pueden obtener muchos beneficios aunando fuerzas (por ejemplo, economías de escala, atracción de comerciantes y mejora de su capacidad de negociación), pero este proceso tendrá que estar impulsado por la demanda.
22. Por lo que se refiere a las inversiones futuras, el FIDA tendría que hacer de la financiación rural y la creación de instituciones rurales una prioridad estratégica, en consonancia con las prioridades gubernamentales. La financiación rural es una esfera en la que el Fondo ha acumulado una amplia experiencia gracias a la experimentación con diferentes modelos de acceso a la financiación (EEPP, 2018).
23. Otra de las enseñanzas extraídas es que el FIDA no puede centrarse en las personas más pobres de las zonas rurales y, al mismo tiempo, cumplir su mandato de invertir de manera sostenible en los activos productivos de la población rural pobre de Georgia. Los habitantes más pobres de las zonas rurales suelen ser personas mayores, que a menudo viven de las transferencias sociales, las pensiones y las remesas y de la agricultura doméstica (por lo general, en parcelas de alrededor 0,1 hectáreas), principalmente con fines de subsistencia; solo tienen una participación marginal en el comercio (trueque) con vecinos y familiares. Sin

embargo, en muchas zonas, a medida que las tierras se abandonan, van surgiendo oportunidades que favorecen la concentración parcelaria y las economías de escala. Además, están surgiendo oportunidades no agrícolas en el sector de los servicios rurales, la agroindustria y el turismo. En consecuencia, el FIDA centrará sus futuras operaciones en las zonas más pobres, excluidas y remotas, y orientará su apoyo a los pobres y a quienes corren el riesgo de caer en la pobreza y la exclusión social. Sin embargo, estas operaciones tendrán una faceta económica y se centrarán también en agentes de transformación menos pobres, que puedan demostrar la adopción de enfoques resilientes y rentables y generar empleo.

24. Puesto que se prevé que el país mantendrá la tasa media de crecimiento actual del 5 % anual hasta 2023 (*Perspectivas de la economía mundial*, Fondo Monetario Internacional, 2018), se espera que Georgia deje gradualmente de ser un país de ingresos medianos bajos en dos o tres años. Esto significa que el FIDA debería prever otras esferas de cooperación con el Gobierno, como la introducción de la asistencia técnica reembolsable y la transferencia de los conocimientos y competencias especializadas que el Fondo posee en todo el mundo.

### III. Objetivos estratégicos. Alineación entre las prioridades del FIDA y las de Georgia para una asociación inclusiva y sinérgica

25. **Ventaja comparativa.** El FIDA es un asociado muy respetado en Georgia, conocido por su capacidad de reducir la pobreza rural mediante inversiones sostenibles en las capacidades productivas de los agricultores, las agroempresas y los proveedores de servicios financieros rurales. El Fondo tiene una propuesta de valor clara para todas sus operaciones: ofrecer a las personas pobres de las zonas rurales vías innovadoras para salir de la pobreza en un contexto de despoblación, endurecimiento de las disposiciones reglamentarias y aumento de la presión competitiva. Desde el punto de vista operacional, la principal esfera de atención son los pequeños agricultores y las inversiones productivas que aceleran el crecimiento inclusivo en la agricultura y en el espacio rural en su conjunto. Por último, el FIDA también se centra cada vez más en la facilitación de asociaciones destinadas al intercambio de conocimientos y de innovaciones catalizadoras sobre nuevos desafíos, especialmente sobre el cambio climático<sup>6</sup>. En Georgia, el Fondo aprovechará estas competencias para promover medios de vida más resilientes en las zonas rurales marginadas, lo que incluirá el apoyo a una agricultura climáticamente inteligente, la diversificación económica, la retención del talento y el acceso a la financiación rural.
26. **Meta y objetivos estratégicos.** La meta general del COSOP para el período 2019-2024 será apoyar las iniciativas del Gobierno encaminadas a promover la transformación inclusiva y sostenible de la economía rural y mejorar la resiliencia de las comunidades rurales. El FIDA tendrá como objetivo aumentar la capacidad de las personas pobres productivas (las que puedan y quieran permanecer en las zonas rurales y servir de modelo) para aprovechar las oportunidades que ofrece la actual transformación de las zonas rurales, al tiempo que afrontan los desafíos que se les plantean. Se supone que la consecución de esta meta dependerá del logro de los dos objetivos estratégicos siguientes.
  - i) **Objetivo estratégico 1. Creación de oportunidades económicas para la población pobre productiva.** El FIDA continuará prestando asistencia a los pequeños agricultores en las zonas pobres y montañosas para incrementar su productividad agrícola, la rentabilidad y el acceso a los mercados, y mejorará la infraestructura productiva. Este objetivo también se centrará en la

<sup>6</sup> Marco Estratégico del FIDA (2016-2025), 2015.

promoción de empleos no agrícolas y la diversificación, en particular en el sector turístico. La mejora del acceso de la población rural pobre a los servicios financieros apuntalará los esfuerzos en los sectores agrícola y no agrícola. Las actividades encaminadas a lograr este objetivo también ayudarán al Gobierno a conseguir sus objetivos relacionados con la diversificación rural.

**ii) Objetivo estratégico 2. Establecimiento de un entorno propicio para una economía rural adaptable, sostenible e inclusiva.** El cambio climático plantea la necesidad de reducir la vulnerabilidad del sector agrícola y mejorar la gestión de los recursos naturales. A fin de lograr este objetivo, se tratará de preservar y aumentar las capacidades productivas del agua, los suelos y los pastizales, recursos de los que depende de manera desproporcionada la población pobre productiva del medio rural, sobre todo en las zonas montañosas, donde los pastizales constituyen un elemento fundamental de las estrategias de subsistencia. El FIDA trabajará también para reducir la vulnerabilidad de los pequeños agricultores a los fenómenos meteorológicos extremos y, en este sentido, la infraestructura adaptable será un elemento clave. Además, el Fondo procurará crear una plataforma de datos empíricos sobre la gestión de los recursos naturales que pueda servir de base para la formulación de políticas y prácticas concretas en esferas como el riego y la gestión de pastizales. A fin de lograr este objetivo, será fundamental fortalecer la capacidad de la población rural pobre para gestionar estos recursos y mejorar la seguridad alimentaria y la inocuidad de los alimentos.

27. Estos dos objetivos se concibieron para lograr un impacto estratégico, sobre todo en las zonas más pobres y más remotas, donde la marginación es más grave y las medidas correctivas son más necesarias. El impacto se materializará al ofrecer a la población rural pobre vías basadas en datos empíricos para salir de la pobreza, mediante una combinación cuidadosamente planificada de asesoramiento técnico, financiación y vinculaciones ascendentes en cadenas de valor productivas de más alto nivel. El FIDA garantizará una mejor inclusión y también demostrará que es posible detener el círculo vicioso del envejecimiento, la emigración de los jóvenes y el declive económico en las zonas remotas, no necesariamente revirtiendo la migración del medio rural al urbano, sino demostrando que los medios de vida rurales pueden ser una opción profesional interesante para los jóvenes emprendedores.
28. Los dos objetivos estratégicos también contribuyen al logro del Objetivo de Desarrollo Sostenible (ODS) 1 ("poner fin a la pobreza en todas sus formas y en todo el mundo"), el ODS 2 ("poner fin al hambre, lograr la seguridad alimentaria y la mejora de la nutrición y promover la agricultura sostenible"), el ODS 5 ("lograr la igualdad de género y empoderar a todas las mujeres y las niñas"), el ODS 6 ("garantizar la disponibilidad y la gestión sostenible del agua y el saneamiento para todos") y el ODS 13 ("adoptar medidas urgentes para combatir el cambio climático y sus efectos"). Los objetivos estratégicos también sustentan y apoyan la consecución de las siete prioridades estratégicas del Ministerio de Protección del Medio Ambiente y Agricultura<sup>7</sup>. Por último, el COSOP también está en consonancia con los tres objetivos del Marco Estratégico del FIDA (2016-2025). Asimismo, la actuación del FIDA se coordina y alinea plenamente con la Alianza Mundial para el Desarrollo Sostenible de las Naciones Unidas.

<sup>7</sup> Estas son: i) mejora de la competitividad de los empresarios rurales; ii) desarrollo institucional; iii) mejoramiento y fertilidad de los suelos; iv) desarrollo regional y sectorial/ desarrollo de cadenas de valor; v) garantía de la seguridad alimentaria; vi) inocuidad de los alimentos, y protección veterinaria y fitosanitaria, y vii) cambio climático, medio ambiente y biodiversidad.

29. Los proyectos de inversión serán el instrumento principal para lograr los objetivos. El AMMAR, que está centrado en el riego y las prácticas agrícolas climáticamente inteligentes, contribuirá a ambos objetivos y a todos los efectos directos. Las enseñanzas extraídas de la gobernanza de la infraestructura de riego se tendrán en cuenta en la conversación sobre la gestión de los recursos naturales y ayudarán al FIDA a cumplir sus metas de ampliación de escala. El DiMMA, de próxima ejecución, también logrará ambos objetivos, prestando especial atención a los pequeños productores lecheros en las zonas montañosas. Asimismo, apoyará la gobernanza y la gestión de los pastizales y contribuirá a una gestión de los recursos naturales más resiliente y sostenible.
30. En la hipótesis de financiación actual, no se prevé ninguna financiación del FIDA para Georgia en el próximo ciclo del Sistema de Asignación de Recursos basado en los Resultados (conocido también como la Undécima Reposición de los Recursos del FIDA (FIDA11), que abarca el período 2019-2021), por lo que los equipos del AMMAR y el DiMMA tendrán que realizar esfuerzos concertados para lograr los dos objetivos estratégicos. Sin embargo, dada la sólida estructura de gestión de los proyectos y el firme compromiso del Gobierno con el sector y las inversiones del FIDA, las perspectivas son fundamentalmente positivas, pese a que el programa es ambicioso. Si bien está claro que cualquier inversión futura que el FIDA realice en forma escalonada proporcionaría un apoyo decisivo y amplificaría los posibles efectos, actualmente la hipótesis más realista es que solo se ejecuten el AMMAR y el DiMMA, que serán la base para el logro de los objetivos estratégicos.

## **IV. Resultados sostenibles**

### **A. Focalización, jóvenes y cuestiones de género**

31. De conformidad con la política de focalización del FIDA, los intercambios con el Gobierno, el examen final del COSOP y las recomendaciones de la Oficina de Evaluación Independiente del FIDA, la estrategia de focalización del COSOP se centrará en las personas pobres de las zonas rurales en condiciones de mejorar su capacidad productiva que sean pequeños agricultores y pequeñas empresas. Si bien corren el riesgo de caer en la pobreza y la exclusión social, son capaces de ampliar la producción y aumentar y diversificar sus ingresos y están decididamente interesados en hacerlo. Las actividades se centrarán en las comunidades locales y los dirigentes oficiales y oficiosos para difundir ampliamente la información sobre las oportunidades creadas y garantizar la transparencia en la selección de los beneficiarios.
32. Se adoptará una focalización geográfica, basada en criterios y datos claros y tangibles, a fin de llegar a las comunidades pobres y vulnerables. El proyecto DiMMA propuesto se centrará en los productores lecheros de las zonas remotas y montañosas, donde la pobreza es elevada. Las medidas de autofocalización se ajustarán a las capacidades y prioridades específicas de los grupos pobres y vulnerables. El proyecto se centrará en los subsectores que generen empleo y en el aumento de la colaboración con los pequeños agricultores, especialmente las mujeres y los jóvenes.
33. Teniendo en cuenta la situación de desventaja de la mujer en la agricultura en Georgia, los proyectos de inversión aplicarán, en la medida de lo posible, mecanismos de focalización directa y establecerán disposiciones para la incorporación de las cuestiones de género para aumentar la participación de las mujeres y su acceso a la información, los conocimientos, los mercados y la financiación.

34. En el AMMAR, así como en el marco del diseño del DiMMA, la asistencia está orientada a los jóvenes. Se hace especial hincapié en la creación de oportunidades económicas que sean suficientemente interesantes para los segmentos más jóvenes de la población, con miras a alentarlos a que permanezcan y prosperen en sus localidades<sup>8</sup>.

## **B. Ampliación de escala**

35. La estrategia procura promover la ampliación de escala sistemática de las innovaciones. A nivel de la cartera, se adoptará un enfoque programático, consistente en un mecanismo institucional que facilite la determinación, documentación, evaluación y difusión/reproducción de las innovaciones generadas por las actividades sobre el terreno que puedan aplicarse a mayor escala.
36. Es probable que las enseñanzas principales en las que se basarán los métodos de ampliación de escala se centrarán en cómo crear cadenas de valor inclusivas para los pequeños productores lecheros, que sean capaces de aumentar la comercialización y, al mismo tiempo, promover los intereses y el bienestar de la población rural pobre. Un segundo tema de aprendizaje podría centrarse en la definición de los elementos principales de un conjunto de medidas atractivas que puedan impulsar a los jóvenes talentos de las zonas rurales a invertir en su localidad. Por último, un elemento primordial de las enseñanzas extraídas está relacionado con la adopción de estrategias de supervivencia viables para los pequeños agricultores, que les permitan sobrevivir ante el endurecimiento del marco reglamentario y las normas en materia de inocuidad de los alimentos debido al proceso de aproximación a la Unión Europea. Estas enseñanzas también servirán de base para la actuación en materia de políticas que se describe a continuación.

## **C. Actuación en materia de políticas**

37. El FIDA ayudará al Gobierno a establecer un entendimiento común sobre las consecuencias y los efectos en los distintos grupos de población rural de los nuevos reglamentos relacionados con el acuerdo de asociación firmado con la Unión Europea, y formulará sugerencias sobre cómo orientar la ayuda a quienes corren el riesgo de quedar más marginados. El Fondo también analizará formas de identificar a jóvenes empresarios rurales capaces de cumplir los reglamentos cada vez más estrictos y de crear un entorno favorable que los motive a quedarse en las zonas rurales. El AMMAR ya ofrece información importante que puede contribuir a estas conversaciones<sup>9</sup>. En el marco del DiMMA, se procurará descubrir cómo los pequeños productores lecheros de las zonas remotas pueden superar los retos que plantean la reglamentación y la normalización y comprender la manera de mejorar las prácticas de gestión de los recursos naturales y la gobernanza de los bienes comunes, en particular con respecto a la tenencia de la tierra de pastoreo.

## **D. Lucha contra los problemas relacionados con los recursos naturales y el cambio climático**

38. El FIDA continuará ayudando al Gobierno a adaptarse al cambio climático, un elemento fundamental de los dos objetivos estratégicos. En el marco del AMMAR se están desarrollando enfoques innovadores para ayudar a los pequeños productores a incrementar su resiliencia al cambio climático, así como a aprovechar los incentivos y la financiación disponibles para adoptar sistemas de producción resistentes al clima. En el DiMMA, de próxima ejecución, se intensificará el apoyo para la adaptación al cambio climático al promover prácticas y técnicas de gestión sostenible de los recursos naturales, en particular medidas destinadas a las cadenas de valor ganaderas como abrevaderos resistentes al clima, puentes de

<sup>8</sup> En Georgia, por “población joven” se entiende las personas de 14 a 29 años.

<sup>9</sup> En el marco del AMMAR también se está trabajando en la intermediación para la inclusión financiera, por ejemplo mediante donaciones de contrapartida, como se destacó también en la EEPP.

conexión, mejoras de tramos de carretera específicos, rehabilitación de pastizales degradados, lucha contra la erosión por efecto de las inundaciones o del agua y sombra. Además, en consonancia con la recomendación formulada en la EEPP, el FIDA también procurará obtener financiación mediante donaciones para acelerar las medidas de adaptación al cambio climático (por ejemplo, del Fondo para el Medio Ambiente Mundial y el Fondo Verde para el Clima).

## **E. Agricultura y desarrollo rural que tienen en cuenta la nutrición**

39. Si bien la desnutrición no plantea problemas importantes, el aumento de las tasas de sobrepeso y obesidad es motivo de creciente preocupación: el 53 % entre las mujeres y el 16 % entre los hombres (2014)<sup>10</sup>. En Georgia la diversidad alimentaria oscila entre baja y mediana, lo que significa que, en promedio, la población puede permitirse cinco de los 10 grupos de alimentos recomendados. Debido al escaso poder adquisitivo de los consumidores, las dietas suelen caracterizarse por un alto consumo de pan y otros productos de panadería: el 62 % del valor energético, por tanto, procede de alimentos basados en carbohidratos. Según Oxfam, los hogares pobres gastan más del 65 % de sus ingresos en alimentos. Para abordar estas cuestiones a nivel institucional, el Gobierno ha adoptado medidas importantes destinadas a dar más relieve a la seguridad alimentaria y ha elaborado 20 recomendaciones básicas sobre la seguridad alimentaria y la nutrición, junto con un proyecto de ley sobre la seguridad alimentaria, reforzando aún más su compromiso en esta esfera. El presente COSOP tiene como objetivo fomentar la diversificación de la dieta en el país mediante el fortalecimiento de la cadena de valor de productos lácteos, lo que mejoraría la nutrición de los pequeños productores gracias al aumento de la accesibilidad y asequibilidad de la leche y los productos lácteos producidos a escala local. Con las intervenciones del FIDA también se apoyaría la mejora de la calidad y la inocuidad, sobre todo de los productos lácteos, mediante el fomento de la capacidad de los elaboradores y productores, y también mediante la prestación de apoyo financiero para modernizar las instalaciones con objeto de cumplir las normas internacionales en materia de inocuidad de los alimentos.

## **V. Ejecución satisfactoria**

### **A. Marco de financiación**

40. El FIDA tratará de movilizar financiación de los asociados para el desarrollo y de todos los beneficiarios que compartan el objetivo de aumentar la resiliencia de la población rural pobre mediante inversiones productivas.
41. El DiMMA se pondrá en marcha en 2019. En la hipótesis de transición, es posible que se realicen inversiones en forma escalonada, en función de circunstancias que están en gran parte fuera del control de Georgia. Sin embargo, no se asignarán fondos del FIDA después del DiMMA, debido a la selectividad de las inversiones del Fondo a nivel mundial. En cualquier caso, para cualquier proyecto futuro, y en el supuesto de que se destine una asignación a Georgia, la tasa de cofinanciación debería ajustarse a la tasa institucional del FIDA, es decir, 1:1,4.

### **B. Seguimiento y evaluación**

42. El sistema actual de seguimiento y evaluación (SyE) de los proyectos está en plena consonancia con los nuevos sistemas de presentación de informes del FIDA. Se hará un seguimiento de los progresos en el logro de los objetivos estratégicos mediante el marco de resultados del COSOP, que a su vez consolidará los buenos resultados obtenidos por el actual sistema de SyE del AMMAR. Se promoverá el

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



nuevo enfoque de georreferenciación para las distintas intervenciones mediante el desarrollo de un sistema de SyE basado en datos empíricos. El oficial de SyE ya recibe apoyo gracias a los programas del FIDA de desarrollo de la capacidad, en el marco del Programa de Seguimiento y Evaluación Rurales. Entre otros mecanismos de creación de capacidad cabe destacar el apoyo que el FIDA prestará durante las misiones de supervisión para mejorar los resultados del sistema de SyE.

### **C. Gestión de los conocimientos**

43. En la EEPP se señaló que la gestión de los conocimientos no había recibido mucha atención en el programa en el país. En el nuevo COSOP se prestará especial atención a este tema y se brindará orientación al respecto.
44. La gestión de los conocimientos será fundamental para asegurar que las enseñanzas pertinentes extraídas de los proyectos fundamenten la ampliación de escala, el diálogo sobre políticas y el diálogo Sur-Sur y se incorporen en el diseño y la ejecución de los proyectos. Los datos que genere el sistema de SyE serán la base para la gestión de los conocimientos. El oficial encargado de la gestión de los conocimientos, contratado en el marco del AMMAR, elaborará una estrategia de gestión de los conocimientos y comunicación a fin de ofrecer orientaciones claras para las distintas actividades de gestión de los conocimientos.
45. Se prepararán varios productos de conocimiento, como notas de orientación sobre políticas para la reglamentación relacionada con el sector ganadero, y se elaborarán una evaluación de la comercialización y estrategias operacionales para las cadenas de valor. Además, antes de que finalice el AMMAR, se elaborará un importante producto de conocimiento sobre la inclusión de los jóvenes en el marco del componente centrado en los jóvenes empresarios, cofinanciado por el Organismo Danés de Desarrollo Internacional (DANIDA).

### **D. Asociaciones**

46. Según se confirmó en la EEPP, el FIDA ha establecido asociaciones sólidas, en particular asociaciones de cofinanciación con donantes bilaterales y multilaterales<sup>11</sup>. Se crearán asociaciones estratégicas a nivel local, nacional, regional e internacional, o se consolidarán las existentes, sobre la base de las ventajas comparativas de cada institución, con el objetivo de lograr una mayor capacidad de obtención de fondos gracias a la cofinanciación a nivel de los proyectos, la mejora del apoyo durante la ejecución (del sector privado y de la sociedad civil) y el aumento de la influencia en cuestiones normativas nacionales. Estas asociaciones también tratarán de aprovechar el impacto del FIDA mediante la participación en el diálogo sobre políticas con asociados clave en la toma de decisiones a todos los niveles.
47. Estas asociaciones se establecerán principalmente con: a) los ministerios y las autoridades municipales competentes por lo que se refiere a la gestión de los resultados, la gestión de los conocimientos y el diálogo sobre políticas; b) otros asociados externos para el desarrollo, en particular la Unión Europea, el Banco Europeo de Reconstrucción y Desarrollo, la Agencia Suiza para el Desarrollo y la Cooperación y el Banco Mundial, para los posibles proyectos conjuntos o complementarios, y c) la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO), la Agencia Alemana de Cooperación Internacional (GIZ) y la Agencia Austríaca de Desarrollo (ADA), en particular sobre la gestión de la tierra en zonas marginales y remotas. Además, el FIDA continuará colaborando con sus asociados bilaterales, como el DANIDA, a fin de movilizar los recursos técnicos y financieros necesarios para ampliar la escala de la participación inclusiva, especialmente de los jóvenes.

<sup>11</sup> Véase: Oficina de Evaluación Independiente del FIDA, EEPP relativa a Georgia (Roma, FIDA, 2018).

## **E. Innovaciones**

48. El FIDA tiene una amplia experiencia en materia de innovación: gracias al Proyecto de Desarrollo Rural, las instituciones de microfinanciación, que han establecido prácticas innovadoras para ofrecer microcrédito rural, han crecido y mejorado sus servicios para los clientes de las zonas rurales, además de haber creado una nueva base de clientes. El recurso a préstamos sin garantía ha sido una medida innovadora y ha permitido a las personas sin tierras acceder a la financiación rural, como también confirma la EEPP del FIDA, donde se destaca especialmente el apoyo prestado a las instituciones de microfinanciación<sup>12</sup>. En el marco del Proyecto de Apoyo Agrícola, el sector privado ha invertido en el arrendamiento agrícola, un sector que antes se había descuidado.
49. En el futuro, las innovaciones se centrarán en tres desafíos fundamentales y relacionados entre sí: en primer lugar, las innovaciones se centrarán en el crecimiento económico en las zonas remotas y marginales, con la puesta a prueba de diferentes enfoques (como el apoyo directo a las inversiones, infraestructura y vínculos comerciales) a fin de encontrar medidas eficaces para retener el talento rural en estas zonas; en segundo lugar, las innovaciones se generarán en torno a la resiliencia al clima en el medio rural, que se fortalecerá con diferentes prácticas agrícolas y soluciones de infraestructura, y en tercer lugar, las innovaciones se aprovecharán en el marco de las disposiciones de gobernanza relativas a la gestión de los recursos compartidos, sobre todo el agua/riego y los pastizales.

## **F. Cooperación Sur-Sur y cooperación triangular**

50. En Georgia, el FIDA se centrará en ampliar su papel de intermediario y promotor de soluciones de desarrollo rural y otros recursos procedentes no solo de la región, sino también del resto del mundo, que puedan emplearse colectivamente para mejorar los medios de vida de la población rural en todos los países en transición.
51. Más concretamente, el FIDA promoverá asociaciones regionales con países que se enfrentan a desafíos similares, en particular en lo que se refiere al cambio climático, la acción colectiva y la despoblación de las zonas rurales, sobre todo de las zonas montañosas. Entre los países asociados naturales figuran Armenia, la República de Moldova, Montenegro y Turquía. En concreto, las innovaciones de Georgia podrían darse a conocer en actividades relacionadas con la cooperación Sur-Sur y la cooperación triangular (como la Exposición Mundial sobre el Desarrollo Sur-Sur de la Oficina de las Naciones Unidas para la Cooperación Sur-Sur y el Día de las Naciones Unidas para la Cooperación Sur-Sur), publicaciones y el Portal de Soluciones Rurales del FIDA.

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<sup>12</sup> *Ibidem.*

## 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>	<b>SO1: Creating economic opportunities for the productive poor</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> <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>	<b>Lending activities: through IFAD financing (Loan and Grant) and additional financial leverage</b> <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>
	<b>SO2: Establishing an enabling environment for an adaptable, sustainable and</b>	<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>	<b>3000 hectares of land brought under climate-</b>	

<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 last country strategy and programme evaluation (CSPE) conducted by the Independent Office of Evaluation (IOE) in Georgia, as approved by the Executive Board 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 programmes and COSOP management processes.
3. The CSPE benefited 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 country-level evaluation on decentralisation and the domestic evaluation of rural finance (2007).
4. The CSPE main mission took place from 15 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 businesses in the Autonomous Republic of Abkhaz, and the regions of Guria, and Samegrelo-Zemo Svaneti. The mission teams visited local registration and land reform offices, infrastructure sites, and micro-finance grant beneficiaries in Samegrelo-Zemo Svaneti, 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 Progress Report of the Implementation Status of Evaluation Recommendations and Management Actions (PROMA), which is presented to the IFAD Executive Board on an annual basis by the Public Management.
6. The ACP will be signed by the Government of Georgia (represented by H.E. the Minister of Economy 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.

Agreed follow-up to recommendation 1: The IFAD Management agrees that despite the challenges of co-financing operations with other development partners, IFAD should continue to pursue this approach. IFAD's comparative advantage lies in its ability 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. Sustainable Partnerships Strategy

##### 10. Finding the right partners

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 ERDFARD) 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 strengthen the infrastructure and build trust between IFAD and the Government. This has been successfully achieved as the relationship is now strong.



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 EU standards. The fact that we also support enterprises is driven by this imminent development requiring 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 chain provide opportunities for indirect outcomes such as job opportunities and local suppliers and services over the years and support to sustainable business operations. We will continue to support these businesses and support them to develop, particularly in different segments of the value chain. The focus is on the smallholder and micro-enterprises and their linkages with the market.

23. ~~Investments in smallholder and micro-enterprises~~  
 24. ~~Investments in smallholder and micro-enterprises~~

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: \_\_\_\_\_



## **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 Tchokhonelidze, 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

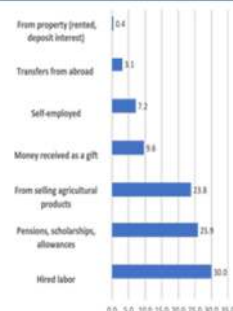


## Georgian context - challenges

- 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



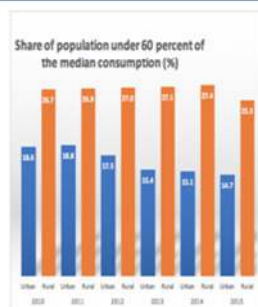
- 32% of country's population poor in 2014 (<\$2.5/day)

- 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

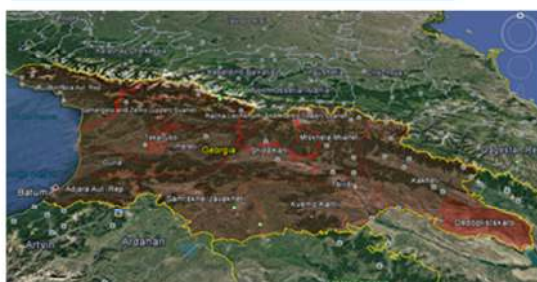
- Here poverty is almost twice as high

- Poverty level differs by regions and proximity/connectivity to urban centres

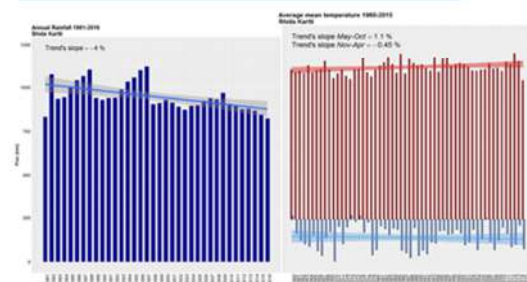
- Mountainous regions have higher concentration of poor



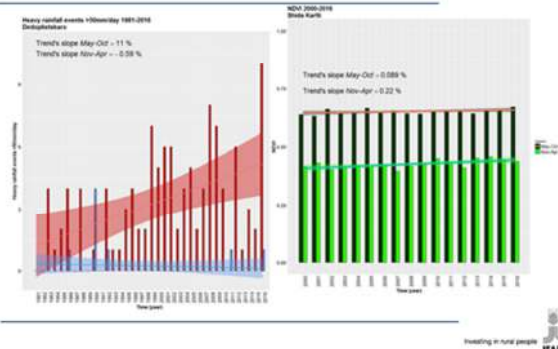
## Georgian climate context



## Climate context: Rain & Temperature



## Climate: Extreme events & vegetation

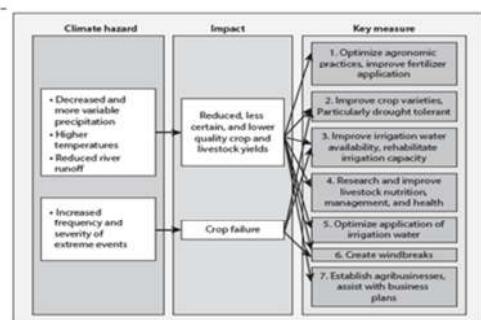


## Climate impacts

- 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):

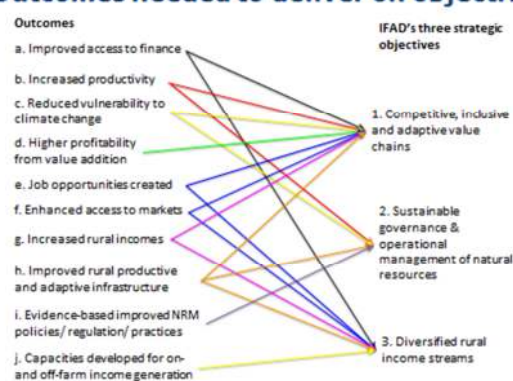
4. **Regional/sector specific value chain development** – IFAD response: Engage in adaptive VCs and solutions
5. **Ensuring food security** – IFAD response: Focus on commercialization & diversification of subsistence and smallholders
6. **Food safety, vet & plant** – IFAD response: Complement EU with 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-CD SOP (covers 2 funding cycles)		
Strategic objectives	Outcome indicators	Milestone indicators
SO1: Promote competitive, inclusive and adaptive value chains	<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>
SO2: Improve sustainable governance & operational management of natural resources	<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>
SO3: Advance diversification of rural income streams	<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



## 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.

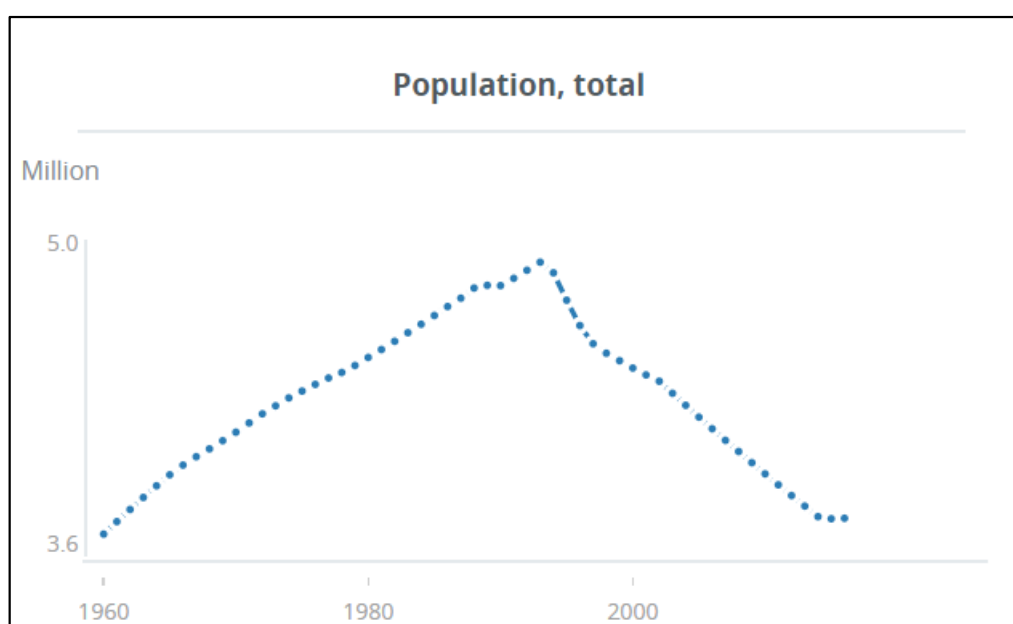


4. Each region of Georgia is sub-divided in municipalities. According to the Local Self-

<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

## 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>

<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](#)

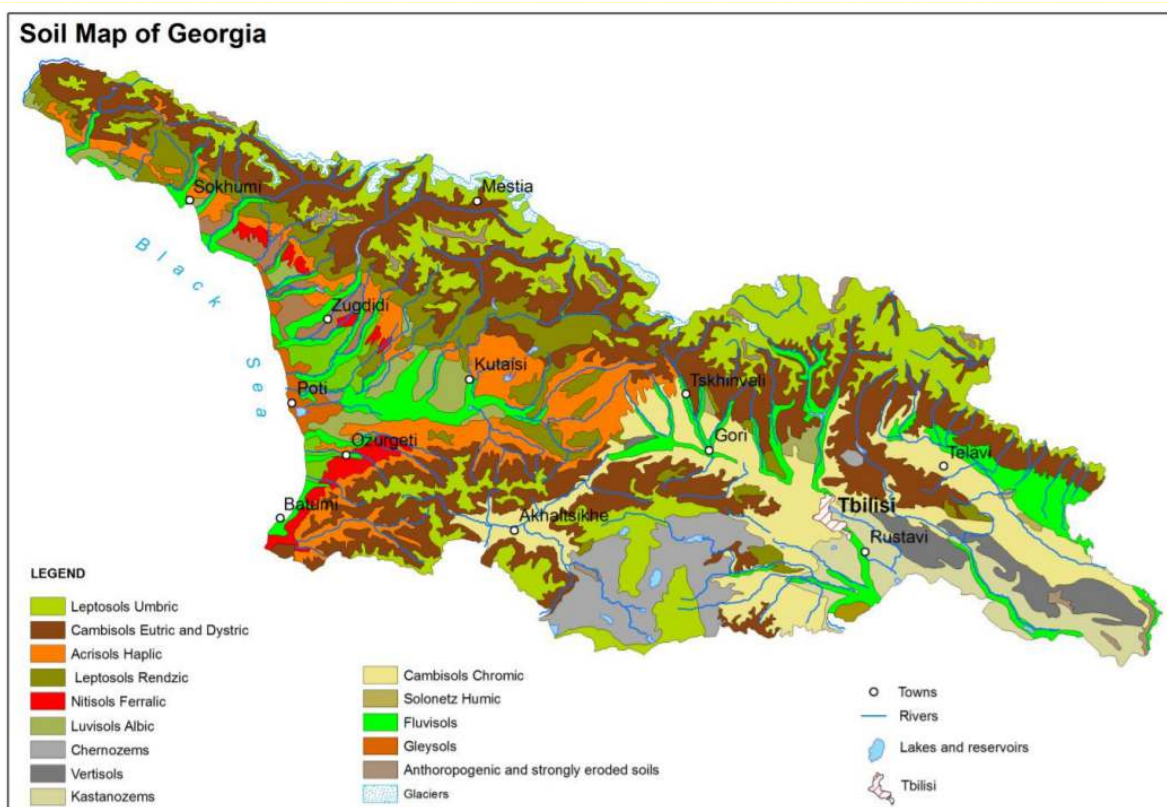


Figure 2: Soil map of Georgia<sup>21</sup>

### 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  $1\text{mm/year}^2$  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 ( $>50\text{mm/day}$ ) during summer season for the period 1981-2016 (see Figure 3 below).

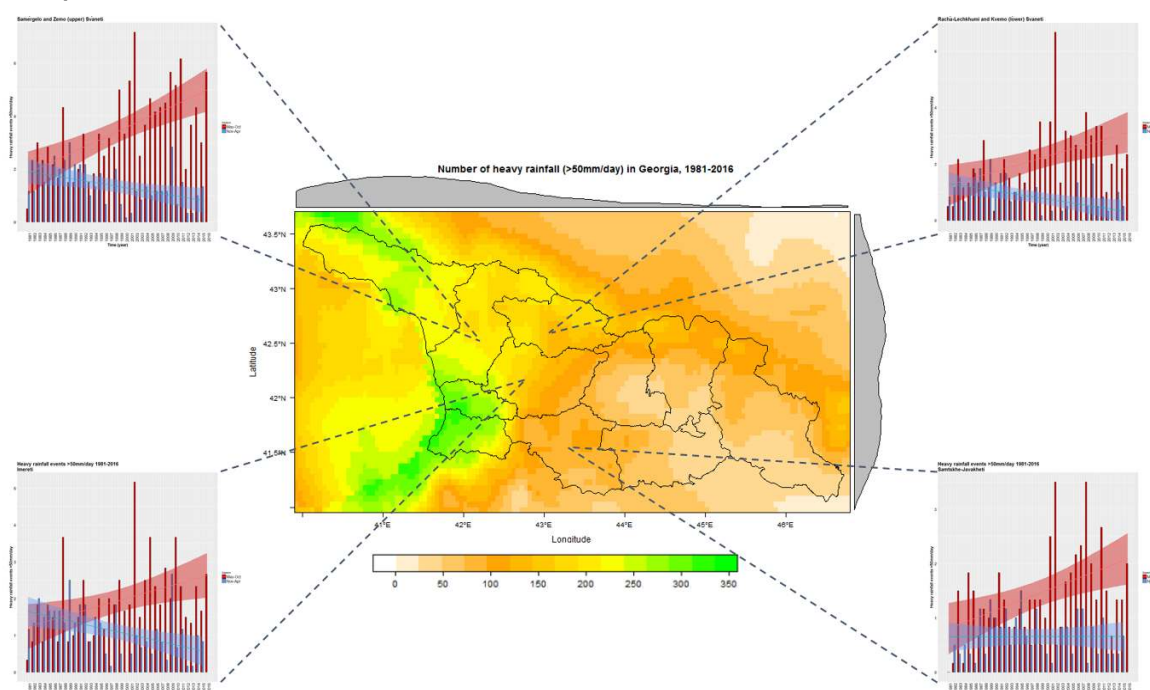
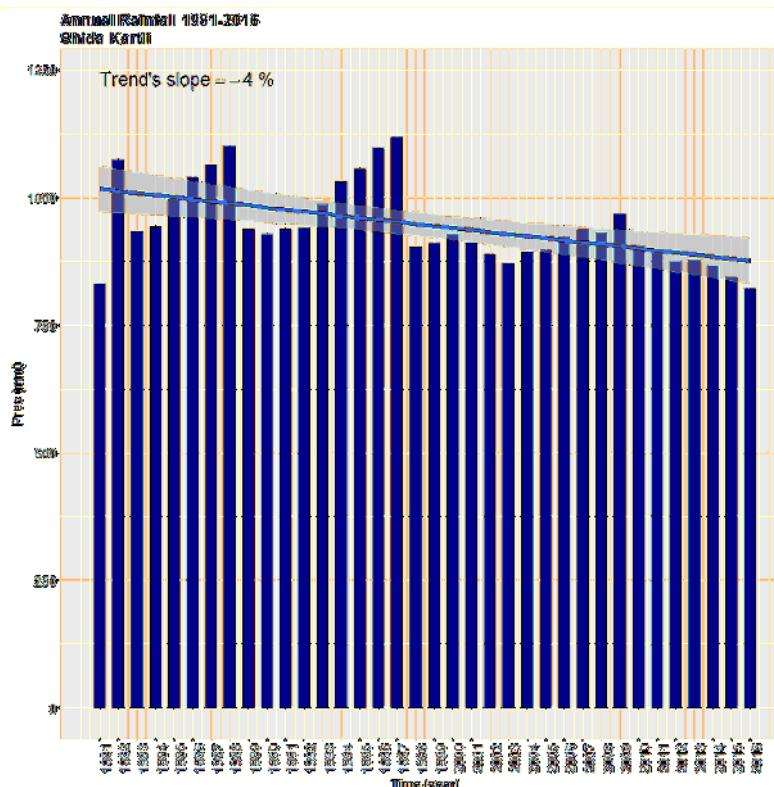


Figure 3: Number of heavy rainfall events ( $>50\text{mm/day}$ ) in Georgia for the period 1981-2016

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.



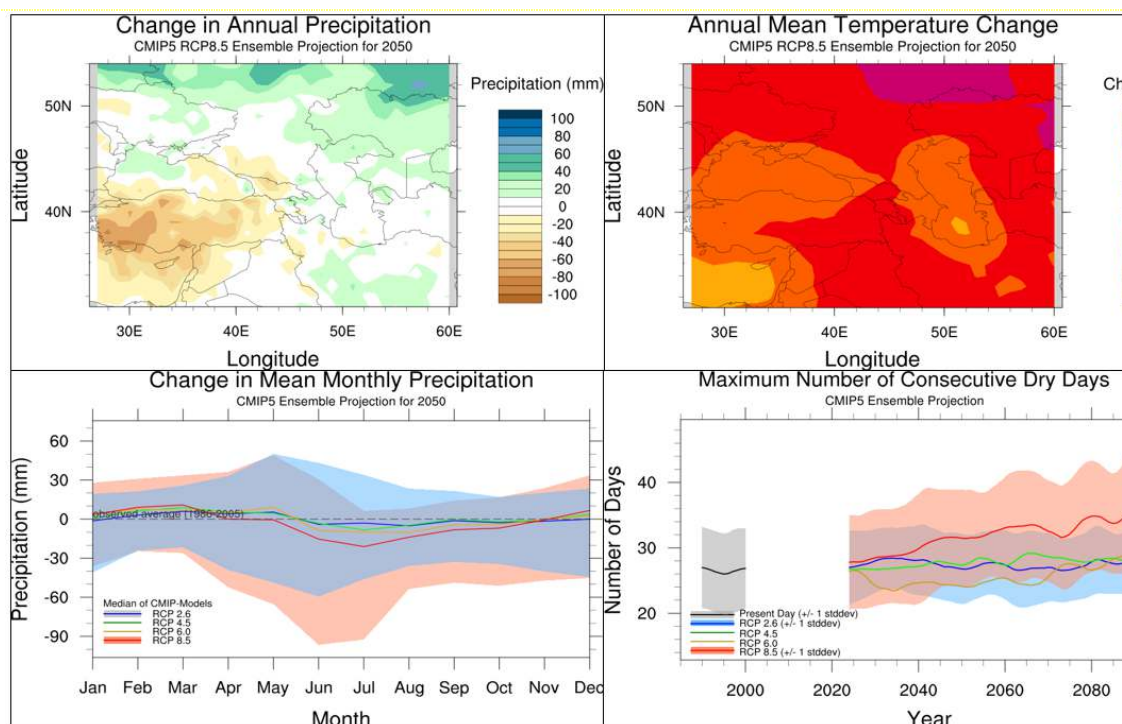


Figure 5: Change in annual precipitation (upper left), annual mean Temperature (upper right) and in Mean Monthly Precipitation (lower left) for 2050 compared to 1996-2005 baseline; Maximum Number of Consecutive Dry days (lower right) in Georgia (IPCC-CCKP<sup>27 28</sup>).

## 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

Resource	Impact
<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.
-

## 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 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.

<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
<b>Poverty and vulnerability to poverty</b>  The poverty and most importantly vulnerability to it has been slightly growing during last two years;	<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>
<b>Vulnerability to climate change and natural disasters</b>	<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>
<b>Low agricultural productivity</b>	<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>

		<ul style="list-style-type: none"> <li>practices and limited access to extension</li> <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>			Ministry of Environment and Natural Resources Protection will be incorporated into the Ministry of Economy and Sustainable Development.
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>	Integrity of especially rural data can be weak.
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>	business potential and risks.	- Potential for enhancing Agro credit project initiated by the government.	
Local NGOs, CSOs, service providers	<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 Österreich Verein Für 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 <i>Erwinia amylovora</i>	26,000 USD	Grant	FAO	FAO	2016	1	All regions of Georgia	<i>Erwinia amylovora</i> .
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, Water 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	EUCommis sion 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	EUCommis sion 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	EUCommis sion 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 Internationa l Developme nt Cooperation Agency - Sida	OPTO International(l ater 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 Internationa l	ScanAgri	2002	3	Tbilisi, Kakheti and southern Georgia	Increased quality and quantity of milk sold for dairies.



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

## 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
<b>Subsistence based farming HHs</b>  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)  <u>Characteristics:</u> <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>	<b>Moderate to Severe</b> •Lack of farm or off-farm jobs; •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; •Skills mismatch with demand on a market; •Low productivity of production with no investment; •Difficulty to sell any agricultural products' surplus due to low quality and quantity	•Rely on state transfers (pensions, disability, social allowances); •Land if owned, leased out for in kind payment; •Ag production is very basic; •Rely only on HH labour; •Income usually as low paid seasonal labour; •Reduction in consumption, especially of meat, fruits;	•Improve access to social infrastructure and services; •Improved nutrition; •Minimize risks to ag production; •Employment opportunities; •Higher incomes; •Improved access to natural resources/pastures for grazing, collection of fuelwood, plants	•Generate employment in ag production, processing and services; •Support VCs with considerations of nutritional value of products; •Support capacities for diversification of livelihoods; •Ensure fair access to pastures; •Ensure inclusion and consider interests of poor in capacity building activities and other projects' benefits; •Improved productive and social infrastructure •Improved ecological environment

<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>• Improve 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>	and technologies; <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>	programme (awareness, capacity building, vaccination); <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>