The action

2.1. Description of the action

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Since its independence in 1991, post-communist Georgia experienced a time of civil and economic crisis for most of the 1990s. These troubled times lasted until the Rose Revolution in 2003 after which Georgia pursued a more pro-Western foreign policy and declared European and Euro-Atlantic integration as its main priority. The country's new, more Western, orientation led to the worsening of relations with Russia, culminating in the brief Russo-Georgian War of 2008 in which two regions, Abkhazia and South Ossetia, gained limited international recognition as independent regions.

As a result of the increased cooperation with the West following the Rose Revolution, development assistance by Western actors increased in the 2000s, which resulted in signing of an Association Agreement including a Deep and Comprehensive Free Trade Area between Georgia and the EU on the 27th of June 2014. Underlining the importance that both sides attach to fundamental values, democracy and the rule of law, the Association Agreement will significantly deepen political and economic relations between Georgia and the EU, and give Georgia the opportunity to participate gradually in the largest single market in the world. Georgia is currently a priority country within the European Neighbourhood Policy and the Eastern Partnership.

The European Neighbourhood Partnership Agriculture and Rural Development (ENPARD) was launched in 2013 as a five year programme (March 2013 – March 2018) to reinvigorate the agricultural sector in Georgia with a thorough cooperation between government, civil society, and farmers. Already, the ENPARD programme has contributed to the efficiency of institutions involved in agriculture, the diversification of economic activities and improvement of employment and living conditions in the rural areas. Also, Local Action Groups (LAG) have been piloted in Lagodekhi, Borjomi and Kazbegi municipalities.

This proposal responds to the Call for Proposals under ENPARD2, which is expected to run from late 2019 to late 2019, and aims to promote new rural development measures in other territorial regions of Georgia. The action will contribute directly to the priorities of the ENPARD2 programme as it intends to encourage diversification of the local economy, improve the environment and countryside, and improve the competitiveness of the region in the agricultural sector and the quality of life of its citizens.

The applicant and co-applicants have selected Dedoplistskaro municipality in Kakheti region as the target area of the action based as it is one of most remote and underserved regions in the country, scoring low on both social and economic indicators, and the experience of HEKS/EPER in the area with the SDC funded ‘Market Opportunities for Livelihoods Improvement’ (MOLI) project. Furthermore, Dedoplistskaro is identified by the EU as one of the five territorial units eligible under Lot 1 of the ENPARD2 program. Dedoplistskaro municipality occupies 22% of Kakheti Region’s territory, covering 2'532 km² on an elevated plateau between the Alazani and Lori Rivers. It is bordered by Azerbaijan on the East and South and Sighnagi municipality on the West and North. The district has a total population of 30'240, concentrated in the Northern half of the district which is populated by ethnic Georgians (89%), Armenians (4%), Azeris (3%), Russians (2%), and other minorities (1%). The central and Northern part of the municipality has large areas of cultivated agricultural lands with arable fields and vineyards. The more arid South and East part of the district is primarily rangeland used for winter pastures or natural protected areas. Dedoplistskaro is one of the disadvantaged municipality in the Kakheti region with most of its population employed in agriculture and trade. Employment opportunities are fairly limited due to its agriculture-dominated economy where 35% of the income derives from agriculture, with grains (wheat and barley), oilseed (sunflower), livestock (sheep and cattle) playing the most important role.

Moreover, the World Bank in its Environmental Analysis of Georgia (2015) and the Second National Communication of Georgia to the UNCCC identifies Dedoplistskaro municipality as one of the country’s districts most sensitive to climate change impacts and therefore most vulnerable to climate extremes, particularly drought, but also floods and landslides. The impact of extreme events is furthermore exacerbated by a high level of land degradation (approx. 35% of farmland in Georgia is severely degraded due to land management practice, soil erosion, salinization, and loss of vegetation cover) leading to considerable economic loss in the agricultural sector. With its high revenue from agriculture
Dedoplistskaro municipality would profit considerably from mitigation of environmental and natural resource degradation and adoption of climate resilient agricultural practices, as these will foster economic growth in the long run and promote poverty alleviation.

The action is fully in line with new "Strategy for Agricultural Development in Georgia 2015-2020" of the Government of Georgia, specifically the 7 proprieties related to 1) increasing the competitiveness of those employed in the agricultural sector; 2) institutional development; 3) amelioration and soil fertility; 4) regional and sectorial development - facilitating the development of full cycle production that creates added value; 5) ensuring food product security; 6) food product safety, veterinary medicine, and plant protection; 7) climate change; preserving the environmental and biological diversity.

The overall objective of the action is to contribute to the reduction of poverty in the Dedoplistskaro Municipality of the Kakheti region in Eastern Georgia.

The overall objective will be achieved by the action by delivering the following outcomes:

Outcome 1: Community members participate in local public decision making structures. One of the continuing challenges in Georgia to implement democracy and the rule-of-law is the legacy of a highly centralized government apparatus after the Soviet Union. 70 years of centralized government planning has made a sustained impact on the interaction between the state and its citizens on all levels of society. Although modern Georgia embraces the concepts of democracy and decentralization, changing old habits has proven to be challenging in terms of both capacities and mind-sets among government officials. Equally important to decentralization is the ability of the people to participate in public decision making and understand their role as citizen vis-à-vis the state. Key to a functioning democracy are empowered citizens who claim their rights and are engaged in an active dialogue with (local) government officials about development priorities in their region. By bringing public, private, and civil society and individuals together in a Local Action Group in the Dedoplistskaro municipality, the action aims at improving both the frequency and the quality of this dialogue. By jointly developing a Local Development Strategy, different stakeholders will better understand their role and responsibilities within society and will be challenged to make compromises to their own interests. The assumption is that this improved dynamic between right-holders and duty-bearers will spill-over beyond the project activities and duration, contributing to more accountable government officials with enhanced governance capacities and more empowered citizens who increasingly seek to influence public decision making processes. This improved dynamic is expected to result in LAG members initiating joined activities in favour of the community also without financial support through sub-grants. HEKS/EPER has already contributed to this interaction by bringing government officials and SMEs together in business forums through its SDC-funded project ‘Market Opportunities for Livelihoods Improvement’ (MOLI) in Kakheti. Finally, the action will ensure the financial sustainability of the LAG beyond the action's duration by building the capacity of the LAG to attract funds from alternative public and private sources. Discussions with relevant stakeholders and authorities will start from the beginning of the action to discuss alternative options to finance the LAG.

Outputs needed to achieve this outcome are:
- Output 1.1. A Local Action Group (LAG) is established in Dedoplistskaro municipality.
- Output 1.2. Local population is empowered to participate in community development.
- Output 1.3. Local Development strategy for Dedoplistskaro municipality is developed by the LAG.
- Output 1.4. Initiatives in favour of communities (not through grant mechanism) are implemented by LAG.
- Output 1.5. A mechanism to ensure the financial sustainability of the LAG beyond the action is designed together with relevant stakeholders and authorities.

Outcome 2: Community members experience improved employment opportunities and an improved quality of life. Good governance can be seen as a precondition for economic development, but similarly economic development is often a precondition for good governance. Most of the developed nations in the world have shown that an enabling government positively influences economic activity. However, without sufficient economic opportunities, citizens often lack the means or interest to become politically active and demand better government services. In the target area of Dedoplistskaro municipality, many citizens have either never learned to become politically engaged or lack the interest of becoming so, due to an prevailing lack of trust in the state and inexperience with a market economy after the collapse of the Soviet Union. By providing funding opportunities through the implementation of a grant mechanism, administered by the LAG following the LEADER approach, the action aims at boosting social development, environmental protection, and the rural economy within the municipality. By supporting local initiatives that are based upon the Area Development Strategy developed by the LAG, the action intends
to increase much needed employment opportunities and diversify the economic activity in the region. This will in turn improve the quality of life of the region’s inhabitants, the protection of the natural environment, and contribute to the overall objective of poverty reduction in the area.

Outputs needed to achieve this outcome are:

- Output 2.1: Public, private, civic and voluntary initiatives are funded through a LAG grants mechanism.

In order to achieve the 2\textsuperscript{nd} outcome several intermediate outcomes have been identified:

**Intermediate Outcome 2a: Farmers, businesses and community members experience an increase in income due to diversified economic activities.** Increased income levels translate to an increase of purchasing power which in turn has a positive effect on the local economy. With more money circulating in the local economy, there will be an increased demand for products and services that stimulate employment and investments by farmers and local entrepreneurs. In terms of agricultural business development, most farmers currently produce wheat, barley and oilseeds (sunflower) and are involved in livestock. Wheat and barley yields are highly volatile, fluctuating between an average of 0.6 t/h and 2.5 t/ha in recent years. Because sunflower yields and profitability is far below that of wheat and barley, farmers usually plant sunflowers as a last resort and the production is declining also because of its sensitivity to drought, the lack of processing facilities and the old fashion equipment. Livestock (mainly cattle, but also sheep, pigs and chicken) is important for most agricultural households in the target area. It is assumed that 30% of the cheese on Tbilisi market comes from Dedoplistskaro municipality. Annual revenue per cow for a small farmer using typical low input techniques is very low: about GEL 500 per cow. It realistically can be expected that yield levels and livestock production can be greatly improved (up to 30%) if farmers are able and willing to make investments in modern and sustainable agricultural techniques. The introduction of alternative or improved crop varieties with higher resistance to drought (e.g. fast maturing) is also an opportunity to be explored. Sustainable farm management practices are not widespread and pesticides and fertilizers are not applied in a proper manner which is counterproductive and causes harm to the environment. It is expected that the action will contribute to more employment opportunities in the fields of processing, embedded services and value-addition by facilitating joint initiatives to sustainable improve these agricultural value-chains.

For non-agricultural business development in Dedoplistskaro municipality, the promotion of tourism represents an interesting option. The municipality area mainly consists of steppe and semi-desert with only a small section between Dedoplistskaro and Signaghi being inhabited. The region is attractive for people interested in the steppe as a natural phenomenon and is an excellent place for fishing and hunting. The Vashlovani national park already attracts tourists from around the country and abroad, but the area lacks supporting infrastructure in terms of hotels, guesthouses, access roads, and walking routes. Other opportunities for tourism include agro-tourism, the regions unique cuisine, the Khornabudji fortress known since V century, several temples and the house-museum of the famous artist Pirosmani in the village Mirzaani. An enhanced tourist destination would therefore contribute positively to employment rates, income levels, infrastructure development and the general popularity of the region.

Outputs needed to achieve this outcome are:

- Output 2.2. Tourism related businesses are functioning due to awards received through grant mechanism.

**Intermediate Outcome 2b: Farmers and businesses have improved their competiveness in agriculture.** Around 70% of the food in Georgia is imported, mainly from Russia, Ukraine and Turkey. Rural farmers cannot compete with these cheaper products flooding the market, and as a consequence, farmers are hesitant to invest as the demand for their products is limited, and continue to sell their produce individually to middlemen visiting their farms during the harvesting season. Farmer cooperatives could improve the negotiating power of farmers as a collective, but these are hardly existent or functioning due to a general lack of trust. As a consequence, linkages between markets and producers are highly inefficient and ineffective within the existing value chains. The following specific bottlenecks are identified: (i) farmers lack access to transparent market and price information; (ii) contracts are not enforced and relationships between producers and processors/traders are characterized by a lack of trust; (iii) producers and processors do not follow sanitation standards due to missing knowledge and awareness on new food safety law regulations; (iv) transaction costs are high for farmers due to long distances (80 – 150 km from the target markets); (v) smallholders have weak negotiating power in the value chains leading to low farm gate prices; (vi) farmers and producers do not have access to modern knowledge and services. As a result of the action, farmers and businesses will cooperate in upgraded market systems towards both higher quality products and value chain efficiency that will stimulate the improvement of the business environment and competiveness of the agricultural sector.

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Outputs needed to achieve this outcome are:
- Output 2.3: Farmers and businesses have improved production and quality due to new awareness, knowledge, skills and innovations.

**Intermediate Outcome 2c: Community members experience improved access to basic services.**
Ideally basic services as education, healthcare and water are provided by the government. In Dedoplistskaro however many citizens are unable to access these services due to poorly maintained infrastructure and limited budgets of the local government. The action will promote the role of the government in providing these basic services by bringing public, private, civic and voluntary actors together in a Local Action Group (LAG) to improve the relationship and dialogue between duty bearers and right holders. In the meantime, the grant mechanism provided by the action could be used to support small economic and social infrastructure projects to ensure that the most marginalized have a minimum access to basic services. Depending on the priorities of the LAG in its Local Development Strategy the action could for example support small community infrastructure projects like the renovation of internal water supply systems, drinking water systems for cattle on pastures. Furthermore, community-based resilience measures could be supported through the action as well, as for example early warning systems and civil protection services. To strengthen the sustainability of these resilience measures, the action could facilitate the integration of such measures into community development plans and financially support the implementation through sub-grants.

The output needed to achieve this outcome are:
- Output 2.4: Social and economic services are improved in the region.

**Intermediate Outcome 2d: Protection and sustainable management of natural resources is promoted.**
Drought, wind storms, animal diseases outbreaks and pests were identified by stakeholders as a key concern for the municipality and the increased frequency of droughts defined as the most significant threat among them. Based on the information collected at the Information and Consultancy Centres (ICC) in 2014 around 70% of grains yield was lost, and 20% of animals were sold due to the lack of feeding. Very few measures have been taken to prevent or mitigate impacts of climate change and environmental degradation over the last two decades. There has been a serious lack of investments in the promotion of preventive and coping measures such as (i) modern type of irrigation systems as drip irrigation, (ii) renewing of windbreak zones, (iii) optimisation of agricultural practices, e.g. no-till cultivation, improved livestock nutrition, and, (iv) introduction of drought resistant crops. The inaction to solve the drought problem might become the most serious impediment to the socio-economic development of the region. It might also cause the population to migrate from Dedoplistskaro to the bordering municipality, as well as an increase in lands and pastures no longer used for cattle breeding. Through the grant mechanism, initiatives for the promotion of climate resilient agricultural practices, protection of biodiversity and the natural ecosystems can be supported, hence contributing to the protection and sustainable management of natural resources and the quality of life of the citizens of Dedoplistskaro municipality.

Outputs contributing to this outcome are:
- Output 2.5 Community based resilience building measures are integrated into community plans and implemented.
- Output 2.6 Initiatives for protection of biodiversity and ecosystems are supported.

The direct benefits in terms of an improved situation and enhanced capacities as a result of the outcomes and outputs of the action are summarized in the table below:

<table>
<thead>
<tr>
<th>Beneficiaries / Target groups / Co-applicants</th>
<th>Direct benefits in terms of improved situation and capacities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers</td>
<td>- Increased the level of trust among themselves, towards the government and private sector.</td>
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<tr>
<td></td>
<td>- Exposure to an increased adoption of modern agricultural practices and techniques.</td>
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<tr>
<td></td>
<td>- Diversification of income sources by venturing into new business ideas that can be kick-started by the LAG’s grant mechanism.</td>
</tr>
<tr>
<td></td>
<td>- Access to quality services, inputs and information provided by market actors and as a result increase their income through a higher productivity and a deeper market penetration.</td>
</tr>
<tr>
<td></td>
<td>- Access to transparent market and price information and improved market systems for selected value chains.</td>
</tr>
<tr>
<td></td>
<td>- Increased awareness and ability to implement DRR/climate change</td>
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adaptation measures to promote the competitiveness of agriculture and sustainable management of natural resources.

- Benefit from area branding and branding of local agricultural production, including possibility of applying Geographic Indication labelling for certain products.
- Market systems will function more inclusively resulting in improved incomes, wellbeing and resilience to livelihood related disaster risks.

| Small and medium enterprises | - Value chain actors will experience improved the linkages among each other.
- Businesses will be able to invest in new technologies or scale up their operations through the grants mechanism, increase knowledge in modern technologies hence increasing their competitiveness and ensuring a sustainable market for farmers.
- SMEs will be capacitated to provide improved and sustainable embedded advisory and other services and thus perform the essential extension function that the state system is currently not providing sustainably.
- The project will also support diversification of local businesses for instance involve local rural households in rural tourism activities – to provide food and accommodation services to tourists – hence contributing to general employment and income levels in the area. |

| Local Authorities (Gamgeoba, Sakrebulo) | - Local Authorities will be able to improve their relationship with the communities and increase their level of transparency and accountability.
- Local Authorities will have access to participatory development planning and priority setting to ensure that public policy is sensitive to local voices.
- Local and regional governments have enhanced capacities to support the inclusive and coherent growth of the local business and agricultural sector which is more resilient to natural disasters. |

| National government ministries (e.g. Ministry of Rural Development and Infrastructure, Ministry of Agriculture, Ministry of Environment) | - Detailed data-supported information on the experience with participatory, democratic and transparent process to support the ongoing process of decentralization of local governance and LEADER implementation.
- Ministries will have access to data and information for erudite decision-making on national scale-up and financing priorities. |

| Civil society organisations | - Local NGOs will benefit from capacity building of HEKS/EPER and ELKANA and will be able improve their internal systems and processes in terms of project-cycle management, monitoring & evaluation and financial management.
- Have voice at local decision making process.
- Opportunities for development of initiatives which benefit local population. |

| General population of Dedoplistskaro municipality | - Communities increase their involvement in decisions and actions that affect their own development.
- The population of Dedoplistskaro municipality will benefit from increased economic activity in the region resulting in new employment opportunities, improved social and economic infrastructure which will result in improved living conditions and quality of life. |

| Vashlovani National Park Administration | - The park will benefit from increased tourist attention for the region and therefore an increased influx of tourists to the park resulting in increased revenue and job creation/security. |

| Local co-applicants (ELKANA) | - ELKANA will also benefit from increased networking opportunities with the Georgian government, private sector actors, civil society organisations and international development players to create linkages and synergies, possibly resulting in new initiatives. Hence the project will contribute to the sustainability of civil society in Georgia.
- ELKANA will benefit from the experience gained by the project to continuously improve their work and to possibly replicate similar initiatives in the future. |
Detailed description of activities

A 1.1.1. Setup of a project steering committee for the action. At the start of the action a project steering committee will be formed with stakeholders from Dedoplistskaro municipality, executive staff of HEKS/EPER and ELKANA, donor representatives and representatives of the Ministry of Rural Development and Infrastructure, the Ministry of Agriculture and the Ministry of Environment. The purpose of the project steering committee will be to discuss on a quarterly basis the implementation of the action in terms of achievements and challenges.

A 1.1.2. Build the capacity of HEKS/EPER and ELKANA on LAG development. HEKS/EPER has experience with LAGs in Romania and ELKANA has worked with People in Need to pilot LAGs in Georgia. To further strengthen the capacity of HEKS/EPER and ELKANA on the LEADER approach a LAG backstopper has been identified by HEKS/EPER Romania from the National Federation of Local Action Groups Romania (FNGAL). This backstopper has been involved in the entire process of establishing, nurturing and maturing a successful LAG in a EU. The backstopper will play an important role during the entire project duration and not only give the initial training on LAG development to HEKS/EPER and ELKANA, but return several times to Georgia to give essential trainings to the LAG board and members during 10 visits of 10 days each to Georgia (see also activity 1.1.9). The first 4 visits are planned for the 1st year of implementation, the other 6 visits will be planned with the LAG and LAG backstopper depending on needs in terms of capacity building.

A 1.1.3. Develop a capacity building plan for LAG. The LAG backstopper from FNGAL will guide HEKS/EPER and ELKANA to develop a capacity building plan for the LAG at the start of the action. This capacity building plan (that includes information about target group, topic, time frame and rationale for capacity building measures) will be based on a participative needs assessment and elaborated together with the LAG members. At the beginning capacity building needs may arise with regard to the development, key principles and instruments of the LAG arise, while the focus will probably shift later towards specific implementation and evaluation issues. Due to this changing needs and interests, the capacity building plan will be amended during the project. The capacity building of the LAG will include different learning formats like coachings, trainings, workshops, seminars, study visits (see also A1.1.11 & 1.1.12), peer to peer learnings and exchanges. All learning formats should be participative and thus include space to exchange about experiences of participants, innovations and “good practice examples” and provide room for networking and critical discussions. Depending on the topic and goal of a capacity building event LAG members, different LAG stakeholders and (potential) beneficiaries will be invited to the learning events.

Some main components of the capacity building process are already reflected in the activities suggested below (e.g. the field visits under A1.1.11 and 1.1.12 and capacity building for the community A1.2.1). However, the exact content of these capacity building activities need to be based on the planned needs assessment and a participatory process. The LAG backstopper will support this process and the detail planning of the LAG capacity building event LAG members, different LAG stakeholders and (potential) beneficiaries will be invited to the learning events.

A 1.1.4. Organize a kick-off meeting to explain the concept of a LAG. As the LAG will be an open forum accessible to all citizens of Dedoplistskaro municipality, the first step in establishing a LAG will be to inform the public of the intention of the action to setup a LAG in the area. The action will start this process by organizing a kick-off meeting in Dedoplistskaro town to introduce the concept of a LAG to the main representatives of the government, businesses, education institutions and civil society organisations in the municipality. Once these stakeholders have been sensitized help the project to mobilize the communities in their respective villages and institutions to attend the information meetings described below.

A 1.1.5. Conduct an information campaign on LAG in Dedoplistskaro municipality. As a follow-up to the kick-off meeting, public information meetings within each of 14 communities and with other relevant institutions will be held. Invitations for these meetings will be send to the Vashlovani National park administration, education institutions, municipality authorities, Dedoplistskaro ICC (Information Consultation Center) of Ministry of Agriculture, police department, business sector actors including processing enterprises, stone quarries, construction companies, health institutions and NGOs. Special
attention will be given to invite the vulnerable groups, women and youth. Two general information campaigns will be conducted to raise awareness among the population of Dedoplistskaro municipality about the intention of the action to start a LAG in their area. The information campaign will cover all citizens in the area through the means of leaflets, posters, village meetings and home visits.

Key to the success and sustainability of a LAG in Dedoplistskaro municipality will be the involvement of the local government administration in the process. During preliminary meetings the Gamgeoba of Dedoplistskaro municipality has expressed his interest and commitment to the process of establishing a LAG in the area. HEKS/EPER is currently implementing a SDC funded project called ‘Market Opportunities for Livelihood Improvement’ (MOLI) in the Kakheti region including Dedoplistskaro municipality. In this project HEKS/EPER has introduced business forums to improve the interaction between the municipality administration and private sector actors, which has already improved the relationship between these actors. These forums will be used to further sensitize the administration and participating businesses on the proposed action and the LAG approach.

A.1.1.6. Invite the public of Dedoplistskaro municipality to join the LAG. After the kick-off workshop a formal invitation will be send to all citizens of Dedoplistskaro municipality to join the LAG. HEKS/EPER and ELKANA will use their existing connections within the local government, SMEs, farmers and civil society to mobilize the population to join the LAG. Ideally the LAG members should equally represent the town and villages in the municipality and include a well-balanced representation of public, private, civic and voluntary actors. The action will also ensure that women and youth are adequately represented in the LAG. At the decision-making level private partners and associations will make up at least 50 % of the local partnership.

A.1.1.7. Identify a suitable meeting venue and logistics arrangements for the LAG. A suitable venue where the LAG can have its general assembly and board meetings is needed to facilitate a smooth establishment of the LAG. One of the HEKS/EPER MOLI project beneficiaries based in Dedoplistskaro town has such a space and is willing to make it available for the action, but other options should be investigated in terms of space, costs and logistic feasibility.

A.1.1.8. Support the LAG in developing their Terms of Reference (to be developed into statutes). The first priority of the LAG will be to develop short Terms of Reference which will include a brief mission and vision statement and general operational, administrative and financial procedures. This document will form the basis for more elaborate statutes, which will be developed over time with help of the LAG backstopper.

A.1.1.9. Build the capacity of the LAG with support of a LAG backstopper. As mentioned under activity 1.1.1., a very experienced LAG backstopper will intensively support the process of establishing the LAG and ensure the sustainability of the LAG beyond the implementation period of the action. The LAG backstopper was selected with help of HEKS/EPER in Romania, who will facilitate the communication with the LAG backstopper. The LAG backstopper will visit Georgia 10 times to support the LAG in setting up its statutes and internal procedures and build motivation and trust between the LAG members. The main areas of capacity development will include: legal, operational, administrative and financial management capacities; communication, negotiation and presentation skills; basic development planning, analysis of local context, basic data collection, needs assessment, cost/benefit analysis fundraising, innovation, inspiration & motivation for action and lobby & advocacy.

Next to the support of the LAG backstopper, HEKS/EPER and ELKANA will provide continues capacity building support to the LAG board and members to develop the LAG in terms of legal, operational, administrative and financial capacities. A special senior coordinator LEADER approach will be hired, who will primarily focus on building the capacity of the LAG following the LEADER approach.

A.1.1.10 Establish the LAG’s structure. The daily management of the LAG will be the responsibility of a board which will consist of around 15 highly motivated LAG members who represent equally public, private and civic interests. Equally important is that women and youth are represented on the board to advocate for their needs and interests. Sectoral groups will be formed after the sector studies are completed and the LAG members will be sensitized on the roles and responsibilities of the LAG assembly. In addition to the board and sectoral groups / sub-committees, the action will aim at involving a minimum of 100 community members in the LAG as members who will form the LAG general assembly. If needed, additional LAG staff could be hired by the LAG board to oversee for the operational execution of activities decided by the board and somebody responsible for accounting and the audit.

A.1.1.11. Organize field visits to existing LAGs in Georgia. One of the best ways to learn about the LEADER approach is for the LAG board and members to visit the existing LAG groups in Georgia to
discuss the challenges in the process of setting up a LAG and to be inspired about success stories in other regions. At least two field visits will be organized to the existing LAGs in Kazbegi and Lagodekhi, which were established under the ENPARD II pilot by People in Need and CARE.

A.1.1.12. Organize exposure and exchange visits to LAGs in EU. To further inspire the Dedoplistskaro LAG members and board, the action will organize an exposure visit to an existing LAG in the EU with longstanding experience. This will increase the understanding of the LAG members about the functioning of different LAGs including their success factors and achievements, but also their main challenges and the efforts to overcome them. To further strengthen and inspire the LAG board, the project will invite selected board members for an exchange visit to an existing LAG supported by FNGAL in Romania.

A.1.1.13. Assist the LAG in obtaining an official legal status. To ensure the sustainability of the LAG, the applicants will support the LAG in obtaining a legal status in Georgia by the end of the action. The action will investigate the different options under Georgian law, but registering as an association would seem to make the most sense for the time being. The aim will be to have the LAG officially registered by the end of the action in order to improve its institutional sustainability.

A.1.2.1. Build the capacity of the local population in community development skills and processes. In order to strengthen local capacities and improve cohesion between community members, the action will train the local population of Dedoplistskaro municipality on the concept and process of community development. Community members will be trained on the concept of a Village Development Cycle with tangible milestones. These milestones help community members to visualize the sequence of developments needed to achieve certain outcomes. It is expected that the by improving the capacity of community members on community development, the quality and innovativeness of the proposals which they will submit to the LAG for financial support will also be positively affected.

A 1.3.1. Establish cooperation with development actors and local authorities to align LAG with existing plans / developments. The LAG will not operate in a vacuum and is not the only ongoing development initiative in Dedoplistskaro municipality. To create synergies with other initiatives and avoid duplications, the action will pro-actively engage with other development actors (e.g. UNDP, GIZ, SDC) and government authorities to align the LAG and its Local Development Strategy with existing plans and ongoing developments. Special attention will be given to the development process of “Document of Dedoplistskaro vision and Medium Term priorities” that will be prepared by the Gmegeoba with support of GIZ in 2017. This GIZ activity in frame of Local Governance Program South Caucasus is facilitated by the Ministry of Regional Development and Infrastructure. The project will actively cooperate with Ministry, Local government and GIZ in order to avoid duplication and increase efficiency of the Action.

A.1.3.2. Conduct territory analysis including different sector studies using thematic experts. As a starting point for the Local Development Strategy, a territory analysis will be undertaken by local thematic experts identify the ‘territorial capital’ (the areas assets in terms of people, activities, landscapes, know-how) and create an in-depth overview of the opportunities and constraints for each sector in the area. The sectors to be considered include agriculture, market systems, business diversification potential, tourism, environment, cultural heritage and infrastructure. The territory analysis will also take existing participatory mechanisms, civic and voluntary sector and social services into account. The Terms of References (ToRs) for the studies will be participatory elaborated with the LAG members. These studies will provide a starting point and theoretical basis for setting the priorities for the Local Development Strategy. Without a thorough context analysis, chances are that the priorities in the Local Development Strategy will be guided by personal interests and assumptions. Once the sector studies are finalized, the findings will be verified with the LAG general assembly to discuss the findings and agree on the common bottlenecks for each sector in the region.

A.1.3.3. Conduct a SWOT analysis of the Dedoplistskaro municipality. A participatory SWOT analysis will be conducted with the LAG members to identify the internal strengths and weaknesses and the external opportunities and threats to the process of rural development in Dedoplistskaro municipality. The findings of the sector studies and research initiatives will inform the participatory SWOT analysis.

A.1.3.4. Develop an Local Development Strategy for Dedoplistskaro municipality. Based on the sector studies and SWOT analysis, the LAG will develop a draft Local Development Strategy for Dedoplistskaro municipality through a series of participatory assembly meetings. The Local Development Strategy will include information about scope (area and population covered), development needs and potential, well-defined goals and priorities (incl. targets and indicators), the process of community involvement in strategy development, an action plan (linking objectives with planned actions, management systems and capacities to implement the strategy, as well as an evaluation and monitoring framework).
systems and a financial plan of the strategy. The Local Development Strategy will set the scope and criteria for projects that will be eligible for funding under the grant mechanism. The Local Development Strategy will be elaborated in a participative way involving LAG members and other international, national, regional and local stakeholders. A one-day workshop will be organized with national government officials and international development actors in Dedoplistskaro town to verify the priorities selected in the draft version. Moreover an active community participation in elaboration and validation is crucial to ensure that the local development needs are taken into account and to assure the acceptance and commitment of the community for the strategy. Especially the crucial selection of strategic priorities needs to be done with broad local participation. Therefore meetings with local political leaders, businesses, organisations and the local population are foreseen at an early stage to elaborate the strategy and later again to validate the strategy in a participative way. After all comments and feedback have been accommodated in the document, a final version will be discussed with the LAG assembly for approval. Once the Local Development Strategy is finalized, a digital version will be made available online and a printed version will be shared with all LAG members and relevant external stakeholders. The Local Development Strategy will be evaluated on an annual basis in terms of relevance and progress achieved, and updated if needed.

A 1.4.1. Facilitate joined initiatives by the LAG without financial support of the grant mechanism. The action will also stimulate the LAG members to start joined activities between public, private, civic and voluntary actors without the financial support of the grant mechanism. Such activities could entail agreements between farmers on cooperation or if the action is successful in stimulating cooperation between different stakeholders without a financial incentive, this will contribute to achieving the first outcome on improved public participation in Dedoplistskaro municipality.

A 1.5.1. Facilitate LAG to attract alternative funds for financial sustainability. Important to the sustainability of the LAG is to ensure that the LAG is able to function beyond the action's implementation period. The action will therefore start with build the capacity of the LAG members and board to attract alternative funds from the first year onwards. The applicants will also facilitate the LAG to actively search for interested development actors who could support the LAG after the closing date of the action.

A 2.1.1. Develop sectoral priority plans for the LAG grant mechanism. To guide the grant mechanism even further, the LAG will form sectoral groups to develop detailed sectoral priority plans that are in line with the priorities set in the Local Development Strategy. External thematic experts will be hired on a short-term basis to facilitate the development of these plans. The groups that are expected to be formed include agriculture, market systems, business diversification potential, tourism, environment, cultural heritage and infrastructure.

A 2.1.2. Introduce the LAG grant mechanism guidelines to LAG members. Once the Local Development Strategy is finalized, the grant mechanism will be explained to the LAG members. The action has allocated 1,477,687 euros for the grant mechanism which sums up to 47% of the total budget. To avoid the risk of financial mismanagement, all funds allocated for the grant mechanism will be kept on the HEKS/EPER bank account until projects have been approved by the LAG, and distribution of funds to the awarded projects is needed.

A 2.1.3. Establish an evaluation committee for the grant mechanism. It is important to ensure that the grants are awarded in a fair and transparent way to avoid creating unnecessary tensions between villages, groups and individuals. To facilitate this process an evaluation committee will be elected among the members of the LAG. The composition of the evaluation committee will include representatives of the public, private, civic and voluntary actors. Special attention will be given to include women and youth in the evaluation committee. The purpose of the evaluation committee will be to evaluate the proposals written by the Dedoplistskaro public in terms of their eligibility. The expected eligibility criteria are explained below, but these will be further developed during the implementation phase with inputs of the LAG. The applicant and co-applicants will reserve the right to veto any projects selected by the steering committee in case of fraud, favouritism or if the project could create tensions and/or conflicts within the community.

A 2.1.4. Implementation of grant mechanism by the LAG. From the second year, the LAG will implement the grant mechanism to fund innovative public, private, civic and voluntary projects in the area. The aim of the grant mechanism will be to implement the Area Development Strategy developed by the LAG and therefore proposals for the grant mechanism should be aligned with the priorities identified in the Local Development Strategy. The LAG will send out a Call for Proposals twice per year from the second year onwards to the public of Dedoplistskaro municipality, but no announcement will be made 8 months before the end of the project. Grant conditions and objectives will be announced to the public through newspapers, posters, leaflets, the website, and informational meetings. Potential grantees whose
initiatives are in line with the LAG Strategy will be supported in preparation of successful project proposals with trainings and consultations.

A pool of experts will provide extensive support to these preselected applicants in terms of project design, project planning, proposal writing and financial feasibility. A Business Diversification Specialist, DRR & Environmental Protection Specialist and a Sustainable Agriculture Specialist will be hired by ELKANA to coordinate the pool of experts, link applicants to relevant stakeholders and knowledge institutions and oversee the quality of proposal development from a thematic perspective.

Proposals submitted by the public will be evaluated by the evaluation committee according to the general selection criteria and their relevance to achieve the objectives of the Local Development Strategy. Once the improved projects have been approved and their implementation has started, HEKS/EPER and ELKANA staff and the LAG will closely monitor the progress of the projects in terms of implementation, achievement of expected results and financial accountability. Each project is required to submit regular written reports to the LAG covering the project progress vs. planning and a financial update on expenditures vs. the planned budget, including receipts and invoices.

General guidelines for the grant mechanism

The objective of redistributing the grant through sub-grants is to improve the delivery of rural services to the population using the LEADER approach to rural development, based on the adoption of more competitive and climate resilient agricultural practices, the promotion of viable off-farm economic activities and the sustainable management and protection of environmental resources. The total indicative budget to be made available for sub-grants under the grant re-distribution scheme is €1’300’000. The specific objectives and results to be obtained with the financial support will however depend on the priorities set by the LAG assembly in its Local Development Strategy. However, the project will ensure that these priorities will be in line (and not be outside) with the broader objectives of the ENPARD2 program and the proposed action.

Eligible for co-financing through a sub-grant will be: (1) formal (cooperatives, etc.) and (2) informal farmer groups, (3) Small and Medium Enterprises, (4) CBOs, including youth and women groups, (5) NGOs and (6) public institutions.

Types of activities eligible for co-financing through sub-grants include:
- Income generating activities;
- Support to start up and expansion of market driven initiatives which leads to diversification of economy;
- Creation or enhancement of appropriate production and marketing systems;
- Support to production ventures, group marketing and promotion;
- Support to increase accessibility of markets for regional production;
- Support mitigation and adaptation to climate change;
- Support sustainable management of natural resources
- Modernization and adaptation of environmental sustainable practices;
- Support to initiatives which leads to improvement of living conditions of community members
- Support of the protection of biodiversity, ecosystems and cultural heritage.

The size and co-financing requirements for sub grants have been set as follows:

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<th>Type of sub-grantee</th>
<th>Informal group</th>
<th>Formal group</th>
<th>Private business</th>
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<td>2’000</td>
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<td>Maximum amount in €</td>
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<td>Minimum own contribution in cash/credit in %</td>
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The specific selection criteria for the grants will be specified by the project in close consultation with the LAG, but all applications will have to respect the following general criteria:

For all groups:
- Project must be implemented in the territory of LAG Dedoplistskaro or bring benefit to the population of Dedoplistskaro;
- Project objectives must be in line with Rural Development Strategy priorities identified by LAG;
- Investments will not cause conflict in the community.
- Environmentally harmful projects will not be financed;
- Commitment of matching funds.

For producer agricultural groups:
In addition to the general criteria, groups must meet the following conditions:
- Investments will sustainably increase productivity and profitability of farms and increase product quality;
- Applying good farming practices will be a minimum requirement, but preference will be given to agro-ecological production methods;
- Additional jobs created;

For community groups (NGOs, CBOs, informal youth and women groups):
In addition to the general criteria, groups must meet the following conditions:
- Investments will address real community needs and be beneficial for the community (minimum 50% of the community members);
- Majority of the population supports community group project;
- Investments will have long lasting environmental and/or social benefits for the community;
- Investments will have educational benefits for community members;
- Environmental impact and sustainability should be presented.

For SMEs:
In addition to the general criteria, groups must meet the following conditions:
- Legal registration;
- Overall economic impact for community and number of job places to be created;
- Investments will be economically viable and have an appropriate Return on Investment (ROI);
- Investments will strengthen existing suppliers of goods and services whenever possible and ensure provision of information to stakeholders (embedded services);
- Investments will lead to a fair sharing of benefits between stakeholders;
- Investments will be “one-time support” that sustainably improves enterprise performance and increase its competitiveness;
- Investment goods may not be sold, traded, transferred to new owners or given as gifts without written approval of the project for the duration of the project;

Procurement of goods through the sub-grants will comply with the financial regulations of EU and HEKS/EPER Georgia. Initial technical support, in particular for business planning, record keeping, accounting, and others will be provided to all sub-grantees.

Amendments vis-à-vis the content of the concept note

The main change from the information provided in the concept note is that the concept included a separate outcome on increasing the income and position of rural producers in Dedoplistskaro municipality in the market system thanks to sustainable access to better inputs, services, finance, information and markets. This outcome was to be achieved in parallel with the establishment of the LAG which would focus on SMEs and farmer families benefitting specifically from a climate resilient and improved business environment in Dedoplistskaro municipality through the actions of the LAG. In the present, detailed proposal these outcomes are both to be achieved through the establishment of a LAG in Dedoplistskaro municipality. In other words, all outcomes of the action will now be achieved through the establishment and implementation of a LAG and not from separate activities.

2.1.2. Methodology

The action will closely follow the LEADER approach developed by the European LEADER Association for Rural Development (ELARD). Key to the LEADER approach is taking local capacities as a starting point for rural development as the local population often understands best what is best suited to their environment, culture, working traditions and skills. At the heart of the LEADER approach is the formation (or strengthening of existing) Local Action Groups (LAGs) consisting of public, private, and civic and voluntary actors who jointly develop and implement an Local Development Strategy for their region. By stimulating a new kind of optimism within rural communities the LEADER approach has proven to be one of the most successful methodologies to achieve the Europe 2020 Strategy aims in terms of “smart”, “sustainable” and “inclusive” growth. To successfully implement the LEADER approach, the action will take into account the following key approaches that form the basis of the LEADER approach:

The area based approach

EuropeAid/151230/DD/ACT/GE
15 January 2016 Grant contract 2016/379-221 - Annex I: Description of the Action
The area based approach takes a specific geographic territory that is characterized by a common local identity as the target area for its implementation. By focussing on a homogenous region in terms of traditions, needs and expectations the success of the LEADER approach is increased as the communities and individuals participating in the action will face and recognize similar challenges and opportunities to their living conditions. This allows for more tailor made actions that suit the real needs of the population.

The bottom-up approach

Key to addressing structural problems in agriculture and improving the quality of life is ensuring that local populations are involved in decision-making about the strategy and in the selection of the priorities to be pursued in their local area. A bottom-up approach does not replace a top-down approach from national authorities, but should rather be seen as a complementary approach that facilitates accountability and dialogue between the state and its citizens.

The Local Action Group

At the heart of the LEADER approach is the formation of a Local Action Group (LAG), which can be seen as local partnership where stakeholders from the public, private, civic and voluntary sectors are organized to discuss and develop local development strategies for the target area. The main responsibility of the LAG is to jointly develop an Area Development Strategy and manage the human and financial resources to implement the strategy. The initial financial resources will be made available by the action through the means of a grant mechanism that is administered jointly by the LAG and the applicants. In time however, the LAG should attract alternative funds from public, private and/or other development resources to ensure sustainability beyond the action’s implementation period. In terms of mobilizing human resources however, the LAG will need to bring together actors from within the community to successfully create synergies between the public, private, and civic domains.

Based on experiences in other EU member states, LAGs can be considered as a highly effective tool to stimulate sustainable rural development because they: (i) aggregate and combine available human and financial resources from the public sector, the private sector, the civic and voluntary sectors; (ii) associate local players around collective projects and multi-sectoral actions, in order to achieve synergies, joint ownership, and the critical mass needed to improve the area’s economic competitiveness; (iii) strengthen the dialogue and cooperation between different rural actors, who often have little experience in working together, by reducing potential conflict and facilitating negotiated solutions through consultation and discussion; and (iv) facilitate, through the interaction between different partners, the processes of adaptation and change in the agricultural sector (for example, quality products, food chains), the integration of environmental concerns, the diversification of the rural economy and quality of life.

The innovative approach

Key to the success of the LAG is to ensure that the projects funded by the grant mechanism explore innovative approaches to rural development. Innovation is not only limited to the introduction of new products or technologies, but can also entail the restructuring of agricultural value-chains by for example identifying new roles for producers and businesses (Market Systems Approach) or addressing quality and food safety issues to access new markets outside the target area. To stimulate innovation, the action will link LAG members with cutting-edge research and development centres and facilitate exchange and exposure visits for selected LAG members to learn about new production techniques, value-addition activities, climate change adaption strategies, and others. In synergy with the bottom-up approach described above, innovative ideas developed by the LAG may stimulate new project ideas and eventually lead to policy changes in the public domain as the LAG actively involves both policy makers and practitioners within the development of such ideas. The adoption of new information and communication technologies in rural areas may also contribute to the wider outreach of innovations among the rural population. The action will also explore whether certain local products can become Geographical Indications (GI).

Integrated & multi sectoral approach

The LEADER approach is in principle not a single sector development programme. In order to create meaningful and sustainable changes that benefit the rural population, a multi-sectoral approach is needed to address the economic, social, cultural, political and environmental constraints to sustainable rural development. Although individual projects supported by the grant mechanism might focus on a single sector, projects will be selected based on an analysis how it will positively affect other sectors, bring about
systemic changes, and contribute to the broader development of the area in terms of for example job creation, the creation of social capital, the improvement of state-citizen relationships and/or the protection of the environment.

Networking

To ensure the sustainability and quality of the LEADER approach, LAGs should never be considered to operate in isolation. As the action intends to setup a new LAG in the Dedoplistskaro municipality, the action will capitalize on the lessons learned from similar initiatives in Georgia and the EU. This will be achieved by ensuring that the LAG in Dedoplistskaro municipality is linked with new and existing LAGs in Georgia, which in turn could contribute to the eventual establishment of a National LEADER network in Georgia. The action will also organize exposure visits to successful LAGs in the EU for selected LAG members and backstopping support will be provided by a LAG expert. As Georgia is not an EU member country, options will be explored to become an observer member of ELARD. Networking is however not limited to ELARD supported networks and will also involve the exchange with other development activities initiated by the Georgian government and other development actors in Georgia on for example complementarity, good practices, innovative approaches and lessons learned.

Decentralised administration

A final key feature of the LEADER approach is the focus on decentralized administration of the LAG itself by its members, who are representative for the population in the target area. Hence, decisions about development priorities and the selection of projects for financial support are made at the local level, making the LAG an autonomous development vehicle that can quickly adjust to local needs and foster learning at the local level. In turn, this type of learning can influence national and global policy development if the LAG is successfully linked to these levels of governance.

Market Systems Approach

Market Systems Approach projects focus on developing market systems, by addressing underlying causes (rather than symptoms) of weak performance and aim to unleash large – scale and systemic change. Following the Market Systems Approach, the action will focus on changes at sub-sector level while acting locally. As facilitation is a central element to achieving sustainability, the action will be using a facilitative role to catalyse others in the market while not becoming part of it. Through the action, HEKS/EPER will upgrade the market systems for value chains selected according their high relevance for the municipality (grains, sunflowers oil and livestock production – cattle and sheep). Value chain actors will improve the linkages among each other. Market players (SMEs) will be capacitated to provide improved and sustainable embedded advisory services and thus perform the essential extension function that the state system is currently not providing sustainably.

Continuation of previous action in the project area

HEKS/EPER is currently implementing an SDC funded project in Kakheti region including Dedoplistskaro municipality called ‘Market Opportunities for Livelihood Improvement’ (MOLI), which is currently in its second phase. The project aims to improve the livelihoods of small farming families by increasing the livestock sector, enhancing market access and creating a successful business-enabling environment. A Market System Development approach is used to enable systemic changes in the meat and dairy value chains. These changes are needed to tackle the constraints in terms of production, market access and business environment, which stem from the time that the agricultural sector fell apart after the collapse of the Soviet Union. The action proposed to the EU will benefit from the constructive relationships HEKS/EPER established with local administrations, SMEs and farmers during the MOLI project, but also from the improved relationship between these actors as the MOLI project has been able to bring them together through business forums and value-chain activities.

Coordination with other programmes and synergies with other (EU) initiatives

The action will tie in with a range of other EU initiatives that are being implemented by HEKS/EPER and ELKANA. GiZ and UNDP are jointly implementing a Local Governance Program South Caucasus funded project called “Fostering Regional and Local Development in Georgia” which is also implemented in Dedoplistskaro municipality. One of the main objectives of this project is to assist the Gamgeoba of Dedoplistskaro to develop a “Document of Dedoplistskaro Vision and Medium Term priorities” that sets the development priorities for the municipality. The Gamgeoba of Dedoplistskaro and UNDP/GiZ are already aware of the intentions of the applicants to establish a LAG in the area, which will also entail the
development of an Local Development Strategy. The action will closely collaborate with UNDP/GiZ to ensure that the priorities set in both plans complement on not conflict with each other.

The action also fits well within the global and regional strategies of HEKS/EPER and the strategic directions of ELKANA.

- In its new global strategy for 2017 – 2020, HEKS/EPER aims to make a contribution to greater equality and prosperity for rural communities across the globe by strengthening the structures of civil society. To achieve this HEKS/EPER focuses on the two key issues development of rural communities and conflict transformation from a human rights-based approach. The regional strategy of HEKS/EPER for the South Caucuses specially aims at establishing sustainable livelihood opportunities and capable civil society structures which enhance peaceful coexistence.

- ELKANA’s mission is to improve the socio-economic conditions of the population of Georgia and to ensure environmental protection through fostering the development of organic farming & entrepreneurship and increasing the self-reliance of the rural population.

Finally, the action also complements the ongoing projects of the Georgian government to stimulate public participation in decision making and stimulating the rural economy in remote areas of the country.

- With the adoption of the “Local Self-Governance Law” by the Georgian national government in 2015, there is a new momentum in Georgia for public participation in local governance and public decision making. The new law calls for the formation of Sakrebulos in 7 cities and the main municipalities (including Dedoplistskaro), which are elected local self-governance bodies. Through the establishment of a LAG, the action will contribute to the process of public participation and therefore complement the direction of the Georgian government in terms of decentralization decision-making mechanisms to the local level.

- The Ministry of Rural Development & Infrastructure is currently managing two funds. One is called the ‘Village Support Program’, where villages can apply directly for small infrastructure projects and the other is called ‘Regional Development Fund’ where municipalities can apply for larger infrastructure projects. As the LAG will include public officials at the municipality and village level, and since the grant mechanism is expected to fund social and economic infrastructure projects, it could be interesting to see how the LAG use government funds to implement the Local Development Strategy, and whether the LAG become an instrument to implement the government efforts to promote decentralization and public participation in decision making processes.

Procedures for follow up and internal/external evaluation

In order to follow up the progress of implementation and the progress towards outcome-level targets, a combination of approaches will be used:

- At the start of the action, a baseline survey is foreseen that will be followed up with annual surveys. These surveys will mostly focus on outcome-level.

- Quarterly review meetings will be held with the LAG and relevant external stakeholders at the municipality level to discuss progress of implementation, and to discuss suggestions for further improving the action’s effectiveness, relevance and impact.

- Progress of the various activities will be monitored on a monthly basis. In these monthly rounds, information on yields and prices will also be collected whenever relevant. This will make it possible to keep a fairly accurate track of developments.

During the implementation of the action, a mid-term review is foreseen to document lessons learnt and adjust implementation where this will contribute to a better achievement of the planned results. An external evaluation is foreseen during the last 6 months of the action. Downward accountability will be promoted through specific attention for a beneficiary complaints procedure, for informing the beneficiaries about the action, about HEKS/EPER, ELKANA and the EU, and for active participation of beneficiaries and their representatives in the action.

A detailed Monitoring & Evaluation (M&E) plan will be developed during the start of the project, which will include a detailed methodology to monitor the outcome and output indicators as specified in the logical framework. LAG will be actively involved in the monitoring of results achieved by projects financed through grant mechanism. A designated Monitoring & Evaluation officer will be hired to coach the LAG on M7E tools and methodology. In addition his/her responsibility will be to monitor the M&E plan and ensure timely reporting to the EU and internal reporting procedures within HEKS/EPER and ELKANA. The action will receive extensive support from the dedicated M&E Unit at HEKS/EPER’s headquarters in Switzerland.
and benefit from the newly developed HEKS/EPER PCM manual developed which comes with detailed guidelines about every aspect of M&E along the project cycle.

The role and participation in the action of the various actors and stakeholders

The beneficiaries themselves are at the heart of the action. They will participate in the action by becoming involved in the LAG, but also by being a crucial source of ideas, suggestions and other feedback that will help to maximise the action’s relevance and contribution to meaningful change for the beneficiaries. ELKANA will be involved in the action as a co-applicant. ELKANA has over 20 years of experience in the fields of extension services, economic development, agricultural biodiversity, and rural tourism and therefore complements HEKS/EPER’s expertise. This mutual complementarity enhances the relevance, effectiveness and outcome of the action.

Further complementarity is found with a range of government institutions. These actors have become particularly important as the Gamgeoba (head of municipality) and Sakrobulo (locally elected parliament) are taking up increasing responsibilities to support the process of decentralization which is promoted by the central government of Georgia. Overall, the officials of the local authorities including the planning officers, rural development officers and social service officers and respective line ministries such as Ministry of Rural Development and Infrastructure, Ministry of agriculture and the Ministry of Education will be involved in the implementation of the action by providing advice and training, and by monitoring outputs. In return, the action will provide on-the-job training to government staff on topics where capacity gaps are identified.

The action will also involve a large number of stakeholders from the private sector. Key farmers and enterprises will be invited to join the LAG and take up responsibilities in the LAG’s strategy to improve the competitiveness of the local economy. These enterprises will include millers, stone masons, guesthouse owners, etc.

The organisational structure and the team proposed for the implementation of the action

The organisational structure for the team proposed for the implementation of the action is shown below. HEKS/EPER Georgia is the lead-applicant and will appoint an expatriate as the Project Director. The Project Director will directly report to the Regional Director of HEKS/EPER Georgia. HEKS/EPER will furthermore focus on general project management by means of a Financial Administrator, an Operation coordinator and a Monitoring & Evaluation officer. Backstopping support from HEKS/EPER Romania and the LAG backstopper from FNGAL in Romania will also be the responsibility of HEKS/EPER. Furthermore, HEKS/EPER will appoint a LEADER Approach Coordinator who will be responsible for the setup and capacity building of the LAG assembly and board. Further thematic support to the action will be provided by HEKS/EPER’s Thematic Advisors based in Switzerland in the areas of community development, value-chain development, conflict transformation, gender and M&E where needed. ELKANA will be primarily responsible for the guiding the process of proposal development for the grant mechanism and will hire experts in the thematic fields of economic diversification, environmental protection and sustainable agriculture, in line with the priorities of the action. Finally HEKS/EPER will identify and manage a pool of experts who can be hired on short-term contracts when specific knowledge or expertise is required to support the design and implementation of projects financed by the grant mechanism.
Main means proposed for the Action

The action will rent a suitable office in Dedoplistskaro town where all project staff will be based as can be seen from the organogram presented above. The required office equipment to run the project will be purchased including office furniture, computer equipment, copying machine and other office equipment. To facilitate logistics of the project, 2 vehicles will be purchased, one for HEKS/EPER and one for ELKANA. The action will also setup a website and develop information materials (e.g. leaflets, stickers, sign-boards) to enhance the visibility of the action. The action will also identify a venue in Dedoplistskaro town where the LAG can have its board and assembly meetings.

Attitudes of all stakeholders towards the action

The proposed action is based on elaborate discussions with community members and all other stakeholders mentioned above. Activities have been included based on the positive response of the stakeholders that are relevant for each specific activity. Through this process of consultation, that the attitudes of all stakeholders towards the action and general and the activities in particular are very supportive. In this regard, it has been very helpful that HEKS/EPER and ELKANA have been operational in the target area and constructive relationships have developed with most of the stakeholders. During the fact finding mission in early July 2016, the Gamgeoba, business leaders and farmers in Dedoplistskaro municipality clearly expressed their interest in establishing a LAG in the area and shared that they would be willing to commit to this process if the action is approved.

Planned activities in order to ensure the visibility of the action and the EU funding

The overall objective of the action’s visibility strategy is to inform the wider public about the EU funded Action, as well as the dissemination of success stories achieved during project implementation.

Specific objectives of visibility strategy are:
1. To spread information about the project in order to motive the population of Dedoplistskaro municipality to join the LAG and to participate in the project.
2. To spread information about the project in order to improve communication and linkages between relevant stakeholders.
3. To communicate in a transparent manner about the project objectives and development in front of authorities and raise awareness of how the EU and the partner work together to support rural development in Georgia.

The direct target groups of the visibility strategy are:
- The general population of Dedoplistskaro municipality.
- Private sectors actors including farmers and SMEs and the wider business community.
- National and local authorities of the Georgian government.
- Special attention will be given to motivate women and youth to participate in the action.

Main activities that will take place during the period covered by the communication and visibility plan:
- Information campaign in Dedoplistskaro municipality for the general public.
- Kick-off meeting to explain the purpose and process of setting up a LAG for interested stakeholders.
- Organize 8 public information events to inform the wider public about the progress and achievements of the LAG in Dedoplistskaro municipality.
- Setting up and maintaining information about the project on the applicant’s and co-applicant’s websites that provides regularly updated information on the LAG and the project interventions.
- Production and distribution of leaflets, stickers and signboards.
- Project closure events and presentation of results and impact achieved.

Overall responsibility of the communication activities is with the Project Director of HEKS/EPER. Visibility activities will be implemented by the Senior Coordinator LEADER approach of HEKS/EPER and the Field Coordinator of ELKANA.
2.1.3. Indicative action plan for implementing the action

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<td>1.1.1. Setup of a project steering committee for the action.</td>
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Preparation A.1.1.4. Organize a kick-off meeting to explain the concept of a LAG.

Preparation A.1.1.5. Conduct an information campaign on LAG in Dedoplistskaro municipality.

EuropeAid/151230/DD/ACT/GE
15 January 2016 Grant contract 2016/379-221 - Annex I: Description of the Action
<table>
<thead>
<tr>
<th>Execution</th>
<th>Description</th>
<th>Responsible Parties</th>
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<tbody>
<tr>
<td>A.1.1.5.</td>
<td>Conduct an information campaign on LAG in Dedoplistskaro municipality.</td>
<td>HEKS/EPER, ELKANA</td>
</tr>
<tr>
<td>A.1.1.6.</td>
<td>Invite the public of Dedoplistskaro municipality to join the LAG.</td>
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<tr>
<td>A.1.1.7.</td>
<td>Identify a suitable meeting venue and logistics arrangements for the LAG.</td>
<td>HEKS/EPER, ELKANA</td>
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<tr>
<td>A.1.1.8.</td>
<td>Support the LAG in developing a Terms of Reference (to be developed into statutes).</td>
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<tr>
<td>A.1.1.9.</td>
<td>Build the capacity of the LAG with support of a LAG backstopper.</td>
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<tr>
<td>A.1.1.10.</td>
<td>Establish a LAG structure.</td>
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<tr>
<td>A.1.1.11.</td>
<td>Organize field visits to existing LAGs in Georgia.</td>
<td>HEKS/EPER, ELKANA</td>
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HEKS/EPER, ELKANA, LAG backstopper
<table>
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<tr>
<th>Preparation</th>
<th>Execution</th>
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<tbody>
<tr>
<td>A.1.1.12. Organize exposure and exchange visits to LAGs in EU.</td>
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</tr>
<tr>
<td>A.2.1.1. Build the capacity of the local population in community development skills and processes.</td>
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<tr>
<td>A.2.1.2. Conduct territory analysis including different sector studies using thematic experts.</td>
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HEKS/EPER, ELKANA
LAG, thematic experts
LAG backstopper
| Preparation A 2.1.1. Develop sectoral priority plans for the LAG grant mechanism. |
| Execution A 2.1.1. Develop sectoral priority plans for the LAG grant mechanism. |
| Preparation A.2.1.2. Introduce the LAG grant mechanism guidelines to LAG members. |
Execution A.2.1.2: Introduce the LAG grant mechanism guidelines to LAG members.
For the following years:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Half-year 3</th>
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<th>Implementing body</th>
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<tbody>
<tr>
<td>Preparation A 1.4.1. Facilitate joined initiatives by the LAG without financial support of the grant mechanism.</td>
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EuropeAid/151230/DD/ACT/GE
15 January 2016 Grant contract 2016/379-221 - Annex I: Description of the Action
Execution A 1.4.1. Facilitate joined initiatives by the LAG without financial support of the grant mechanism.

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<td>HEKS/EPER, ELKANA, LAG</td>
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Preparation A 1.5.1. Facilitate LAG to attract alternative funds for financial sustainability.

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Execution A 1.5.1. Facilitate LAG to attract alternative funds for financial sustainability.

Preparation A.2.1.3. Establish an evaluation committee for the grant mechanism.

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Execution A.2.1.3. Establish an evaluation committee for the grant mechanism.

Preparation A.2.1.4. Implementation of grant mechanism by the LAG.

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Execution A.2.1.4. Implementation of grant mechanism by the LAG.
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<td>Preparation A.2.1.5 Capacity building of grants</td>
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<td>Execution A.2.1.5 Capacity building of grantees</td>
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<td>Execution A.2.1.6. Monitoring of projects financed through grant mechanism</td>
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<td>Preparation A.1.1.13. Assist LAG in obtaining an official legal status.</td>
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<td>HEKS/EPER, ELKANA, thematic experts</td>
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<td>Execution A.1.1.13. Assist LAG in obtaining an official legal status.</td>
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<td>Final Evaluation.</td>
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2.1.4. Sustainability of the action

Expected impact of the action at technical, economic, social, and policy levels

Due to its integrated approach, the action is expected to have impact at the level of households, villages and at the regional level.

The **technical impact** of the action will first of all be that, through their involvement in the various activities, farmers, business and technical staff of the local authorities and other government institutions will see their capacities built through the action. Secondly, physical, social and economic infrastructure will be brought to a higher technical standard than it is currently in, thus contributing to improved operational effectiveness and efficiency.

The **economic impact** of the action will be, firstly, a long term increase in agricultural productivity and income. Secondly, an expected impact will be a considerable diversification of the economy, which will generate employment and contribute to expected economic growth within Dedoplistskaro municipality.

The **social impact** of the action will be a reduction of poverty and vulnerability among the population in Dedoplistskaro municipality. The enhancement of life skills will not only enhance productivity; it will also increase the self-confidence and economic opportunities for the most vulnerable households. The action will actively promote the inclusion of women and youth in the economic realm, thereby enhancing their position within the household and within wider society. By addressing key constraints in value-chains and the business environment, but also by promoting cooperation, participatory planning and joint decision making, the action will contribute to better inter- and intra-community relationships.

The **policy impact** will primarily be concentrated the promotion of decentralized decision making. Examples of best practices and lessons learned will feedback into policy making about public participation. The close cooperation with a range of line departments will enable these departments to extend their reach and to reach more people with information and training on the various policies that are promoted by the government.

Dissemination plan and the possibilities for replication and extension of the action outcomes (multiplier effects)

As there are many other communities in more or less comparable circumstances across Georgia the outcomes of this action will be useful for replication. Once the LAG in Dedoplistskaro municipality is up and running, it can become a model for other LAGs to be established within Georgia.

The documented outcomes of the action will be disseminated among government departments, NGOs and private sector actors in existing coordination bodies and, where relevant, in separate meetings that will be called for the purpose. Lessons learnt will be documented and shared within HEKS/EPER and ELKANA; whenever opportunities arise, they will also be shared in wider fora of humanitarian practitioners, donors and academics.

Risk analysis and contingency plan

<table>
<thead>
<tr>
<th>Main risks identified</th>
<th>Probability of occurrence</th>
<th>Assumed impact</th>
<th>Scenarios and mitigation measures</th>
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<tr>
<td><strong>Political</strong></td>
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<tr>
<td>R1: Political instability</td>
<td>Unlikely</td>
<td>Low</td>
<td>Project context fits the interests of the program and with development of agricultural activities declared by the government and opposition parties.</td>
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<tr>
<td>R2: Discontinuation of decentralization process within public administration</td>
<td>Unlikely</td>
<td>Medium</td>
<td>Project context fits the interests of the development of declared by the government and opposition parties.</td>
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<td><strong>Environmental</strong></td>
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<tr>
<td>R3: Environmental disasters (drought, hail)</td>
<td>Highly likely</td>
<td>High</td>
<td>Measures of prevention and adaptation are promoted through the project.</td>
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<tr>
<td><strong>Social</strong></td>
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<tr>
<td>R4: Low interest among community members to join the LAG</td>
<td>Unlikely</td>
<td>High</td>
<td>Measures of awareness rising and mobilization of community</td>
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<tr>
<td>R5: Conflicting interests between LAG priorities and Regional and Municipal Development Plans</td>
<td>Unlikely</td>
<td>Medium</td>
<td>Establish mechanism for cooperation from the beginning of the project</td>
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<td><strong>Economic</strong></td>
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Main preconditions and assumptions during and after the implementation phase

The main preconditions which are needed to successfully implement the action are:
- The political situation in Georgia remain stable and tensions with Russia do not escalate.
- Applicants of the grant mechanism have sufficient funds to co-finance their projects.
- The commitment of the Georgian government to decentralize its operations continues and is implemented at the local level.

The main assumptions during and after the implementation phase are:
- Capable staff for the implementation of the action can be identified and stay committed for the duration of the action. Ideally project staff is locally sourced, but only if they show sufficient capacity and commitment.
- There is sufficient interest among community members to join the LAG and are willing to participate in the development of the Local Development Strategy and grant mechanism. Some community members might join initially under the assumption that they can receive quick (monetary) benefits and their participation could decrease if these benefits do not come quick enough. In time a stable, highly motivated group of LAG members should emerge to ensure the LAG is successful beyond the implementation phase (approximately 100 active members).
- No major natural disasters affect the implementation of the action, in particular agricultural activities.

Sustainability of the action

Financial sustainability
The financial sustainability of sub-grants for business development will be enhanced substantially by the fact that business counterparts will be required to follow business development trainings and need to prove the feasibility of their innovative ideas with a business plan that shows how increased running costs can be covered by the increased income that is earned. Where infrastructure is constructed or rehabilitated, the relevant government department or CBO will be involved in the preparation and implementation from the beginning. A precondition for starting with any infrastructure activity is that realistic plans for future operation and maintenance are available. Social infrastructure such as schools, playgrounds and health centres will only be rehabilitated if staff are already available and the facility is functioning before the funds for rehabilitation are requested. Economic infrastructure like processing plants and storage silos will need to be maintained by the businesses or farmer groups operating them. The additional revenues will enable them to maintain the infrastructure and properly fulfil their assigned role. Where activities will be handed over to CBOs or (groups of) beneficiaries, they will be trained in operation and maintenance. As part of this, the importance of setting aside funds for maintenance will be stressed. Financial sustainability of the LAG after the implementation phase of the action will be assured by building the capacity of the LAG to attract funds from alternative public and private sources.

Institutional sustainability
The institutional sustainability of the LAG is guaranteed by ensuring that the LAG has obtained a legal status by the end of the action. The LAG board and member will receive extensive capacity development in terms of operational and financial management that will result in a strong organisational capacity of the LAG. This will also be enhanced by building alliances with other development initiatives and local authorities. The sustainability of small and medium enterprises that will be started up or redeveloped through this action will be enhanced by paying elaborate attention to entrepreneurship training and through follow-up coaching. That will give these enterprises a solid institutional base to begin from, and reduce the risk of failure.

Policy level sustainability
Policy-level sustainability will be ensured through working closely with local government bodies and district-level line departments. On the one hand, this will ensure that the activities will be implemented in consistency with existing policy frameworks. On the other hand, the development of new comparatively activities such as the development of tourism in the target communities will offer opportunities for developing appropriate sets of rules and regulations at the local level. Existing linkages with national and international policy bodies in Georgia and beyond will be used wherever appropriate to address issues or to incorporate useful lessons learned on enhancing the competitiveness of agriculture and improving the quality of life. Furthermore, the action will raise awareness about the LEADER approach among government authorities as a means to improve public participation in decision making.
Environmental sustainability
Special focus will be given to fund projects related to Disaster Risk Reduction and Climate Change Adaptation as drought is one of the main threats to the development of the agricultural sector in the region. Projects funded related to tourism will focus on eco-friendly activities that promote awareness about protection of natural environment. Over-exploitation of agricultural lands and pastures is mitigated against by promoting sustainable land management practices. In the given situation, it is not very likely that farmers will be able to abandon fertilizers and pesticides altogether. However, harmful effects of pesticides will be minimised through specific training of farmers on which pesticides to use in which situations. Applying good farming practices will be a minimum requirement for farmers who wish to access the grant mechanism, but preference will be given to agro-ecological production methods. Sand, rock and laterite needed for construction activities will only be sourced from quarries that have a minimal environmental impact.

2.1.5. Logical Framework
See Annex I.

2.1.6. Budget, amount requested from the Contracting Authority and other expected sources of funding
See Annex III
5 Declarations

5.1 Declaration by the lead applicant (full application)

The lead applicant, represented by the undersigned, being the authorised signatory of the applicant, in the context of the present call for proposals, representing any co-applicant(s), affiliated entity(ies) in the proposed action, hereby declares that

1. the lead applicant has the sources of financing specified in section 2 of the Guidelines for Applicants;
2. the lead applicant has sufficient financial capacity to carry out the proposed action or work programme;
3. the lead applicant certifies the legal statutes of the lead applicant, of the co-applicant(s) and of the affiliated entity(ies) as reported in part 3 and 4 of this application;
4. the lead applicant, the co-applicant(s) and the affiliated entity(ies) have the professional competences and qualifications specified in section 2 of the Guidelines for Applicants;
5. the lead applicant undertakes to comply with the obligations foreseen in the affiliated entity(ies)'s statement of the grant application form and with the principles of good partnership practice;
6. the lead applicant is directly responsible for the preparation, management and implementation of the action with the co-applicant(s) and affiliated entity(ies), if any, and is not acting as an intermediary;
7. if the requested amount is above EUR 60,000 the lead applicant, the co-applicant(s) and the affiliated entity(ies) are not in any of the situations excluding them from participating in contracts which are listed in section 2.3.3 of the Practical Guide (available from the following Internet address: http://ec.europa.eu/europeaid/prag/document.do?locale=en. Furthermore, it is recognised and accepted that if the lead applicant, co-applicant(s) and affiliated entity(ies) (if any) participate in spite of being in any of these situations, they may be excluded from other procedures in accordance with section 2.3.4 of the Practical Guide;
8. the lead applicant and each co-applicant and affiliated entity (if any) is in a position to deliver immediately, upon request, the supporting documents stipulated under section 2.4 of the guidelines for applicants.
9. the lead applicant and each co-applicant and affiliated entity (if any) are eligible in accordance with the criteria set out under sections 2.1.1 and 2.1.2 of the guidelines for applicants;
10. if recommended to be awarded a grant, the lead applicant, the co-applicant(s) and the affiliated entity(ies) accept the contractual conditions as laid down in the standard grant contract annexed to the guidelines for applicants (annex G) (or the PA Grant Agreement, where applicable);

These are the sources and amounts of Union funding received or applied for the action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action: EUR 2,104,346 were currently applied to the EC, and EUR 1,050,000 will be allocated to the action by HEKS/EPER Romania and Georgia’s own funds subject to approval of the EC funding.

The lead applicant is fully aware of the obligation to inform without delay the Contracting Authority to which this application is submitted if the same application for funding made to other European Commission departments or European Union institutions has been approved by them after the submission of this grant application.

We acknowledge that if we participate in spite of being in any of the situations listed in Section 2.3.3.1 of the Practical Guide or if the declarations or information provided prove to be false we
may be subject to rejection from this procedure and to administrative sanctions in the form of exclusion and financial penalties representing 2% to 10% of the total estimated value of the grant being awarded and that this information may be published on the Commission website in accordance with the conditions set in Section 2.3.4 of the Practical Guide. We are aware that, for the purposes of safeguarding the EU’s financial interests, our personal data may be transferred to internal audit services, to the Early Detection and Exclusion System, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office.

Signed on behalf of the lead applicant

Name: Nana Topuridze
Position: Director
Signature: [Signature]
Date and place: 16 August 2016, Tbilisi, Georgia
5.2. Mandate (for co-applicant(s))

Important: This application form must be accompanied by a signed and dated mandate from each co-applicant, in accordance with the template provided below.

The co-applicant authorises the lead applicant “HEKS/EPER Georgia” to submit on its behalf the present application form and to sign on its behalf the standard grant contract (Annex G of the guidelines for applicants) (or a PA Grant Agreement, where applicable) with the European Commission ("Contracting Authority"), as well as, to be represented by the lead applicant in all matters concerning this grant contract.

I have read and approved the contents of the proposal submitted to the Contracting Authority. I undertake to comply with the principles of good partnership practice.

---

Name: Mariam Jorjadze  
Organisation: Biological Farming Association “Elkana”  
Position: Director  
Signature: [Signature]

Date and place: 15 August 2016, Tbilisi, Georgia

---

The co-applicant authorises the lead applicant “HEKS/EPER Georgia” to submit on its behalf the present application form and to sign on its behalf the standard grant contract (Annex G of the guidelines for applicants) (or a PA Grant Agreement, where applicable) with the European Commission ("Contracting Authority"), as well as, to be represented by the lead applicant in all matters concerning this grant contract.

I have read and approved the contents of the proposal submitted to the Contracting Authority. I undertake to comply with the principles of good partnership practice.

---

Name: Matthias Herren  
Organisation: Swiss Church Aid (HEKS/EPER) Romania Foundation  
Position: President of the Board

Signature: [Signature]

Date and place: 15 August 2016; Reghin, Romania