

Annex 1
EC-FAO Programme in Georgia

Project Title:	ENPARD Technical Assistance - Capacity Development of the Ministry of Agriculture of Georgia
FAO project Symbol:	GCP/GEO/001/EC
Donor:	European Union
Implementing Agency:	FAO
Government Counterpart:	Ministry of Agriculture of Georgia
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Table of Contents

Executive Summary

Acronyms

SECTION 1 – RELEVANCE

1.1 Context

1.1.1 General Context

1.1.2 Sectoral Context

1.2 Rationale

1.2.1 Issues to be addressed

1.2.2 Project Justification

1.2.3 Stakeholders and Target Beneficiaries

1.2.4 Cross Cutting Issues

1.2.5 Links to National Development Goals

1.2.6 FAOs Comparative Advantage

1.3 Expected Results

1.3.1 Impact

1.3.2 Outcome

1.3.3 Output

SECTION 2 – FEASIBILITY

2.1 Institutional Framework and Coordination

2.2 Project Approach

2.3 Work Plan

2.4 Government Inputs

2.5 Donor Inputs

2.6 Team Skills and Competency

2.7 Environmental Impact Assessment

2.8 Risk Management

2.9 Communications and Visibility

2.10 Quality Assurance

2.11 Reporting

2.12 Monitoring and Evaluation

SECTION 3 – SUSTAINABILITY OF RESULTS

Annexes

EXECUTIVE SUMMARY

The project will aim to improve the competitiveness of the agricultural sector in Georgia through supporting improved policy making and effective implementation of the Strategy for Agricultural Development. The impact of the project will be to contribute to increased food production in Georgia and to reduce rural poverty.

Four main outputs from this project are targeted:

- (i) To improve the efficiency of the MoA so as to enable it to manage measures arising from the Strategy for Agricultural Development
- (ii) To support the implementation of EU agriculture and rural development support programmes in Georgia
- (iii) To assist the MoA in implementing specific components of the Strategy for Agricultural Development which are directly targeted by the EU's ENPARD Georgia Programme
- (iv) To improve overall donor coordination in relation to development and implementation of agriculture and rural development programmes across Georgia

The main project partners will be the Ministry of Agriculture and other line ministries/Government agencies, regional departments of agriculture, local authorities and agricultural service providers. Farmers, farmers' associations, rural families and other private sector stakeholders will be the ultimate beneficiaries.

The duration of the project will be three years (May 2013 – April 2016) and will comprise primarily of technical assistance support provided by national and international consultants. Throughout the project implementation the approach adopted will be one of participation, engagement and ownership. As far as practically possible, both genders and all ethnic and social groups will be equally engaged. Particular focus will be given to capacity building within Government and advisory agents that support the development of agriculture and rural communities, to enable sustainability and to maximize impact.

ACRONYMS

AAPs	Annual Action Programme
CTA	Chief Technical and International Policy Advisor
DCFTA	Deep and Comprehensive Free Trade Agreement
DTL	Deputy Team Leader
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ENP	European Neighbourhood Partnership
ENPI	European Neighbourhood Partnership Instrument
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
ENRTP	Environmental Sustainable Management of Natural Resources
EU	European Union
EUR	Euro Monetary Unit
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investments
GDP	Gross Domestic Product
GEOSTAT	Georgian Statistics Agency
GoG	Government of Georgia
GSP	General System of Preferences
HACCP	Hazard Analysis Critical Control Points
IDP	Internally Displaced Person
IT	Information Technology
KfW	Kreditanstalt für Wiederaufbau (German owned Development Bank)
LEADER	EU Association for Rural Development
LoAs	Letters of Association
MDGs	Millennium Development Goals
MoA	Ministry of Agriculture
NPP	National Project Personnel
NSA	Non State Actor
PMO	Producer Marketing Organization
PRDP	Pilot Regional Development Programmes
REU	FAO Regional Office for Central Asia and Europe
SAPARD	Special Accession Programme for Agriculture and Rural Development
SPSP	Sector Policy Support Programme
ToR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
US	United States
USAID	United States Development Aid Programme
USD	US Monetary Unit
USDA	United States Department of Agriculture
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization

SECTION 1 RELEVANCE

1.1 CONTEXT

1.1.1 General context

Georgia (Georgian: საქართველო) is a sovereign state in the Caucasus region of Eurasia, located at the crossroads of Western Asia and Eastern Europe. The country covers a territory of 69,700 km² and its population is almost 4.7 million. It is a unitary, semi-presidential Republic, with a Government that is elected through a representative democracy. Ethnic Georgians form about 84 percent of the current population. Other ethnic groups include Abkhazians, Armenians, Azeris, Belarusians, Bulgarians, Estonians, Germans, Greeks, Jews, Moldovans, Ossetians, Poles, Russians, Turks and Ukrainians.

For much of the 20th century, Georgia's economy was a command economy in the Soviet model. After the fall of the USSR in 1991, as with all the other former-Soviet states, Georgia faced a severe economic collapse; agricultural and industrial output diminished and by 1994 gross domestic product had shrunk to a quarter of the 1989 level.

Georgia embarked on a major structural reform designed to transition to a free market economy and the country has since made economic progress spurred by gains in both the industrial and service sectors and thanks in part to international money transfers¹ from Georgian migrant workers. In 2007, the IMF estimated Georgia's nominal GDP at US\$ 10.3 billion and the country's economy was becoming more devoted to services (now representing 65 percent of GDP) and moving away from the agricultural sector (seven percent)². Over the last few years the Georgian economy has been one of the fastest growing of any former Soviet country.

Despite civil war and military conflicts in South Ossetia and Abkhazia, as well as the global financial crisis, the economy has continued to grow (albeit at a slower rate). In 2011, inflation was two percent. Georgia has moderate deficits compared to other European and Trans-Caucasian Post-Soviet states, with deficits in the current account being more than offset by strong foreign capital inflows, which have allowed the Georgian currency to appreciate. The Government has managed to further preserve financial stability thanks to considerable aid provided by international institutions.

Large inflows of foreign direct investment (FDI) have been a driving factor behind rapid economic growth in Georgia since 2003. FDI in Georgia has been made more attractive thanks to a liberal investment environment and an equal approach to local and foreign investors, reduced tax rates, simplified licenses (reduced by 90 percent), permissions and administrative procedures, preferential trade regimes as well as an advantageous geographic location, a well developed transport infrastructure, and an educated, skilled and competitive workforce.

Georgia is becoming more integrated into the global trading network and exports have increased significantly, especially to countries such as Ukraine, Kazakhstan, Belarus and

¹ 1.26 billion USD in 2011

² World Bank 2011 Agriculture Value Added % of GDP

Poland.³ A number of import tariffs have been abolished on approximately 90 percent of products and there are no quantitative restrictions (quotas) on either imports or exports. Georgia is a member of the WTO and has GSP agreements with the EU and the US and has formally started negotiations on the EU Deep and Comprehensive Free Trade Agreement. Georgia also has a free trade agreement with Turkey and preferential access to most countries of the former Soviet Union, although a breakdown in relations with Russia has severely affected exports into this major market.

Despite progress, Georgia is not without significant economic and social problems. Since 1990, 1.5 million Georgian nationals have left and net migration – generally of younger and more technically skilled Georgians – continues. UNDP estimates that around 34 percent of the population live below the national poverty line (although this has fallen from 54 percent in 2001) and 14.7 percent of the population live on less than US\$ 1.25 per day and with an average national monthly household income of US\$ 200.

Unemployment has been a persistent problem ever since the country gained independence in 1991. According to the National Statistics Office, the unemployment rate stood at 15.1 percent in 2011 and with particular additional vulnerabilities for women, ethnic minorities and remote regions. Nearly a half of Georgia's population lives in rural areas, where low-intensity self-sufficient farming provides the principal source of livelihood. Currently, about 55 percent of the total labour force is employed in agriculture⁴, though in reality much of this is subsistence farming. In terms of poverty, rural communities in Georgia are generally poorer than urban communities. In Georgia the median income of those employed in agriculture is only around 20 percent of those in urban salaried labour.

There is a strong consensus in Georgia among the Government, all of the major opposition parties, the international community, development organizations and private businesses that agricultural development offers both a huge investment opportunity and is essential for the development of the country as a whole and particularly for employment, growth, poverty reduction and food security.

1.1.2 Sectoral Context

Georgia's agricultural collapse was particularly dire following the end of the Soviet collectivized agricultural system. Between 1991 and 2001 the World Bank estimated a contraction in agricultural production of 11 percent per year. This was the most profound collapse in the region and reduced Georgian production output to around 32 percent of the levels seen during Soviet times. Between 2000 and 2010 the agricultural sector only grew by a total of six percent, an average of 0.6 percent per year, much slower than the rest of the economy.

Agricultural output can be broken down into a few major categories; beef and lamb, pork, chicken, grains, vegetables, fruits, grapes/wine, nuts and live animals. Primary international investments have been made in tangerines, mandarins and nuts⁵. Vegetables and grains are

³ National Investment Agency of Georgia (2010)

⁴ Georgian Statistics Agency

⁵ The value of nut exports from Georgia has risen tremendously in recent years from USD 19 million in 2000 to roughly USD 130 million in 2011. A large portion of these exports consist of hazelnuts which have received large private investment. The value of exported fruits (excluding citruses and nuts) has risen in the past decade from USD 456 thousand in 2000 to USD 4.6 million in 2011

largely grown on smallholdings and animal/meat production has shifted dramatically over the past decade to export sales of live animals rather than meat sales for domestic consumption (because domestic consumption prices have fallen). Georgia is a net importer of food, including in terms of wheat and other cereals. As a lower middle income country it is potentially highly vulnerable to price swings on international markets this could seriously affect a significant proportion of its population.

The agricultural sector in Georgia badly needs improvements in productivity and the further development of non-farm rural enterprises. Georgia's very high share of employment in agriculture can only be compared to countries such as China and Albania. However, in those countries agriculture contributes a much higher share to GDP. Labour migration has been unable to ease the pressure on labour markets, which has complicated the process of increasing productivity in agriculture and means that agriculture plays a buffer role, absorbing excess labour. Economic diversification is difficult in the short to medium term for many rural families and increasing agricultural productivity provides a potential route for helping many out of poverty.

In the Soviet period, Georgia was far more agriculturally productive than neighbouring countries, Armenia and Azerbaijan, and on much smaller land areas. Georgia imports a significant proportion of its food and there seems to be considerable potential for growth. Today Georgia has low agricultural productivity and massive under-utilization of fertile agricultural land. The country has good levels of rainfall and a wide variety of rare microclimates needed for growing high value crops. Labour is relatively cheap and energy resources (hydro-electric power, thermal springs and gas) competitively priced. Even so, water resource availability is unevenly distributed throughout Georgia and a considerable proportion of irrigation, (particularly in the eastern and southern parts of the country) and drainage infrastructure (in the west) needs to be rehabilitated.

The majority of farmers manage less than 1.5 hectares of land and major development hurdles still exist. Many 'farmers' do not farm out of choice and have little or no education in farming practices. A commercial farm also requires much higher capitalization, which subsistence farms do not require, and difficulties remain in buying land, accessing appropriate technologies, inputs (machinery, fertilizers, chemicals, seed, irrigation, artificial insemination, feed etc.) and technical skills, as well as access to and availability of loan capital⁶⁷ which can help add value through slaughter, storage or processing. Many villages remain isolated from larger domestic markets despite considerable Government investments in road infrastructure.

Arable land in Georgia is now largely privatized, though much of the grazing land is still community owned by municipalities and managed by villages. The communally owned grazing land definitely creates problems with under-management and perhaps more importantly, overgrazing. This contributes to commonly commented-upon problems in the animal sector, like low milk yields and slow weight gain. Communal grazing also makes disease control more difficult.

A particularly pressing issue for the development of a commercial agriculture market remains land registration. After several rounds of land privatization there is often confusion over who owns what. In an attempt to solve this, the Government initiated a system under which land must be registered on a cadastral map before it is considered properly owned by an individual.

⁶ The majority of interest rates are between 18 – 30%

⁷ The share of agricultural lending in the banks' total loan portfolio stood at 1.8% as of August 2011

However, people have been slow to register their land in this way because the registration process is extremely expensive and, once registered, their land becomes subject to land tax.

In Georgia agricultural support services are provided by a complicated array of cross-cutting service delivery organizations that exist primarily in terms of agricultural input suppliers, international development organizations and Government agencies such as the Georgian Agricultural Corporation. Few farmers and rural community organizations operate effectively in terms of managing land or water resources, supplying inputs, marketing outputs or for providing any kind of agricultural or rural support services. The agricultural and rural extension services (formal and non-formal) in Georgia lack a systematic approach both in the provision of advice to farmers and rural communities, and in terms of regularly enhancing the human capacities of the advisors in order to adapt to farmers' dynamic demands. Most importantly, agricultural support services in Georgia are disconnected both from the agricultural knowledge providers in the country (e.g. universities, research institutes, rural NGOs and farmers' organizations) and the smallholders' and rural population's knowledge demands. The project will address agricultural support services and the approach of the Georgian Agricultural Innovation System applying AIS.⁸

Although many farmers cooperate informally, less than 150 cooperative groups are legally registered⁹ and probably only a tiny number would be able to operate sustainably without donor support. Most farmers are wearied by former State sponsored collectivization and show little commitment to group development and the Government has not promoted their growth through enabling taxation policy or legislation.

The Government's policy focus in recent years has largely been on centralization and privatization, preferably into large commercial units. It has also encouraged major investments, which will eventually regenerate the sector, provide for the domestic market and encourage exports. However, agriculture currently accounts for only around three percent of total FDI and in export terms agriculture makes up a fairly small portion of the total economy. Only three categories of agricultural products are exported in significant volumes. In 2011, nuts accounted for 3.5 percent of total exports, wine, grapes and spirits together accounted for five percent and live animals accounted for 1.2 percent.¹⁰

Over the past decade, Government spending on the agricultural sector has been erratic. The Ministry of Agriculture's aggregate spending went up by almost seven times between 2000 and 2007, but it then fell by two thirds. At its low-point in 2010, spending on agriculture was less than half of a percent of total Government spending. In the period 2007-2010, the majority of large expenditure items in the Ministry of Agriculture budget were social support of one kind or another, providing hand-outs of flour, food and fuel.

The Government also significantly reduced both staff and their responsibilities. Between 2000 and 2007 the number of MoA staff fell by 87 percent¹¹ and this significantly reduced its ability to carry out even the most fundamental statutory responsibilities, such as monitoring

⁸ AIS is usually defined as: a network of organizations, enterprises and individuals focused on bringing innovations, i.e. new products, new processes and new forms of organization into social and economic use. (WB) AISs require inclusive approaches and interactions with institutions and policies that affect their behaviour and performance. EC is using the term Agricultural Knowledge and Innovation Systems (AKIS).

⁹ Government Statistics

¹⁰ GeoStat, External Trade of Georgia by HS Chapters 2011

¹¹ Ministry of Agriculture (2008), Overview of the Budget of the Ministry of Agriculture 2000-2007. p13

animal diseases food safety and security. Nineteen regulatory and inspection departments were closed and municipal branches of the Ministry were replaced with regional branches, thus dramatically reducing local representation.

2011 saw a revival in spending as the government refocused on agriculture as a priority area and 2012 has seen that increase continue. A new Government formed in November 2012 and has further emphasised the importance of agriculture for economic development and for eliminating rural poverty. The Government vision and policies are documented in the Strategy for Agricultural Development in Georgia.

The Government also intends to establish and build an Agricultural Development Fund financed by Government, international donors and the private sector and managed through commercial banks and micro-finance institutions. This Fund will help to stimulate investments in agricultural and rural infrastructure, post-harvest and processing technologies and markets as well as improved machinery and input supplies, land cultivation and other production practices. Recently MoA announced that national government plans to establish advisory services in all 54 districts of the country. This will have significant effect on national agriculture rural development programming and demand to reshape agricultural extension services meeting new challenges. However, success in implementing the Strategy and associated measures will depend, to a large degree, on the capacity and operational capabilities of national (Ministry of Agriculture and relevant Government departments) and regional Government (agriculture and rural development departments). This EU/FAO capacity building support project to the Ministry of Agriculture in Georgia aims to address some of these issues.

1.2 RATIONALE

1.2.1 Issues to be addressed

Between July and December 2012, FAO worked with the Ministry of Agriculture (MoA) of Georgia to assist in preparing an action plan to accompany the Strategy for Agricultural Development. The Strategy and accompanying action plan aim to address seven key issues:

i. Enhancing the Competitiveness of Farmer and Rural Entrepreneurs/Organizations

The Government is aiming to further develop the agricultural land market by solidifying land ownership and legal rights and by encouraging more effective approaches to leasing and sales. The farm and land register and cadastre mapping will be improved and legislation will be updated. A national awareness campaign will be implemented on effective farmer cooperation (commercial and representative) and supported by a farmer and farm adviser, training and development programme.

The Government also intends to further stimulate investment in agriculture and encourage improved access to agricultural credit and insurance, particularly for smaller farmers. An Agricultural Development Fund, as a partnership between the public and private sector will be established and targeting investments into specific bottlenecks that are restraining the development of Georgian agriculture and rural areas. An inventory is to be made of existing State ownership of all LTDs in agriculture and create a privatization or management improvement plan for each company.

ii. Value Chain Development

The Government intends to define and support agricultural development and investment strategies for each region and with agri-profitability/competitiveness ratios and gross margin calculations made for priority crops. Support is to be provided, for the production and monitoring of certified (virus free) seeds, the development of seed and seedling production and for improved access to other essential input supplies (fertilizers, machinery, medicines etc.)

The Government intends to encourage further investment in post-harvest handling and distribution (cold storage, packing, grading etc.) and processing sectors, to develop geographical indication schemes and Georgian brands, and implement a national agri-food promotions and marketing programme. Support is to be given to strengthening an effective market information collection, processing and dissemination system among the different stakeholders actively engaged in the agricultural sector.

iii. Institutional Development and Training

A detailed review will be made of the organizational structure, procedures and operations of the Ministry of Agriculture and an appropriate managerial and operational structure put in place, including clear individual and departmental responsibilities and training needs. IT systems, database management and analytical capacity at the Ministry will be improved and coordination strengthened between the MoA, donor community and other stakeholders. A National Programme for Georgian Agriculture 2014–2017 will be developed, which will

include sectoral priorities and activities with specific analyses on key strategic crops, such as, cereals, fruit and vegetables, meat and dairy, wine, and fish.

The AIS concept will be introduced and applied with regard to improvements to farmer knowledge and information services and the delivery of effective extension support by both the public and private sector in developing farmer-to-farmer programs. Priority training, education and research development needs and support programmes will be determined and a strategy for improvements put in place, including vocational education and training (VET) curricula and research priorities for funding. Particular issues relating to gender, minorities, the elderly, rural youth, remote regions and disadvantaged groups will be addressed in programme development and service delivery.

iv. Development of Regional and Agricultural Infrastructure

Water resources, irrigation and drainage maps will be updated and a digitized inventory will be made of all the irrigation and drainage assets and rehabilitation needs. Rehabilitation schemes will be prioritized based on economic feasibility and the potential to increase cost recovery. Also, increased consideration will be given to encouraging more precision irrigation water use through on farm schemes and the improved management of off farm systems, through water user group management and private management for example.

The feasibility of establishing agri-wholesale, retail and farmers markets will be assessed and a plan will be prepared for their development, including the potential for co-financing and assisting in the management of markets. The Government also intends to promote and develop a concept of non-farm rural enterprise development and investment to stimulate rural based business and enterprises in areas such as services (shops, repair, hairdressing, crafts etc.), small scale processing and agro-tourism (hunting, fishing, historical monuments etc.)

v. Food Security

The Government intends to ensure supplies of basic food products to meet the demand for food in emergency or crisis situations. Levels and availability of basic foodstuffs (wheat, corn, soya, sugar, meat, milk, vegetable oil, vegetables (potato, onion, beet, carrot) and fruit (apples) will be monitored and an early warning system for food security continually improved, particularly for the most vulnerable regions and parts of the population.

The Government also intends to support programmes particularly focused on small scale farmers with less than 1.5 hectares of land and in order to improve production practices and yields and eventually enable them to become more commercial in their activities and to move out of poverty.

vi. Food Safety

The “Comprehensive Strategy and Legislative Approximation Programme in the Sphere of Food Safety”, which was approved by Resolution #1756 dated 28 December 2010 of the Government of Georgia, outlines the State policy and implementation programme in the sphere of food safety in detail. This programme is being implemented through the Food Agency. The Strategy will be updated and relevant legislation added as food safety guidelines and standards develop and are adopted across Europe and internationally.

Government policies include effective tracking of the origin and distribution of food and animals, as a gradual and progressive move towards traceability as required under HACCP; strengthening laboratorial capacities and methodological approaches to food safety, animal health and the phytosanitary system and developing reliable inspection. Border controls for veterinary and phytosanitary inspection will be upgraded and an effective veterinary service that engages both the public and private sectors as part of a national animal health program will be prepared, implemented and monitored.

vii. Environment and Biodiversity

The Caucasus is an eco-region of global importance, characterized by a high variety of species and bio-diversity. The Ministry of Agriculture will ensure coordination of activities with the Ministry of Environment on biodiversity and environmental sustainability issues and support an awareness and training programme for good agricultural practices (crop rotations, effective use of chemicals and fertilizers, use of organics, water use etc.) for farmers, advisers and policy makers. A plant and livestock conservation strategy will be implemented and will include a detailed inventory of native species and breeds and the maintenance of an effective *in situ* and *ex situ* gene bank.

1.2.2 Project Justification

The European Union (EU) is the donor for this project. The EU has been engaged in the agriculture sector in Georgia since the 1990s, initially via food security budget support programmes, and more recently through projects implemented by International Organizations, and/or NGOs. Over the past five years, the EU has financed at least 13 medium-sized rural development projects in Georgia (EUR 23 million), some of which targeted poor farmers in remote areas by establishing farmers' organizations, whereas others provided livelihood/agriculture rehabilitation support to conflict-affected populations after the 2008 war.

In 2010, the EU Delegation conducted a “Review of the EU-assisted Development Aid in the Agriculture Sector in Georgia over five years” and a Sector Policy Support Programme (SPSP) was elaborated taking into account the results of this review as well as several other assessments (e.g. the USAID Georgian Agriculture Sector Assessment) and is also the result of the regular and intensive consultation conducted by the EU with the Ministry of Agriculture, the Parliamentary Agrarian Committee, the Adjara government, other donors and civil society organizations.

EU Support to Agriculture is also extremely relevant in the context of an EU-Georgia Association Agreement since a more modern agricultural sector will bring the country closer to European agricultural policies allowing it benefit from the European experiences and knowledge sharing. The programme will also assist in the implementation of the geographical indications agreement concluded by the EU and Georgia in 2012. As one of its priority lines for action, the current European Neighbourhood Policy (ENP) Action Plan sets out to “enhance agricultural production and rural development”. Furthermore, modernizing agriculture is also the basis for developing a proper food safety system in the country, a critical element towards the EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA) negotiation process.

The proposed programme is also fully aligned with the objectives and approach of the EU's recent initiative "European Neighbourhood Programme for Agriculture and Rural Development" (ENPARD), including, *inter alia*, improving agricultural productivity and developing public and private capacities on the basis of a well-defined long-term sector-wide strategy, prior capacity assessment and sector stakeholder involvement. Therefore, the programme can be considered as the application of the ENPARD initiative in the Georgian context.

As part of the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD Georgia) CRIS: ENPI/2012/23280 the EU has allocated EUR 40 million. This includes:

- (1) Budget Support: EUR 18 million allotted in three tranches, dependent on compliance with the general and specific conditions set out in the Financing Agreement and which includes progress in relation to the implementation of the Strategy for Agriculture and associated measures.
- (2) EUR 15 million for the implementation of the Small Farmers Co-operation Component in order to support the establishment of small farmers' business-oriented organizations implemented via a set of grant contracts (tentatively three contracts, +/- EUR 5 million each) to be awarded to NGOs in a call for proposals.
- (3) A EUR 3 million contribution agreement (joint management) – with the UNDP – in order to implement the sub programme in support to agriculture in the Region of Adjara.
- (4) EUR 2 million to finance technical assistance for a capacity building project for training institutions engaged in agriculture.
- (5) This EUR 2 million contribution agreement (joint management) – with FAO – in order to provide capacity building to the Ministry of Agriculture in implementing the sector strategy and action plan.

There is also high degree of synergy between the proposed programme on agriculture and other on-going EU assistance in Georgia, in particular:

- (a) Food safety/sanitary and phytosanitary standards; key elements in the EU-Georgia DCFTA negotiations and under subsequent Annual Action Programmes (EUR 2.3 million is earmarked under the AAP 2011 for capacity building for the National Food Agency and further support is foreseen under the AAP 2012).
- (b) Livelihood support to Internally Displaced People (IDP) in the post 2008 war context, mainly through FAO, to upgrade living conditions of rural IDP.
- (c) Regional development (SPSP, EUR 19 million), to reduce regional disparities and to stimulate economic growth. Many of regional development strategies will most likely have a strong agricultural orientation.
- (d) On-going EU SPSP on vocational education and training, including agricultural training.
- (e) Various successful pilot EU projects with Non State Actors (NSA), which have assisted farmers in creating farmers' associations on a limited scale.
- (f) Grant support (NSA and ENRTP) in the field of environmentalism and for disaster risk management.

1.2.3 Stakeholders and Target Beneficiaries

The Ministry of Agriculture and other line ministries/Government agencies, regional departments of agriculture, local authorities and agricultural service providers will be the main project partners. Farmers, farmers' associations, rural families and other private sector stakeholders will be the ultimate beneficiaries.

1.2.4 Cross Cutting Issues

Environmental issues are integrated, *inter alia*, by (1) integrating environmental indicators into the proposed measures and incorporating natural resource management activities under any grant modality. Disaster Risk Management elements will also be integrated across all activities (e.g. inclusion of proper land management technologies among small farmers to avoid desertification and providing support to agro forestry practices to reduce the risk of flash floods).

The Programme will integrate a gender perspective into all stages of its implementation, including, amongst other actions, (1) specific activities within associated grant components to promote equality of opportunity and outcomes between women and men, (2) pro-active actions to ensure the full and equal participation of men and women in any farmer organizations that are created, and (3) ensuring that all statistics systems supported by the programme reflect the realities of the of women and men engaged in agriculture.

Human rights and minority issues have been fully taken into account as cross-cutting issues in the programme. Promotion of good governance is a core element of the EU budget support approach and of the ENPARD approach and thus will be fully embodied in the programme, including through the involvement of the sector's stakeholders and civil society organizations.

1.2.5 Links to National Development Goals

The UN Development Assistance Framework (UNDAF) (2011-2015) is the result of a consultative process and describes the United Nations' areas of collaboration with the Government of Georgia (GoG) for the period 2011-2015. It is aligned with the GoG's national development priorities of the "United Georgia without Poverty" programme, the National Millennium Development Goals (MDGs) and other key documents. It outlines the three interrelated thematic areas in which the UN system can most effectively respond to Georgia's priorities and needs:

- Poverty Reduction and aiming to advance inclusive development, employment creation and access to health, education and essential social services, especially for vulnerable groups.
- Democratic Development and the promotion of balanced, independent, fair and participatory governance systems and processes at all levels, based on the Rule of Law, human rights and equality principles.
- Disaster Risk Reduction and aiming to increase Georgia's resilience to disasters through prevention and minimizing damage and loss in the event of emergencies.

FAO and the Government of Georgia have signed a National Medium Term Priority Framework, which is valid until 2015 and which is currently being revised. A new Country

Programme Framework will be developed in this context, which will contain the support in the current area.

1.2.6 FAO's Comparative Advantage

FAO has a number of specific comparative advantages for implementing this program and these are well recognized by the EU, specifically:

- ✓ It is a specialized agency of the United Nations and as such, an honest broker and the leading agency in supporting agriculture and rural development policies.
- ✓ FAO has expertise in supporting the review and analysis of the agricultural and rural development sectors world-wide, including countries in the Caucasus
- ✓ FAO has been working in the region for more than a decade and has been implementing projects in a wide range of agricultural, forestry and fisheries areas (food safety and consumer protection, animal production and health, plant protection, agriculture research, information and knowledge and fisheries among others).
- ✓ As FAO covers various fields, its contribution to the countries links well with some of the agriculturally oriented projects and programmes the EU is implementing; such as, the *Sector Budget Support*, the *Pilot Regional Development Programmes (PRDP)* and the *Comprehensive institutional building programmes*.
- ✓ FAO has decentralized capabilities at regional and country levels: For EaP countries, FAO has Representation Offices in Georgia as well as in Armenia, Azerbaijan, and Moldova.
- ✓ Successful collaboration with other United Nations system organizations as a full member of UN Country Teams at country level and close collaboration in Delivery as well as other organizations, including Embassies, and substantial donors in the country (EC, SDC, USDA/USAID, World Bank, etc). Some of the ongoing projects FAO is implemented specifically with the EC in the region are:
 - “*Information systems to improve food security decision making in the ENP-East Area DCI-FOOD 2009/223-068*”.
 - “*Improving capacities to eliminate and prevent recurrence of obsolete pesticides as a model of tackling unused hazardous chemicals in the former Soviet Union DCI-ENV 2011/269-940*”.
- ✓ FAO has a neutral partner position with a consolidated reputation for both Government, and national and local stakeholders in the region.
- ✓ In addition, FAO can offer multi-disciplinary perspectives due to its extensive expertise in various technical areas available both at Headquarters and in decentralized offices.

1.3 EXPECTED RESULTS

1.3.1 Impact

The impact of the project will be to contribute to the increased competitiveness of the agricultural sector, to increase food production and to reduced rural poverty in Georgia.

1.3.2 - 1.3.3 Outcome and outputs

The project will aim to improve the competitiveness of the agricultural sector through supporting improved policy making and effective implementation of the Strategy for Agricultural Development in Georgia.

There are four proposed outputs from this project:

- (i) To improve the efficiency of the MoA, which will enable it to manage measures arising from the Strategy for Agricultural Development.
- (ii) To support the implementation of the EUs agriculture and rural development support programmes in Georgia.
- (iii) To assist the MoA in implementing specific components of the Strategy for Agricultural Development which are directly targeted by the EU's ENPARD Georgia Programme.
- (iv) To improve overall donor coordination in relation to the development and implementation of agriculture and rural development programmes across Georgia.

In relation to **Output 1** improving the efficiency of the MoA, there are a number of activities that will need to be completed:

- **Supporting the Preparation of Medium Term and Annual Programmes and Budgets**

The project team will work closely with the MoA to monitor and update the action plan for implementing the Strategy for Agricultural Development. This will involve working with the Government to prioritise activities, resources and defined measures which will be summarized and presented in medium term and annual programmes. Support will also be provided in preparing medium term and annual budgets and for liaising with other Government departments to enable their implementation.

- **Monitoring and Evaluating Implementation of the Strategy for Agricultural Development**

The project team will work closely with the MoA to establish specific activities, measurable outputs and indicators against which progress can be effectively assessed and as part of medium term and annual programmes. This will involve helping in the preparation of the activities, outputs and indicators, logical frameworks, monitoring and evaluation reports and training MoA personnel in monitoring and evaluation approaches.

- **Supporting the MoA in Establishing and Managing a Policy Unit**

Longer term development of agricultural policy including carrying out objective and systematic data collection and research, information analysis, preparation of policy papers and presentation of recommendations. This will require the establishment of a dedicated Policy Unit. The project team will initially provide part of the function and will assist the MoA in parallel to develop the structure and responsibilities of this unit and help prepare job descriptions, recruiting and training of staff. Support will then be provided to the unit “on the job” to develop the unit, enable effective management and ensure sustainability.

- **Developing and Implementing a Human Resources Appraisal, Training and Development Programme**

This project will aim to increase the qualification and skill levels (technical and management) of key team members of the MoA at national and regional level in order to enable them to carry out their duties more effectively. The work will involve carrying out a detailed assessment of training needs across departments and preparing, in cooperation with the MoA, an appropriate training and development programme to support effective implementation of the Strategy for Agricultural Development. This support will cover the entire duration of the project and will consider the delivery of short formal courses as well as on the job training, distance learning and local and regional study tours.

- **Creating a further enabling environment; natural resource management, disaster risk management and gender and minority issues to be better mainstreamed**

The issues mentioned above have not been given priority importance in recent years, primarily because of MoA inexperience but often also because a number of different Government departments have overlapping responsibilities for some of these areas. The project team will work with the Ministry throughout the duration of the project to define how these issues can be fully considered during implementation of all the measures and who will be made responsible for defining activities, inputs, outputs and monitoring measurable indicators of progress.

In relation to **Output 2** the main activity which will need to be completed will be:

- **Supporting Implementation of the EUs Sector Policy Support Programme for Agriculture and Rural Development in Georgia**

The project team will need to work closely with the EU Delegation in Georgia and the MoA to prepare, agree on and manage an implementation, evaluation and reporting framework for monitoring the disbursement and management of budgetary support, agriculture and rural development grants for the implementation of EU programmes that support agriculture and rural development in Georgia in line with EU rules and procedures.

Initially, meetings will be held, and agreements reached, on the mechanisms for management and monitoring, on the reporting and on the administrative responsibilities required. Also, specific individual and departmental responsibilities will be defined. The project team will assist the MoA in fully understanding EU rules and procedures in this respect. Once mechanisms have been agreed, an operations manual will be prepared and support will be provided to ensure that the approach is followed. It will also help address any problems that may arise.

In relation to **Output 3** assisting the MoA to implement specific Strategy components related to the EU's ENPARD Programme in Georgia it is important to note that the EU does not intend to provide technical assistance to support every measure defined as part of the Strategy. Time and resource just does not allow for this and many of the measures are already being fully and effectively covered by the MoA budget or through other donor support programmes. The EU Delegation in Georgia in agreement with the MoA has agreed that four specific technical assistance components will be provided as part of this programme:

- **Strengthening Farmer Cooperation**

The project will focus especially on smaller-scale farmers that are motivated to develop joint activities and thus achieve economies of scale for providing inputs or services or for the marketing of outputs. Consideration will also be given to supporting the development of groups that are better able to represent farmer interests at regional, national and European level.

Assistance will be provided to the MoA for the design and implementation of campaigns aimed at raising the awareness of commercial and representative farmer groups across the country. This will include identifying and promoting examples of good practice, developing information materials and organising media campaigns, regional workshops and other proactive activities.

Support will also be provided to the MoA in monitoring and evaluating the implementation of the small grants component of the ENPARD Georgia programme. This will include taking into account gender issues and ensuring synergy with EBRD/KfW Loan facilities and the EU Neighbourhood Investment Facility (NIF)¹² facilitating access to the financial market for small farmers.

The MoA will also be supported in defining and preparing sustainable mechanisms that will assist the on-going development of commercial and representative farmer and rural group development after donor support has finished. This could be by building on the experience of the small grants component of the ENPARD Georgia programme or by considering experiences from other countries supported through programmes such as EU LEADER, SAPARD or Producer Marketing Organization (PMO) schemes, or by adopting a totally new and innovative approach.

- **Capacity Building to Improve Agricultural Extension Services**

Georgian farmers would benefit considerably by having improved, affordable and appropriate access to information and advice on practical approaches to improving a farm business and including direct on-farm consultancy visits, individual and group training and provision of information from applied agricultural research in order to enhance innovations.

The project team will work with the MoA and other stakeholders to prepare a plan for the further development of agricultural extension services across Georgia, based on a far reaching needs assessment. The plan will include an underlying philosophy and an approach to be adopted, as well as organizational and institutional development (i.e. to define the structure and governance) of the extension services of the MoA (i.e. service centres), internal policies and procedures on finance, administration and human resources, staff qualifications, monitoring and evaluation systems.

Support will also be provided to the MoA in defining the methodologies, learning systems and the content of extension services delivery including, *inter alia*, agriculture related training, awareness of new technologies, farm business management, outreach extension approaches, boosting innovations, demonstration plots, soil, analysis, animal health, plant

¹² NIF mainly works through existing farmer organizations whereas the small grants component of the ENPARD Georgia programme will also consider establishing new ones.

protection and food safety related training as well as capacity development on environment/natural resource management and gender issues.

- **Strengthening Institutions for Agricultural Information**

The MoA aims to improve the statistical basis upon which it takes strategic and operational decisions. The programme will support this by helping the MoA and GEOSTAT improve the agricultural statistics in order to ensure that it follows methodologies according to FAO standards. The areas that this would cover could include improved sampling, environment/natural resource management indicators and greater participation of all relevant stakeholders.

Technical assistance will also be provided to support the MoA and GEOSTAT in designing and implementing a country-wide agricultural census to be conducted according to FAO standards. The agricultural census will also be designed to collect and tabulate gender-disaggregated data according to the FAO REU proposed core set of gender indicators in agriculture.

Support will also be provided to the MoA, allowing it to better collect, process, analyse and use statistical information by following a detailed review of agricultural statistics, preparation of recommendations at the request of and with the approval of the MoA.

- **Providing On-Demand Technical Assistance to the MoA**

There are a considerable number of measures that may accompany implementation of the Strategy for Agricultural Development and these will evolve and develop over the project implementation period. The plan is to establish an on demand technical assistance pool and international consultancy support will be provided on specific issues that will need to be addressed as and when they arise.

The project team will have regular meetings with the MoA to discuss progress regarding the implementation of the Strategy for Agricultural Development and to see if there are particular gaps in capacity, understanding or capability that cannot be addressed with the existing resources of the MoA. The meetings will also help identify areas that are being adequately covered by other donor programmes.

Once particular issues have been identified, the project team will work with the MoA to prepare suitable terms of reference (ToR) for technical assistance support to be provided by national or international consultants. Once ToRs have been finalized, assistance will be provided in identifying suitably qualified consultant personnel, following recruitment procedures laid down by the EU and FAO. Final ToR approval and contracting of consultants will be done by the EU Delegation in Georgia. Once contracted, full support will be provided to the MoA in ensuring consultants are fully briefed prior to mobilization.

In relation to **Output 4** the main activity that will need to be completed will be:

- **Improving overall donor coordination in relation to development and implementation of agriculture and rural development programmes**

There is a need to take into account the fact that a number of other donors are already operating, or have planned technical assistance and financial support for the development of agriculture and rural areas. These include major programmes managed by USAID, the US Department of Agriculture, the European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), the World Bank and the Swiss Development Co-operation.

There is already a donor coordination group – chaired by FAO – which works relatively effectively. However, once the measures relating to the implementation of the Strategy for Agricultural Development are finalized there will be a need to further consult and inform the donor coordination group and so ensure programmes are implemented effectively and to reduce duplication of efforts.

The project team will work closely with the MoA to ensure that their engagement with the donor coordination group works effectively in terms of presenting MoA plans, programmes and measures, consulting and effectively utilising feedback from donors as well as helping to ensure that field and policy support programmes at both national and regional levels are not unnecessarily duplicated.

SECTION 2 – FEASIBILITY

2.1 Institutional Framework and Coordination

Overall responsibility for the project implementation will lie with the FAO Representation for Georgia supported both operationally and technical by the FAO's Regional Office for Europe and Central Asia and (REU) in Budapest, Hungary. FAO will appoint a Chief Technical and International Policy Advisor (CTA) who will be the main person responsible for technical support to the Ministry leading the technical planning and providing specific policy advice and support to the MoA in relation to the implementation and actions related to the Strategy and generally ensuring that the expected Programme outputs are satisfactorily achieved.

Day to day management of the Project in Georgia will be carried out through a Deputy Team Leader (National Project Manager), who will also support close liaison and communication with the EU, MoA and FAO in relation to project implementation and development. The CTA will also take part in the Stakeholders Committee for the overall ENPARD programme. The candidate for Chief Technical and International Policy Advisor (CTA) will be, in effect, a manager and an experienced agriculture policy expert with substantial experience of countries in transition.

The Project will be implemented with the full involvement of the Georgian Government, and it will be coordinated and monitored at regional and national level in line with the Cooperation Agreement between the EU and the FAO based on the overall Financing Agreement to be signed between Georgia and the EU for the implementation of the whole ENPARD Georgia programme. The Project will be co-ordinated by a Steering Committee

composed of representatives from the MoA, FAO and the EU. This steering committee will approve working plans and reports and undertake strategic programming decisions.

Full time administrative support (project administration and management, transport and agenda arrangements, translation services etc.) will be provided to the CTA and the Deputy Team Leader. Short and medium term technical assistance will also be provided by international and national consultants including a farmers' organization, an agricultural extension provider and an agricultural statistics specialist. All national consultant support with the exception of the DTL is currently unallocated and will be allocated following discussions with the MoA and the EU Delegation in Georgia during the inception period.

The Chief Technical and International Policy Advisor (CTA) and the Deputy Team Leader will be responsible for drafting the ToRs for all technical assistance that is currently unallocated, in co-ordination with the MoA, following the standard FAO template and subject to final approval from the EU Delegation in Georgia. The duration of each mission will also depend on its nature and may vary from a few weeks to a few months. All consultants will be contracted directly by FAO and will be either hired for a specific consultancy role or will be current/regular expert FAO staff.

2.2 Project Approach

Throughout implementation of this project the approach that will be adopted will be one of participation, engagement and ownership. The ultimate beneficiaries are farmers and rural communities living on low incomes. The empowerment of rural communities in decision making – and ultimately policy making and legislation – in areas affecting their own lives is fundamental. As far as practically possible, both genders and all ethnic and social groups will be equally engaged in the project activities.

Particular focus will be given to capacity building within the MoA to improve overall policy and decision making. This will be delivered through direct technical assistance on a day to day basis, as well as designed for particular issues through individual mentoring and group training/development programmes. Building of local advisory and support capacity will be especially encouraged to enable sustainability of support after completion of the programme.

2.3 Work Plan

Following approval of this Project Document, the Chief Technical and International Policy Advisor (CTA) and Deputy Team Leader (DTL) will be identified and recruited. This will be through a process of open application and will include promotion of the position through standard FAO recruitment channels. Final approval of the recruitment of the CTA will be made by the EU Delegation in Georgia and the MoA.

Once the CTA and the DTL are contracted a six week inception phase will be initiated. This inception period will include an assessment of the policy framework within the MoA as well as considerable discussion/consultation with key stakeholders, including farmers and other donors. Firstly, an inception meeting will be held involving the TL, MoA, FAO and the EU Delegation to Georgia to ensure a common understanding of the project, expected results, implementation arrangements and links with ENPARD. Agreements will be made regarding the main individual counterparts and individuals at the MoA who will be responsible for

liaising with the CTA as well as for implementing specific components of the project and measures as defined in the Strategy for Agricultural Development.

The CTA will take over the coordination role, alongside the MoA, for providing technical support to the development and implementation of measures within the Strategy for Agricultural Development and for donor coordination. The CTA will be fully briefed by FAO and the MoA on work completed to date in this area. Further detailed discussions will be held with the MoA in order to prioritise measures and actions and for implementing verification workshops.

A detailed inception report will be completed and presented to the MoA and the EU Delegation for approval by the end of the first six weeks of Project implementation. This inception report will include details of:

- Proposed strategies that are agreed with the MoA for the further development of farmer organizations (particularly assistance on drafting the terms of the ENPARD call for proposals), agricultural extension services, agricultural statistics, including strategy, resources, promotion, monitoring and evaluation.
- Procedures for the identification, recruitment and mobilization of on demand international and national consultants.
- Prioritised measures for implementation of the Strategy for Agricultural Development, including budgets and anticipated resources.
- A proposed monitoring and evaluation approach to be adopted both for the project and for evaluating and monitoring progress on the implementation of measures adopted as part of the Strategy for Agricultural Development.
- Staff responsibilities allocated within the MoA and an intended human resource development and training plan that will be supported by the Project.
- An updated results matrix, work plan and project budget.

Final approval of the inception report will be done by the MoA and the EU Delegation and prior to further implementation of specified activities.

During and following implementation, the CTA will promote the project and its objectives with the support of FAO and team members, primarily through presentations and media and other donor meetings to ensure all stakeholders are fully aware of the project objectives and intended outcomes.

2.4 Government Inputs

Through the MoA, the Government of Georgia will:

- ✓ Guarantee timely and effective full support throughout the implementation of the various project phases
- ✓ Contribute to the analysis of available related national data and material with its own professional field/capacity
- ✓ Provide all necessary national and/or regional Government authorizations to carry out field activities, taking into consideration that the absence of these authorizations could prevent or delay field project activities
- ✓ Make available, when possible, office space with telephone facilities for use by the experts during the missions and provide meeting rooms for official meetings and workshops

- ✓ Cover the travel costs and daily allowances of Ministry staff and national institutions participating on workshops

2.5 Donor Inputs

The maximum budget allocated for this project is EUR 2,000,000. The majority of financial resources will be for technical assistance from short to medium term international and national consultants, a CTA, DTL and an administrative support team. The total budget for the activity will include all the related activities of the FAO Team and experts and will be distributed in the following way:

Administration Services

Project administration services cover one programme clerk – GS-5 and one administrative clerk GS – f4 secretarial and other support staff necessary for project implementation and hired as required in order to provide secretarial, interpretation, translation support.

Professional Project Personnel

A Chief Technical and International Policy Advisor (CTA) will be appointed for the project, who will be expected to complete 24 months of input over the duration of the project and organized in the most effective way to ensure that the project outputs are effectively achieved.

The Deputy Team Leader (National Project Manager) will be appointed to manage day to day implementation throughout the project period.

Consultants

- A core group of three international consultants (farmers' organization, agricultural extension and agricultural statistics)
- Short-term international consultants (on demand basis as required; such as for land reform, food safety, farm management)
- National Project Personnel both professional and non-professional (on-demand technical support according to defined project activities). To start with this NPP will also include staff supporting the policy unit established by the Ministry of Agriculture.

Contracts

This budget line covers all costs for contracts issued by the project. This might include contracts with research institutions or NGOs to be hired for data collection.

Travel

This budget line covers the costs for all travel activities of both national and international project staff as well as travel costs for technical backstopping of officers involved in project implementation. It includes airfares and per diems for staff as well as other local travel costs.

Workshops

This budget line covers all the costs related to the organization of local workshops with stakeholders. This includes the translation of documents and consultants interpreters.

Equipment and Transportation

This budget lines covers the expenditure for office IT equipment needed to run the project implementation unit such as laptop computers (including the relevant software) a combined printer, scanner and photocopier, a projector, a digital camera, and accessories and other items, such as mobile phones and mobile internet access. The project will also procure a car to ensure transportation.

Technical Support Service and Report Costs

This budget line covers the costs of the involvement of the FAO technical staff inputs to the project both from the Regional Office and FAO HQ for backstopping, technical guidance, quality control, and any *ad-hoc* inputs that may be required, which cannot be mobilized through short-term consultancies.

The budget line also covers costs for the preparation and processing of the final technical report of the project.

General Operating Expenses and Visibility

This budget line covers the operating costs of the project for communication, telephone, and office equipment any other expenditure of this kind to be covered locally.

An allocation is made specifically for the visibility of the project under this BL in line with the activities outlined in 2.9

Project Servicing Costs (seven percent of total project size)

Project servicing costs cover the FAO headquarters and REU costs relating to the administrative and financial management service for the project.

Evaluation provisions

This covers the mandatory evaluation of the project as per FAO rules and regulations.

2.6 Team Skills and Competency

The Chief Technical and International Policy Advisor (CTA) for the project will be responsible for overall day to day management of the capacity building/support program to the Georgian Ministry of Agriculture and for ensuring that the project objectives and outputs are satisfactorily achieved. He or she will also provide specific policy advice and support to the MoA in relation to implementation and actions related to the Strategy for Agricultural Development for Georgia. They will also carry out the normal tasks expected of a CTA in relation to project management and administrative responsibilities (management of project finances, preparation of ToRs, management of team members, general project promotion,

presentations and reporting etc.) The Deputy Team Leader will be a Georgian national with at least five years of technical experience of project management in a similar environment.

The Farmers' Organization Specialist will advise the MoA, farmers and other stakeholders on how to develop effective farmers' organizations in Georgia. He or she will also provide advice on raising awareness. This will include providing examples from the EU and other countries on appropriate legislation, technical assistance and incentive tools. Together with the MoA he or she will develop an appropriate national strategy for further development and support, including development, implementation and monitoring of a grant support program.

The Agricultural Extension Specialist will work with the MoA to prepare an appropriate national strategy for the development and sustainability of agricultural extension services in Georgia, including the consideration of alternative models and approaches. He or she will also train trainers/advisers in agricultural extension service approaches and, based on an agreement with the MoA, will establish a system for monitoring, evaluating and updating sustainable extension support.

The Agricultural Statistics Specialist advise the MoA and GEOSTAT to improve national statistics in line with FAO standards.. In association with the MoA, he or she will develop a strategy for implementing a countrywide action plan to improve national statistics, will organize and conduct a training for MoA and GEOSTAT.

The recruited team Chief Technical and International Policy Advisor (CTA) will have at least 10 years of relevant practical field experience in managing projects and in agri-policy development, as well a university degree in agriculture and/or an economy related field to at least Master's level. The farmers' organization, agricultural extension specialists will be expected to have at least 10 years of relevant practical field experience in the required field and university degrees in a related fields.

2.7 Environmental Impact Assessment

The project will be implemented with due consideration of the likely impact on the environment including institutional, policy and operational aspects. The MoA will be provided with technical assistance on good practices for implementing environmentally sustainable agricultural policies through incorporating these aspects into technical assistance, development studies and proposed training. Any project equipment required will be procured with the internationally recognized environmental standards.

2.8 Risk Management

There are some risks associated with the implementation of this project; namely:

- (1) Geopolitical tensions in the Caucasus or economic crisis could divert the Government's focus and resources away from agriculture
- (2) The Agriculture Strategy and associated measures may not be approved or further developed by the Government, or the final version of the documents is not compatible with EU priorities/mandate
- (3) A high turnover of MoA staff and associated loss of institutional memory could jeopardize the implementation of the Strategy for Agricultural development and associated measures

If serious geopolitical tensions or a deep economic crisis occur during the implementation period, actions will be revised accordingly in agreement with the EU and MoA. EU budgetary and other financial support is tied to progress in relation to the Strategy for Agricultural Development and associated measures and while a high quality dialogue exists, this provides a strong incentive for the Government to prepare an achievable project.

2.9 Communication and Visibility

EU funded projects should achieve a high and consistent level of visibility. A sufficient level of awareness can only be achieved through coherent branding of all EU projects. The role of consultants and implementing authorities in raising public awareness is thus crucial.

Communication and visibility will be organized in coordination with the EU and MoA and other institutions involved in the implementation of the Project, in accordance with the orientation of the "Communication and Visibility Manual for EU External Actions". (http://ec.europa.eu/europeaid/work/visibility/index_en.htm.)

2.10 Quality Assurance

The implementation of the Project will be coordinated and regularly reviewed by the FAO technical backstopping team, which will be comprised of a lead technical officer and other technical officers as and when required to ensure that the results of the assignments are in line with the project document, log frame and inception report.

2.11 Reporting

The ultimate reporting responsibility will lie with the FAO Representation for Georgia, with close support from the FAO Regional Office for Europe and Central Asia in Budapest. Direct responsibility for preparing all reports will lie with the Chief Technical and International Policy Advisor (CTA) with support from the technical backstopping officer.

Reports will include an inception report (completed within six weeks of the start of the project), six monthly progress reports (in line with FAO rules and regulations) and a final report. In addition, annual progress reviews will be prepared in association with FAO, the EU and the MoA and a mid-term review will be carried out to upgrade and revise the project implementation if required. The final report, presenting the main results and conclusions of the project, will be prepared by the ITL for clearance by the FAO lead technical officer in consultation with other relevant FAO technical officers.

Reporting will be carried out in compliance with the Special Conditions to the General Conditions, FAFA Agreement and Joint Guidelines on reporting obligation under the FAFA. Provisions included in the relevant Framework Agreements signed with EU will apply. All reports and documentation produced during the assignment shall be in the English Language and FAO will provide the EU and the MoA with electronic copies of all reports and documentation produced during the assignment.

2.12 Monitoring and Evaluation

Every six months the a Project Steering Group will meet to review progress and advise on future implementation. This Steering Group will meet at least three times a year and involve the EU Delegation and the Ministry of Agriculture as well as other stakeholders determined during the inception phase.

The Ministry of Agriculture will establish a permanent internal, technical and financial, monitoring system to the project, which will be used to elaborate the progress reports. EU external review missions will verify compliance with EU conditions for project implementation.

All programmes under FAO's managerial responsibility are subject to evaluation, including voluntary funded activities. Such evaluation provides not only accountability of results, but also lessons learned and recommendations to improve the future performance of FAO and an evidence base for decision making. The CTA will also participate in the Stakeholders Committee Meetings of the ENPARD and will be subject to monitoring activities conducted by the EU.

SECTION 3 – SUSTAINABILITY OF RESULTS

The project has also been designed to address sustainability beyond the duration of external support and in four areas:

- (1) Institutional sustainability: One of the core directions of the project is to provide capacity building to the Ministry of Agriculture and other key institutions engaged in the sector. This will ensure their readiness to continue delivering the foreseen results when donor assistance ends.
- (2) Financial sustainability: One precondition for the project is a sustained increase in public funding to the agricultural sector, which will ensure the long-term impact of the project results beyond donor assistance. Assistance to small farmers' organizations will contribute to increasing the income of the member farmers and improving their access to finance.
- (3) Technical sustainability will be carefully taken into account during project implementation, especially in relation to the support to the small farmer organizations and capacity building actions to the Ministry of Agriculture.
- (4) Environmental sustainability: The project will promote sustainable natural resource management (including soil and water conservation) in different forms, including via technical assistance to the farmer organizations and training activities for all beneficiaries.