



ALCP | Alliances
Caucasus 2
REGIONAL MARKET ALLIANCES IN THE SOUTH CAUCASUS

ALLIANCES CAUCASUS 2
BI-ANNUAL REPORT
JULY 1ST 2023 TO DECEMBER 31ST 2023



Schweizerische Eidgenossenschaft
Confédération suisse
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**Swiss Agency for Development
and Cooperation SDC**

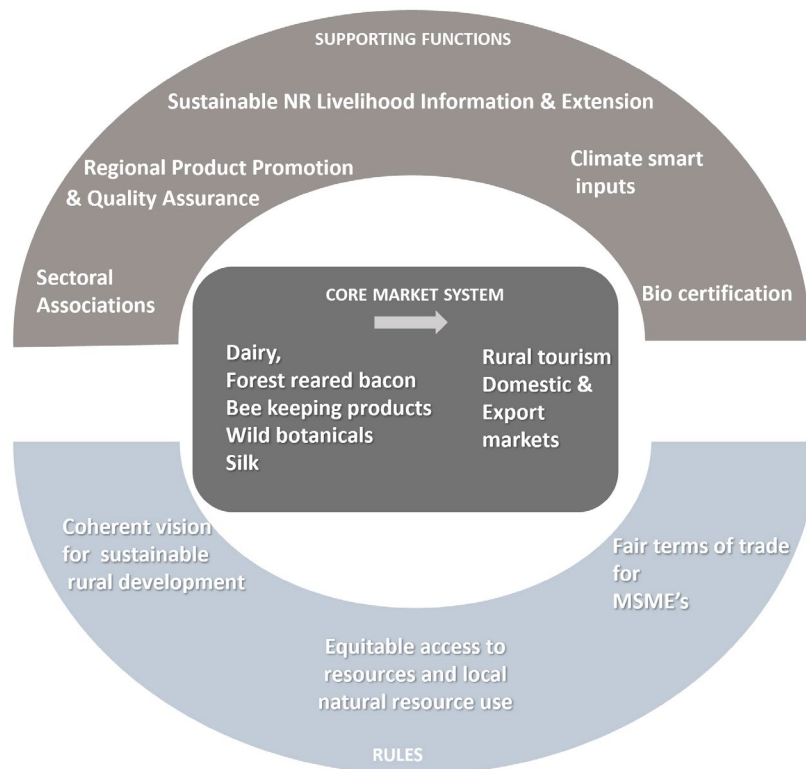
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**Austrian
Development
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Alliances Caucasus 2 runs from May 2022 to April 2026 with a budget of 6 million CHF. It is a market systems development programme funded by a consortium of donors, the Swiss Development Cooperation (SDC), Sweden and the Austrian Development Cooperation. It targets rural producers in Georgia, working in the rural product core market system and with associated supporting functions and rules. Its purpose is to increase incomes and improve livelihoods through better, sustainable productivity, resilient market access, local employment opportunities and more equitable inclusion in local natural resource use. Implemented through the lens of environmental sustainability and Gender Equality and Social Inclusion (GESI) it seeks to augment the lives of rural inhabitants through developing their knowledge of the value of rural resources and the potentiality of the environment in which they live. It will increase their participation in decision making concerning these resources and the availability of knowledge, inputs and skills to enable them to profit sustainably from them. It will tap into and further build a sustainable platform for rural producers to participate in added value, export and tourism markets.



Rural Producer Market System Diagram with Areas of Intervention

ALCP 2 utilizes extensive networks with all levels of the private sector, civil society and government. It works across Georgia in Kvemo Kartli, Samstkhe Javakheti, Ajara and Kakheti and includes a new focus on Western Georgia; Samegrelo, Guria, Racha and Imereti. It continues to promote regional trade and initiatives in information and equitable access to decision making between Georgia, Armenia and Azerbaijan. It incorporated in the first six months, a market research phase to deepen market research on new regions, value chains, key market actors and target group.



ALCP2 Operations and Outreach

Alliances¹ began in pilot form in 2008. It became a flagship market systems development programme, enshrining some of the most fundamental concepts of MSD within its own development, flexibility, adaptation to context, iterative results measurement, rigorous ongoing market intelligence, sensible resource use, in house capacity and commitment to inclusivity and sustainability. The ALCP2 builds on and utilizes over a decade of impact, experience, thought leadership and materials development. The Alliances Results Measurement System has been run according to DCED standards since 2011 and was audited twice. The ALCP2 Results Measurement system is built according to DCED standards and will be audited around the 24-month mark of the implementation phase.

¹ The Alliances programme, a market systems development programme working in the livestock market system in Georgia, was a Swiss Development Cooperation (SDC) project in cooperation with the Austrian Development Cooperation (from January 2020) implemented by Mercy Corps Georgia. It began in 2008 in Samtskhe Javakheti (SJ), Georgia. Alliances Kvemo Kartli (KK) was opened in 2011 with a second phase awarded to SJ. In 2014, the second phase of an expanded Kvemo Kartli was merged with a new branch of the programme in Ajara and a two year 'standby phase' (monitoring and sustainability phase) in SJ to form the Alliances Lesser Caucasus Programme (ALCP). From 2014 as the Alliances Lesser Caucasus Programme, Alliances management, programming and operations were fully harmonized. The programme achieved substantial scale and systemic change well beyond the initial designated programme areas and targets and devoted itself to learning, excellence and participation in a global community of practice in Market Systems Development (MSD) including being twice successfully audited by the DCED Standard for Results Measurement (Donor Committee for Enterprise Development). It furthered learning and practice in Women's Economic Empowerment and harnessed market systems programming to generate significant impact in transversal themes with a 54% average of female usage and access across all interventions. Total scale half a million HH's, 1078 jobs, 56 million USD to farmers, businesses and employees. Export; 17 destination countries. See [Alliances Aggregated Results 2008-2021](#).

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LIST OF ABBREVIATIONS

ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
AI	Artificial Insemination
AJ	Ajara
ALCP	Alliances Caucasus Programme
AMR	Animal Movement Route
BDS	Business Development Services
BEAM	Building Effective and Accessible market
BEAT	Business Environmental Audit Tool
BEC	Business and Economic Centre
BIG	Business Institute of Georgia
BSEA	Black Sea Eco Academy
CARM	Community Accountability Reporting Mechanisms
CBA	Cost-Benefit Analysis
CEDAW	Convention of the Elimination of Discrimination Against Women (UN)
CEDRIG	Climate Environment Disaster Risk Reduction Implementation Guidance
CENN	Caucasus Environmental NGO Network
CIS	Commonwealth of Independent States
CHF	Swiss Franc
CNF	Caucasus Nature Fund
CSR	Corporate Social Responsibility
DCED	Donor Committee for Enterprise Development
DCFTA	Deep and Comprehensive Free Trade Agreement
DRR	Disaster Risk Reduction
DRRWG	DRR Working Group
EASC	Euro-Asian Council of Standardization Metrology and Certification
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEU	Eurasian Economic Union
E+I	Employment and Income Network (SDC)
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
EUAA	European Union Association Agreement
EU	European Union
FAO	Food and Agriculture Organization
FFI	Flora and Fauna International
FS&H	Food Safety and Hygiene
FSIB	Food Safety Inspection Body (Armenia)
GARB	Georgian Association of Regional Broadcasters
GBU	Georgian Beekeepers Union
GEL	Georgian Lira (currency)
GEDSI	Gender Equality, Diversity and Social Inclusion
GHG	Green House Gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMF	Georgian Milk Federation
GNTA	Georgian National Tourism Administration
GoG	Government of Georgia
GOST	Technical Standards maintained by EASC
GMP	Good Management Practice (FS&H assessment)
GMA	Georgian Marketing Agency

GMM	Georgian Milk Mark
GRETA	Green Economy: Sustainable Mountain Tourism and Organic Agriculture
GSA	Georgian Shepherds Association
GWC	Georgian Wool Company
HACCP	Hazard Analysis Critical Control Point
HH	Household
HoReCa	Hotel Restaurant Café
IAAD	International Association for Agricultural Development
IE	Individual Entrepreneur
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
ISF	Investment Support Facility
IUCN	International Union for the Conservation of Nature
JBA	Jara Beekeepers Association
KK	Kvemo Kartli
LAG	Local Action Group
LHP's	Livestock and Honey Producers
LLC	Limited Liability Company
LSG	Local Self Government
MAP	Monitoring Action Plan Meeting
M4P	Making Markets Work for the Poor Approach
MC	Mercy Corps
MFI	Micro-Finance Institution
MIA	Ministry of Internal Affairs in Georgia
MOU	Memorandum of Understanding
MENA	Middle East and North Africa
MEPA	Ministry of Environmental Protection and Agriculture
MOAA	Ministry of Agriculture Ajara
MRDI	Ministry for Regional Development and Infrastructure
MSA	Market Systems Approaches
MSD	Market Systems Development
MSME	Micro, Small and Medium Enterprise
NAIC	Net Attributable Income Change
NAITS	National Animal Identification Registration and Traceability System
NDC	Nationally Determined Contribution
NLA	National Agency for Sustainable Land Management and Land Usage Monitoring
NFA	National Food Agency
NNLA	Non-entrepreneurial Non-commercial Legal Entity
NNLP	Non-entrepreneurial Non-commercial Legal Person
OPA	Outside Programme Area
PPP	Public Private Partnership
RC's	Results Chains
RDA	Rural Development Agency
SDA	Strategic Development Agency
SCCSF	Support Centre for Civil Society Formation
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SCO	Swiss Cooperation Office
SECO	State Secretariat for Economic Affairs
Sida	Swedish International Development Cooperation Agency

SJ	Samtskhe-Javakheti
SME	Small & Medium Enterprise
SPPA	Support Programme for Protected Areas (GFA Consultants Group)
SRCA	Scientific-Research Center of Agriculture
TJS	Transboundary Joint Secretariat (WWF)
TOR	Terms of Reference
TRACES	Trade Control and Export System
UK	United Kingdom
UNDP	United Nations Development Programme
USA	United States of America
USD	United States Dollar
WEE	Women's Economic Empowerment
WWF	World Wildlife Fund

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The ALCP2 report aims to give a thorough overview of programme implementation including progress against targets. To keep the main body of the report concise, detailed information has been included in comprehensive annexes. For a full and in-depth picture of programme activity and impact it is necessary to read the annexes. They include a description of qualitative, systemic and undefined impact, a selection of stakeholder perspectives, a full breakdown of all investments made in the reporting period and varying short case studies, reports or infographics highlighting happenings of note within the reporting period in more depth than is possible in the main body of the report. The ALCP2 maintains an extensive library of all publications on www.alcp.ge

1. STRATEGIC PROGRAMME OVERVIEW

This section contains a summary overview of the programmes achievements and progress to date and indication of the likelihood of achieving its stated aims. It includes a description of main steering implications for the direction of the programme in the next reporting period and any major constraints to programme implementation.

Since the inception of the programme, ALCP2 clients have served a total of 9,641 rural households, with 46% of them already generating monetary benefits.

Purpose: Income increased, and livelihoods improved for rural producers due to better, sustainable productivity, resilient market access, local employment opportunities and more equitable inclusion in natural resource use.	
Purpose Level Indicators	Total estimated results (% Against Target)
# of smallholder farmers/ <i>rural producers</i> with increased incomes from agricultural production/ <i>natural resource-based livelihoods</i>	4,417 ⁱ (42% Women, 18% ethnic minority ⁱⁱ) (22% of targeted 20,000) <i>Ongoing²: 18%</i>
# of persons having new or better employment	57 FTE's (35 Women / 22 Men, 36% ethnicity) (38% of targeted 150) <i>Ongoing: 39%</i>
Increased income of rural households	4,319,387 GEL / 1,480,408 CHF (76% for Women, 38% for ethnic minorities) Indirect N/A (48% of targeted 9 million GEL / 2.8 million CHF, indirect income 1 million/0.3CHF) <i>Ongoing: 64%</i>
NAIC value generated by employees	1,141,702 GEL / 391,302 CHF (63% for women) (57% of targeted 2 million GEL / 0.6 million CHF) <i>Ongoing: 43%</i>
NAIC value generated for programme clients	2,368,102 GEL / 811,633 CHF ⁱⁱⁱ (47% of targeted 5 million GEL / 1.6 CHF) <i>Ongoing: 39%</i>
NAIC value generated by crowding in entities	N/A (1 million GEL / 0.3 million CHF)
\NAIC value of MSME financing and public grants	1,203,336 GEL / 412,426 CHF ^{iv} (60% of targeted 2 million GEL / 0.6 million CHF)
% of rural inhabitants/producers with improved general sense of wellbeing/positivity going forward/inclusion	N/A (20%).

* This will be measured as Net Attributable Income Change (NAIC) generated by activity directly attributable to the programme for the HH's of Rural Producers targeted and impacted by the programme.

² SDC requested data on what percentage of impact is based on interventions within sectors which were established under the previous Alliances programme. This is mainly dairies under the Georgian Milk Mark. I.e., New beneficiaries to dairies funded in previous phases who are benefitting from new sectoral facilitation of the GMM undertaken in the ALCP2.

1. *Programme Steering*: The main steering issue of note for the upcoming period is to determine the future of the ALCP2. To confirm whether it is the intent to remain within the existing timeframe and close the programme in April 2026, or whether there is the desire and potential within the consortium, to extend the timeframe of the programme and deepen the programme activity and impact. The ability to achieve this, based on the evidence from the programme to date, is extremely promising. In the initial formation process of the programme, the discussion was for a five or six year, eight or nine million CHF programme. Funding and programming cycles made this unrealistic at the time. With the promise now being seen in the new value chains and the sectoral momentum in existing ones, it would be logical to imagine a phase out extending to a further one or two years. The ALCP2 is an MSD programme and in MSD, time is of the greatest importance in building and facilitating interventions that will generate deeper system changes within the new sectors and allow for their measurement. The benefits of the costly investment both programmatic and financial in the DCED audit would also be benefitted from more fully.

It is logical, for the steering and development of sectoral interventions, that this issue is considered now. The close out of interventions would need to be planned from this point going forward, for spring 2026 as well as final impact assessments. The phases of Alliances interventions are carefully structured to be sustainable in and of themselves, however there is a considerable difference, between the strategy and facilitation required with private sector partners for ensuring the sustainable conclusion of current joint activities and laying the groundwork for further expansion and impact.

2. *Scale*: Closely linked to the issue of time, currently income scale is relatively low, 22% of target for 42% of programme implementation time, although the percentage of that target being generated from interventions in sectors built under the previous programme is decreasing rapidly as predicted in the previous report, 18% from 36% and an initial figure of 62%. A clear indication of impact generation in new sectors. The slow growth reflects the investment necessary to develop sustainable growth in new value chains, from in depth market research and analysis, developing ongoing market intelligence and linkages to new market actors, examining and filling gaps in the policy environment and governance, supporting sectoral inputs, innovative investment in new market players and improved systems for RM capture that include GESI and climate change related impact and ultimately system change.

3. *Greening MSD*: The new value chains and addressing new rules related to the environment and natural resources, are broadening the application of a successful market system development approach in agriculture to rural producers as a target group and rural producer market systems embedded in and dependant on wider environmental and social systems. All programme interventions are embedded in consideration of climate change and GESI. The field of ‘Greening MSD’³ is an emerging one and the ALCP2 is pioneering practical methods of MSD programme implementation to answer the dual needs of income growth whilst addressing the need for wholesale sustainability that is environmental and social as well as financial⁴. One central discussion in the field, is the concept of a ‘trade off’ in scale against sustainability and climate related objectives. For example, ensuring sustainable input interventions that do not harm in their use and also build sustainable productivity does have implications for the generation of scale, that interventions solely focussed on increasing productivity do not. Value has to be seen as not only in terms of increase in incomes measurable within the timescale of the project. The value being built into sustainable interventions that necessarily generate scale more slowly will continue far beyond the end of the project and be of a multi-dimensional nature.

4. *Programme Implementation RM*: Programme implementation is going very well, solid foundations for exciting growth in the new sectors have been laid and initial development is underway in Lori, Wild Botanicals and Silk. See *Annex 2 List of Interventions in the Reporting Period* for full details. The sectoral transformation in the honey and dairy sectors (see *Annex 1*) is increasingly apparent and the programme is keen to capture the honey work in an externally commissioned case study for discussion and sharing in the wider MSD community. Intense focus on the rationale and practical application of climate change programming is ongoing. See *Annex 1 Table 2 What Makes a Climate Smart Input Climate Smart?*. The next reporting period will see full commencement of all elements of Outcome 3. Qualitative indicators in the log frame based on perceptions of benefit will also be measured in the next reporting period, now more interventions are underway. Planning for the DCED audit scheduled for November is ongoing.

³ García Parra, C (2023) Greening the MSD approach in agricultural programmes. Working Draft. Canopy Lab, commissioned by DCED market systems working group, accessed from www.beamexchange.org

⁴ Hakemulder R (2021). Earth Calling, Market Systems are Embedded in Nature. Beam Exchange Blogs.

2. EVOLUTION OF THE CONTEXT (1 PAGE)

This section contains any major updates related to state institutions, state regulations, development programmes, economic changes or major internal and external events affecting the operating environment of the programme. It also describes any notable updates to the stakeholder analysis and any issues of note for policy dialogue at the donor level.

UPDATE TO THE OPERATIONAL ENVIRONMENT FOR THE REPORTING PERIOD

General: On December 14th, 2023, The European Council granted Georgia its long-awaited European Union membership candidate status, according to which Georgia will align new regulations reflecting EU directives. This will likely increase the momentum at which new laws and regulations relevant to the programme and which will impact the target group and target market players, will be enacted.

On December 13th, 2023, the Agrarian Committee of the Parliament of Georgia presented their new publication ‘Georgian Agriculture Sector: Transformation and Last Decade’s Development Trend’s where an upcoming Law on Agriculture and Rural Development was announced. Prepared by the Agrarian Committee with MEPA, the law will define the terms ‘farm’ and ‘farmer’. The law will lead to the creation of a registry of farmers. Grant payments and monitoring of fund dispersal to farmers on the register, will be overseen by the RDA in alignment with the EU system. The definition of farmers and farms is not yet identified clearly but is a pivotal issue, as farmers not in the register will be ineligible for grants.

Food Security: In 2023, the exchange rate of the Georgian Lari (Gel) remained relatively stable, averaging around 2.62 Gel to 1 USD⁵. Reductions in the cost of living were observed, with a 3.1% decrease in food costs and a 4.3% decrease in healthcare costs compared to the previous year. Despite a relatively high inflation rate of 9.8% in Goods and Services and 6.6% in the HoReCa sector, the overall annual inflation rate has stabilized below 3%⁶. These trends demonstrate manageable inflation rates, providing a certain level of stability in food security for the population.

State Programmes: In December 2023, the Rural Development Agency (RDA) introduced a new state programme to facilitate the purchase of higher-yield breeds, equipping milking parlours and the renovation of farms under the preferential agro-credit programme^v. Targeting large and medium farmers with subsidized interest rates over a period of years, the programme will also include a grant of up to 40,000 GEL for farmers who own fewer than 25 cows. Eligibility criteria are currently unknown. In 2023, the Ministry of Agriculture of Ajara launched a Rural Entrepreneurship Development Promotion Programme for rural entrepreneurs including dairy, honey, and wild botanicals sectors. The programme facilitates primary rural production, processing, packaging, storing, sale, standardization, creation, and development of agro logistics^{vi}.

Legislation: On January 1st, 2022, a new Law on Entrepreneurs which reflects EU directives obliged both commercial and non-commercial businesses registered before January 1st, 2022, to renew their registration. The deadline was January 1st, 2024, however, on November 29th the Parliament of Georgia postponed the deadline until April 1st, 2025⁷.

Climate Change: 2023 marked the worst honey harvest in two decades. Georgian beekeepers faced a tough year as prolonged periods of unseasonal and heavy rainfall during the spring months led to a sharp decline in honey production, with an estimated overall harvest decrease of 70% affecting both domestic and international markets leading to the expected 15-20% price increase on the domestic market. The prolonged rains from April to June and frequent hail in July, also damaged the mulberry harvest. The volume of the harvest during the season decreased from 200kg to 50kg per tree on average.

Natural Resource Use: On December 25th, 2023, a draft law on Biodiversity was approved by the Government of Georgia. The main part of the law will enter into force from 2026. The purpose of the Law is to create solid legal foundations for the protection of biological diversity in line with EU law. It includes provisions for the development

⁵ [exchange-rate](#)

⁶ [Geostat.ge](#)

⁷ The law includes associations. In the reporting period, the ALCP2 facilitated the Georgian Beekeepers Union, Jara Beekeepers Association, Women’s Rooms Union, and Georgian Milk Mark Federation to change their statutes according to the new law and to apply for renewed registration. As associations use non-standard statutes, the programme facilitated legal assistance was crucial.

of protected areas including Emerald Sites under the Emerald Network and under which an Emerald Site is planned for Goderdzi⁸.

Stakeholder Analysis: This reporting period continued to see a broadening of new stakeholders in new regions across Georgia. Under Outcome 1, Roki Ltd the largest veterinary inputs and livestock husbandry supplier, is working with eighteen vet pharmacies across Georgia and three VET colleges to promote climate-smart inputs. Under Outcome 2, two new dairies and two new honey producer companies in Guria, Ajara and Samtskhe-Javakheti, Bio Farming Association Elkana, seven Rachuli Lori and one Kakhuri Vichina producers in Racha and Kakheti, National Agency of State Property of Ministry of Economy, Governor of Kakheti and local self-government of Akhmeta, Scientific-Research Centre of Agriculture of MEPA and The State Silk Museum. Under Outcome 3 stakeholders related to conservation, local government and natural resources include the Biodiversity and Forestry Department of MEPA, the Environmental Information and Education Center (EIEC), the Agency of Protected Areas (APA), the Department of Tourism and Resorts of Ajara, Khulo Municipality City Hall, Goderdzi Friends, World Wildlife Fund (WWF).

3. PROGRAMME OUTCOMES, THEIR PROGRESS AND IMPLEMENTATION

In this section, the ongoing status and impact to date for the reporting period per outcome will be described with their outputs and a narrative description of implementation activities per intervention. The intervention description includes details of main ALCP2 transversal themes, GESI, climate change and governance. For additional information on programme implementation see *Annex 1 System Change, Annex 2 List of Interventions* (including financial contribution), *Annex 3 Silk Advisory Committee Meeting Minutes*.

OUTCOME 1 ACCESS TO CLIMATE SMART INPUTS, AGRI INFORMATION, EXTENSION AND FINANCING

Outcome 1: Rural producers increase profitability and sustainability due to access to target services and inputs.	
Outcome 1 Indicators	Total results (% Against Target)
# of smallholder farmers applying agro-ecological/sustainable farming practices	4,985 ^{vii} (16% Women, 8% ethnic minority) (50% of targeted 10,000) <i>Ongoing: 0%</i>
# and % of farm/rural households with increased crop, rural products and livestock productivity	2,485 and 56% ^{viii} (10%)
# of entities crowding in	0 (0% of targeted 5)
# of entities expanding their businesses	5 ^{ix} (50% of targeted 10)
# of sustainability advocacy initiatives	5 ^x (125% of targeted 4)
# of persons who consider that they are more resilient to deal with the adverse effects of climate change	4,486 ^{xi}
% of [targeted] rural producers actively using learned sustainable practices	90% ^{xii}
# of local entities introducing climate smart initiatives	33 ^{xiii} (220% of targeted 15)

⁸ The new law on Biological Diversity will include regulation of Emerald Sites and other types of protected areas like UNESCO Sites. A Management Plan for Goderdzi Emerald Site cannot be approved unless the law on Biological Diversity is in force. Sixty-six Emerald sites were approved in Georgia in 2022, however, their management is not regulated as there is no legislation currently in place.

Outputs	Indicators
1.1 Facilitated access to tailored agri-information and skills for rural producers and rural MSME's	7,003 ^{xiv} of consumers of information products that have agricultural and environmental content (Women/men, ethnicity) 8 ^{xv} of information channels with agricultural and environmental content Inc. newspapers/ TV programmes/ internet/ courses 13 ^{xvi} universities/ VET colleges integrating/augmenting agri/ environmental journalism/ VET study modules 121 (26% women) ^{xvii} of journalism university degrees/ VET certifications with agri/ environmental content gained through universities/VET colleges 368 ^{xviii} of knowledge transfer services (e.g. SMS's, video's) from industry association/member organizations to members 90% Rural producers' level of satisfaction with quality and applicability of facilitated content (qualitative)
1.2 Facilitated access to affordable climate smart sustainable technologies and production systems for rural producers and MSME's.	938 rural producers accessing target services & information (Women/men, ethnicity) 4 ^{xix} of service providers &/or input suppliers with improved business practices/acumen & outreach to rural markets Rural producers perception of usefulness of facilitated inputs (qualitative)
1.3 Facilitated access to financing, start-up funds and business support and compliance services (including environmental audits and planning) for rural producers and MSME's.	1,570,378 GEL / 538,228 CHF ^{xx} value of financing leveraged from external sources (women/men/youth) 6 MSME's leveraging funding from external sources to the programme e.g. IFI's, government schemes, NGO's, and RSMEDP 71 women/youth rural businesses started 4 ^{xxi} enterprises supported with business development services (e.g. business management certifications; Food Safety and Hygiene, Environment & Health and Safety) 139 ^{xxii} jobs in new or developed financed enterprises (women/men/youth)

OUTCOME 1 INTERVENTION ACTIVITIES (1 PAGE)

Interventions for Outcome 1 in climate-smart veterinary and animal husbandry inputs, climate-adapted beehives, and climate-resilient extension through the Rural Development Agency's (RDA) Information Consultation Centers (ICC's) are well underway, as reflected in the increase in scale and other impact indicators since the last report. Facilitation of access to funds is ongoing, bolstered by the expansion of Women's Room Union initiatives and collaboration with the SDC Rural Small & Medium Enterprises Development programme (RSMEDP) with their funding to the Georgian Milk mark Federation (GMF) for BDS. Considerable effort has been dedicated to supporting the Journalism Resource Centre to establish their programme, under the partial action of the SDC's regional initiative, to bolster media content for rural producers reliant on agriculture and natural resources in Georgia, Armenia and Azerbaijan in the face of climate change.

Extension: RDA ICC's in twelve municipalities, including four based in Azerbaijani and Armenian communities, are providing farmers with climate-adapted extension to help them cope with the adverse effects of climate change on their livestock production. Twelve extension specialists were trained by Momavlis Fermeri an NGO working with agricultural extension, who then conducted trainings for 103 farmer in December. The next training cycle for extension specialists and farmers will start in spring. Climate change-tailored content has been introduced and emphasis placed on evaluating training effectiveness and refining record-keeping. Content is being brought together in a comprehensive training manual. Information about state support programmes for which the attendees are applicable and is relevant to their production, from RDA and Enterprise Georgia is also provided and about which they were unaware before.

The Georgian Beekeepers Union (GBU) completed the fourth phase of beekeeping trainings in November 2023 with 157 training sessions, serving 2,990 beekeepers (165 of whom were women, 26 were Armenian and 30 Azerbaijani beekeepers) throughout Georgia in this reporting period. In total, 6,569 attendees have been trained since May 2022, among them 323 women, 47 Armenian and 62 Azerbaijani beekeepers. This is a collaborative effort between the GBU, the Environmental Information and Education Centre (EIEC) and the Regional Development Agency. To date climate related content has mainly been verbal or in separate elements throughout the training. From spring 2024, a new dedicated climate change module with broader scope and greater detail will be introduced to the trainings. The GBU conducted an online survey on the trainings in October 2023. 90% of attendee beekeepers have already applied the information received, resulting in a notable decrease in bee diseases and mortality rates by up to 40% and increased productivity by 20-30%. In terms of specialist application, 33% of attendee beekeepers had already applied information on disease prevention in different climate conditions and 24% hive ventilation techniques. In December, the GBU initiated and submitted an

updated Vocational Educational Standard in Beekeeping to the National Center for Educational Quality Enhancement, the first update since 2015. The revised standard increases the skill level of the course within the National Qualification Framework (NQF)⁹. The updated standard now includes Jara teaching, making it obligatory for all colleges offering beekeeping programmes (13) to incorporate Jara into their curriculum. The colleges will be required to undergo accreditation and adopt the new standard after it is enforced in 2024.

Outreach of Climate-targeted sales and services: During this reporting period, Roki, a veterinary input supplier, has piloted targeted sales of climate-smart veterinary solutions via eighteen focal point vet pharmacies, including four within Armenian and Azerbaijani communities, partnering with the GMF with its forty-one members covering 7000 milk suppliers as well as three VET colleges with veterinary programmes, Aisi, Kachreti, Kakheti, Amagi, Gori and Opizari, Akhaltsikhe. Focussing on Rumifos, a domestically produced prebiotic for livestock, Roki aims to sustainably combat climate-induced digestive and stress-related challenges. Rumifos has been shown to enhance milk yield and live weight gain by approximately 10-15%. Roki asserts that combining Rumifos with other veterinary inputs like vitamins, mineral licks, and udder treatment solutions can further amplify these benefits, potentially leading to a 15% increase in milk yield and 20% in live weight gain. Collaborating with the GMF, Roki conducted training sessions for 200 milk supplier farmers from October to November. Farmers attending the trainings, responded well to the climate-grounded messages, as it reflected their needs and experiences and displayed a keen interest in purchasing these products. Moreover, to disseminate knowledge on mitigating heat stress in animals due to climate change, Roki produced two videos on heat stress and Rumifos and two flyers in early summer, which reached 125,000 views and 174 shares across various social media platforms. The programme has worked hard with Roki to improve their management of evidence and data for their products, identifying gaps for future research and developing information-rich marketing for the climate smart products to a carefully profiled target group. A second phase will also include a roll out to more VET pharmacies.

Climate Smart Beekeeping Inputs: Unprecedented weather and a resultant decrease in income among beekeepers has affected the sales of beekeeping input producers in the programme. However, *Skalona* a producer of climate-adapted beehives in Samegrelo, won a tender announced by the Agroservice Center of the Ministry of Agriculture of Ajara in July 2023 to make 1,160 climate-adapted beehives for 147 beekeepers through linkages established at the Tbilisi Honey Festival 2023. The producer was able to fulfill this order due to the increased production capacity facilitated by the programme. Furthermore, winning this tender enabled Skalona to expand its presence into the previously untapped region of Ajara. Similarly, Apiguru, a beehive producer in Guria, navigated reduced demand by securing two substantial orders from larger beekeepers. Both producers began to strategically target Armenian and Azerbaijani beekeepers. Apiguru hosted 18 beekeepers (including 5 women) from Samtskhe-Javakheti, out of whom 15 were Armenians. This marked Apiguru's initial effort to establish communication and broaden its outreach to Samtskhe-Javakheti. Skalona put flyers in Azerbaijani language in Marneuli vet pharmacies. Tamaz Ghlonti, a beeswax producer now stands as Georgia's pioneering entity providing beeswax printing services specifically tailored for bio beekeepers. However, the substantial decline in honey production in 2023 affected sales volumes. Despite this challenge, the company remains well-prepared with the requisite facilities and equipment for the upcoming beeswax foundation printing season, scheduled to begin at the end of January 2024.

Access to Funds: Of the 42,000 GEL awarded by RSMEDP to the GMF 26,000 Gel has been disbursed into providing BDS support to GMM dairies including hiring two BDS companies to help six members apply for USDA SQIL programme co grants to improve milk safety and quality, all of them were granted with a total co-investment of 85,704 USD in this reporting period. The total co-investment of dairies is 101,059 USD. Forty-nine women received small grants for business startups from various sources through the Women's Rooms, including from municipal budgets, the Micro & Small Grants Programme of Enterprise Georgia, the IDPs Agency, and the Office of the State Minister for Reconciliation and Civic Equality. A total of 323,500 Gel was disbursed, resulting in the creation of forty-nine jobs. Additionally, twenty-three women-led community initiatives received funding from municipalities, totalling 313,000 Gel, facilitated through village meetings.

Services to Vulnerable Groups: Women's Rooms (WRs) continue to serve as primary channels for Gender Equality and Social Inclusion (GESI) initiatives. Six female survivors of domestic violence in Signagi municipality received 30,000 Gel for educational courses and business startups through the WR's assistance. In Akhmeta and Zugdidi municipalities, four IDP women received a combined total of 16,000 Gel in small grants via the Women's Room. The Women's Room in Khulo supported disabled children by funding their treatment in wellness resorts. Throughout December, all Women's Rooms participated in a sixteen-day information campaign against violence towards women. Lagodekhi Women's Room advocated for the allocation of 500 Gel per victim of violence.

⁹ To four from three. An instrument used to classify a country's qualifications at different levels. Each level is defined by a set of learning outcomes expected at that level. [Georgian NQF](#).

OUTCOME 2 SUSTAINABLE MARKET ACCESS IN DAIRY, BEEKEEPING, BACON, WILD BOTANICALS AND SILK MARKET SYSTEMS

Outcome 2: Sustainable and diversified MSMEs provide more reliable, value-added market access to rural producers.	
Outcome 2 Indicators	Total results
# of farmers/rural producers integrated into diversified value chains and markets	1,777 (72% Women, 28% ethnic minority) (25% of targeted 7,000) <i>Ongoing: 45%</i>
# of entities crowding in	2 ^{xxiii} (40% of targeted 5)
# of entities expanding their businesses	16 ^{xxiv} (160% of targeted 10)
# of sustainability advocacy initiatives	13 ^{xxv} (163% of targeted 8)
Value of exported products: (Cross border & other countries)	3,866,491 GEL / 1,325,184 CHF ^{xxvi} (77% of targeted 5 million GEL / 1.6 million CHF)
Number of MSME's with access to value added and diversified markets (i.e. Bio certified, quality assurance, regional brand, diversified products)	13 ^{xxvii} (108% of targeted 12)
% of rural producers' with increased satisfaction with improved access to reliable value-added markets	N/A (TBD %/ qualitative)
Outputs	Indicators
2.1. Increased sustainability, self-representation, empowerment and advocacy for equitable terms of trade by rural producer member associations.	24 ^{xxviii} of retailers making positive changes to sourcing, purchasing and marketing/sales practice 16 ^{xxix} of suppliers with more positive experience of supply/sales 8 ^{xxx} of desired objectives reached by advocacy initiatives 4,724 ^{xxxi} of services provided to members 91% ^{xxxii} increase in paying members N/A% of members and perception of improved sense of representation and empowerment (%/qualitative)
2.2. Increased value addition to rural products through enhanced image and promotion of Georgian regions, regional and national products.	1 ^{xxxiii} regional products developed 1 ^{xxxiv} of products with enhanced value addition 1 ^{xxxv} of breeds with enhanced image and recognition 5 promotion initiatives Producers and entities' perceptions of product image (qualitative)
2.3. Facilitated access to affordable certification (e.g. bio) and quality assurance (e.g. GMM) for rural producers and MSME's	3 ^{xxxvi} MSME's gaining certification (e.g. Bio) 49 of rural producers supply to certified MSME's 567,590 GEL Value of sales of certified MSME's (e.g. Bio) Perceived benefit of attainment of certification. (qualitative)
2.4. Increased volume and value-added MSME production of diversified rural products	9 ^{xxxvii} MSMEs with increased capacity/utilization of value-added meat, milk, honey, wool and other rural raw materials e.g. silk, wild flora, bee products, queen bees 1,777 (796 ongoing) rural producers supplying supported entities (Women/Men) and gaining access to diversified markets

OUTCOME 2 INTERVENTION ACTIVITIES (2 PAGES)

This reporting period saw active implementation deepen and commence in all sectors under Outcome 2: dairy, honey, lori (bacon), wild botanicals and silk as illustrated by the percentage of scale derived from 'ongoing' interventions decreasing significantly from the last report. (45% compared to 67%)

Dairy: In the reporting period, the Georgian Milk Mark Federation (GMMF) enhanced its organizational capacity, increased the number of the members from thirty-seven to forty-one and commenced improved service provision to their 41 members. In December 2023, a new executive director was appointed to lead advocacy efforts, grant applications, and enhance federation services. The GMMF hired two BDS companies and helped six members apply the USDA SQIL programme for dairy funding. The federation funded international HACCP certification for one member and partially supported another's participation in the U.S. Private Label Trade Show, Chicago, one of the

largest dairy expo's in the world. A very successful study tour was organized for 14 member dairies to enhance collaboration and share experiences in milk processing and cheese making. A transformation of GMF members from competitors to collaborators, fostering information sharing, has been observed in the Federation.

Unfair Trade: The GMF facilitated a meeting between seven members and J & T Legal Consulting Company¹⁰ to assess the current reality of dairies supplying supermarkets. The meeting revealed increased confidence among dairies in dealing with supermarkets, however dairies still face problems in communicating with and negotiating favorable formal conditions. Training on negotiation and understanding contracts will be rolled out this year as well as plans for a 'positive' media campaign highlighting the benefits of the mark.

The Business Institute of Georgia (BIG) which administers the mark, now has twenty-two Georgian Milk Mark (GMM) dairies with permission to use the mark, of whom twenty-one have incorporated the mark on their labels. Fifteen dairies have applications in process. In the reporting period, BIG was focused on promoting GMM among consumers. Including through influencers. The programme is keen to continue the strengthening of both organizations, for the GMM this means reaching the break-even point of 30 dairies regularly paying to use the mark. BIG, conducted research in December with thirty supermarket managers from thirteen supermarket chains interviewed concerning the GMM. *See Annex 1 System Change: Outreach and Uptake*

Honey Sector Associations: Five years since the launch of the Georgian Beekeepers Union, the GBU is demonstrating strong signs of organizational sustainability by increasing the memberships, income¹¹, trainings and other service provision, *see Annex 1 System Change: Outreach and Uptake*. The GBU continued cooperation with the FAO NAITS programme on Apiary Identification and Registration. To date, there are 577 apiaries registered into this system, out of which 565 (98%) were registered by the GBU. The GBU with the Ajara Beekeeping Business Association (ABBA) organized Batumi Honey Festival in August 2023, 50% of the festival budget came from the participation fees of forty member companies. The GBU has become a member of the Committee on Agrarian Education of the EIEC of MEPA and, also a member of Agro Duo, a professional skills development organization, both supported by SDC. The GBU has signed a service contract with the Georgian Farmers Association to provide trainings to 625 beekeepers in five regions by May 2024. In October 2023, the GBU with a tourist company Tamada Tours hosted thirty beekeeper tourists from Poland.

The Jara Beekeepers Association (JBA) is continuing export of Bio Jara honey to Japan. The honey is now shipped ready in jars instead of in large plastic containers, accruing new experience in packing and labelling for the JBA. This helped the company to enter a new export market in the US www.taplico.com with two orders in the reporting period. *See Annex 1*. Cold-pressed Bio Jara honey, a new product of the JBA and Bio Jara honey Mead made by the winery Tezami were exported to Japan for the first time. MYM International¹² launched the Japanese Jara honey website www.jarahoney.jp. In October 2023, the JBA generated additional income by hosting three tourist groups¹³. Due to prolonged periods of unseasonal and heavy rainfall during the spring and summer months, the JBA aggregated 30% lower volume of Bio Jara honey than in 2022, just enough to cover JBA expenses for 2023.

Bio Certification: The annual Bio certification encountered difficulties in the reporting period. Supported by the Agro Service Center of the Ministry of Agriculture of Ajara, changes in the Centre's management led to uncertainty and late co-financing negatively affecting implementation of the JBA internal control system for group Bio certification. This resulted in incompliances and a request for corrective actions from Caucascert. The ALCP2 facilitated the JBA with the help of Elkana, to make the required actions and receive the Bio certificate for 29 members, three members being removed from the group for failing to meet standards. The JBA, with the help of Elkana, is continuing advocacy with the RDA to make changes in the RDA Bio Production Promotion Programme to allow co-financing of group Bio certification for already functioning Bio-certified groups and increasing the grant amount per group. The ALCP2 facilitated beeswax producer Tamaz Ghlonti, is in the process of Bio certification of its processing unit, which will make bio certified beeswax foundation (a major component of organic conversion) available from spring for beekeepers throughout Georgia.

¹⁰ J & T Legal Consulting Company developed a draft law for addressing unfair trade practices with supermarkets

¹¹ GBU income has become more diverse and reached 48,710 GEL in the last six months compared to 38,282 GEL total income for the previous twelve months (May 2022 - June 2023). 92% of the income came from paid trainings, 6% from membership fees (a threefold rise from 2022), 1% from Batumi Honey Festival profits and 1% from other paid services.

¹² Japanese import company, committed to continue buying Bio Jara honey for three consecutive years

¹³ One of which was organized by German beekeeping journal Das Deutsche Bienen-Journal including twenty German beekeepers.

Honey Production: In the reporting period, the ALCP2 signed grant agreements with two new honey companies *Meg Honey Ltd* and *Tapli Sakhlishi Ltd*, both in Guria and continued facilitation of existing clients. The poor harvest significantly affected Bulk honey exporter *Api Geo Ltd*, who only exported one full container of acacia honey to France in 2023 compared to five containers in 2022. To diversify its income streams, the company aggregated and supplied over 48 tonnes of blossom honey to government entities and provided processing and bottling services to large wine company *Khareba*. As a result of ALC2 co-investment, *Royal Honey Ltd* fulfilled orders twice as fast as before, doubling their sales volume. Their domestic market is growing with existing buyers increasing order volumes and new buyers. The company expanded its production of *Gozinaki*¹⁴ at new year which has become immensely popular and opted to invest in a distribution vehicle to distribute products throughout Georgia and hired ten new people (8 women, 2 men) to fulfil the orders on time. The company is in the process of implementing the HACCP, necessary for export. *Tapli Sakhlishi Ltd*, the largest honey producer in the domestic market, was in danger of closure due to incompliance with HACCP. Construction of a new compliant factory is ongoing. ALCP2 co-financing helped the company in timely aggregation, processing and distribution of up to 40 tonnes of honey to up to 2,000 shops for New Year sales. The first batch of four types of creamed honey was successfully bottled by *Meg Honey Ltd* and is being sold in speciality shops. The company's founders have successful experience in exporting bottled honey to the EU but lacked factory facilities. Negotiations with partners in the EU and Gulf countries are ongoing. All five companies showcased products at the Batumi Honey Festival. *See Annex 1: Outreach and Uptake*

Lori: A first round of seven Lori producers were co-funded in Racha during the reporting period, to produce Lori compliant with new production specifications for Traditional Rachuli Lori developed during the reporting period. The specifications were agreed through extensive research, consultation and discussion with producers and developed by a MEPA specialist and the programme. To date five have completed significant upgrades in processing, smoking and storage infrastructure and processing methods in line with the specification guidelines are resulting in almost doubled production capacity per producer. Ten more producers will be funded in the next reporting period. The specifications were submitted for the registration of Geographical Indication (GI) in the National Intellectual Property Centre of Georgia (Sakpatenti). Simultaneously, specifications for Kakhuri Shashkhi are being reviewed by the Marketing Council of MEPA and the National Food Agency before being submitted to Sakpatenti for the registration of the GI. In Kakheti, the ALCP2 identified a potential entry point for producing Kakhuri Shashkhi, the owner of a chain of extremely popular restaurants in Tbilisi famous for their pork dishes. The programme received positive feedback on the well-crafted specifications for Traditional Rachuli Lori from an international GI expert at UNIDO. The ALCP2 facilitated two coordination meetings with the Georgian-Swiss Intellectual Property Project (GESIP) to exchange information on respective work related to the GI of Traditional Rachuli Lori. Project specialists also provided recommendations to MEPA on the specifications for Traditional Racheuli Lori in the development process.

Wild Botanicals: ALCP2 facilitation has allowed Ajara based *Noma Ltd* to increase their outreach to rural areas, where local rural pickers were unable to collect and sell wild botanicals¹⁵ due to difficult mountainous terrain that the companies buyers could not previously reach. So far the company has increased the scale and volume of collection by 30% and hired five additional seasonal workers in their processing facility. The company is still expanding its processing facility and construction works are ongoing to comply with HACCP, which will allow *Noma* to sell direct to the EU and at better prices. In the reporting period, *Sunelis Sakhli* in Shida Kartli, increased the volume of collected wild botanicals by 20% compared to last year. In 2023 the company paid 2-4 GEL more to rural pickers for 1 kg of raw wild botanicals than the previous year. Due to being able to enter premium markets due to increased supply. During the reporting period, BLG company mulberry producers completed the rehabilitation works of the new mulberry processing enterprise, and the purchase of production equipment ready for new production in 2024. This year mulberry yields were low because of prolonged rains from April to June and frequent hail in July that destroyed the fruit.

Silk: After identifying Akhmeta municipality, Kakheti region, as a viable geographical entry point to begin building a silk value chain, the programme focused on bringing together key stakeholders to discuss the viable development of the sector. In December 2023, a Silk Advisory Committee meeting was held in Tbilisi to discuss the idea of creation of Akhmeta Silk Centre, *see Annex 3 Silk Advisory Committee Meeting Minutes*. The idea was supported by the majority of stakeholders and considerable gains made, including the agreement by the Ministry of Economy and Sustainable Development to transfer the building to a public entity rather than allow it to be sold to a private

¹⁴ Chopped nuts boiled in honey, particularly important as a New Year's food.

¹⁵ Dwarf Everlast, Rose hip, Eucalyptus leaves and Bilberry

investor. The current challenge is finding a committed legal entity to whom responsibility for management of the centre can be transferred. The engagement of relevant stakeholders is however excellent including Kakheti regional and local government, the local VET college, MEPA departments producing mulberry seedlings and quality silk-worm eggs and ready to disperse them to farmers, MEPA being ready to include silk in its grants and agri credit schemes and the Silk Museum delighted to participate in a viable rebirth of silk in Georgia. To date approximately twenty more families have already declared themselves interested in producing silk this summer in addition to the original four in 2023.

OUTCOME 3 EQUITABLE ACCESS TO LOCAL NATURAL RESOURCE USE

Outcome 3: Local institutions provide improved access to more equitable local decision making and agency over natural resource use for rural producers	
Outcome 3 Indicators	Total results (% Against Target)
# of rural producers with improved equitable access to local decision making and agency over NR use	N/A <i>(Women/men, ethnicity) (5,000)</i>
# of local institutions providing improved access to local decision making and agency over NRM and use	2 ^{xxxviii} <i>(20% of targeted 10)</i>
# of entities crowding in	N/A <i>(5)</i>
# local entities expanding their businesses	N/A <i>(10)</i>
# of sustainability advocacy initiatives	5 ^{xxxix} <i>(63% of targeted 8)</i>
% of rural producers' and local MSME's with increased level of satisfaction with inclusive local decision making concerning local natural resource use	N/A <i>(%/qualitative TBD)</i>
Proportion of women with a positive perception of their influence on business and economic-related decision-making	N/A <i>(target TBD)</i>
Outputs	Indicators
3.1 Increased informed, equitable participation in local natural resource use initiatives.	N/A # of rural producers with increased knowledge of local natural resource use and management 1 ^{xi} # of more inclusive local natural resource-based initiatives N/A # of rural producers benefitting from inclusive community initiatives N/A Rural producers' sense of empowerment (qualitative)
3.2. Facilitated access to resources and opportunities afforded by local rural hubs.	4,228 (3,572 women) of rural inhabitants with increased access to resources derived through rural hubs 635 ^{xii} outreach events e.g. trainings, seminars, open days, for local residents and invited visitors 32 ^{xiii} of improved linkages public/private with rural hubs 14,060 (9,775 women) visitors/users/accessing services of rural hubs. 23 initiatives of value (313,000 GEL / 107,276 CHF) women/men/youth instigated community/livelihood related initiatives Perceived benefit to rural producers of these linkages (qualitative)
3.3. Increased cohesion and purpose of Caucasus region conservation and environment stakeholders.	2 ^{xiii} of regional environmental and sustainable rural development initiatives 2 ^{xiv} # of desired objectives reached by environment and sustainable rural development initiatives 4 ^{xv} of joint/regional education, knowledge exchange and awareness raising activities on sustainable development and climate change

Work in Outcome 3 deepened considerably in the reporting period, with relationships forged with a wider and more effective range of market actors and the development of a greater understanding of what are extremely complex issues.

Deepened linkages and sectoral understanding: The ALCP2 participated in the First International Summit on Protected Areas in Georgia, supported by Sida and organized and hosted by the Agency of Protected Areas (APA), MEPA and INGO Global Conservation, on November 7-9th, 2023 in Borjomi and signed the Declaration of the Borjomi Summit, a statement of twelve commitments and aspirations to advance the management, conservation, and sustainable development of protected areas. Equitable inclusion and empowerment of local communities in decision making, data gathering, enforcement and enrichment of protected areas was a key theme through six of the twelve recommendations of the Declaration. The ALCP2 Team Leader attended the conference on Biodiversity and Large Infrastructure Projects in Georgia organized by local NGO SABUKO and the Heinrich Boell Foundation with the support of the Embassy of the Federal Republic of Germany in Georgia. It was illuminating to learn of the environmental compliance struggles of large public projects and the difficulty in ensuring their environmental accountability despite apparent oversight, which reemphasized the seriousness of the lack of local oversight in burgeoning, erratic and often unchecked small and medium development in areas of high biodiversity and environmental value.

An excellent linkage for proceeding with disseminating information to local government and rural citizens on climate change and their rights and responsibilities in managing rural natural resources in their municipalities, was made with Tamar Aladashvili, Head of the Environmental Information and Education Center (EIEC) of MEPA. An intervention will be developed for outreach through the EIEC in the next reporting period. Another excellent linkage for lobbying for the creation of protected landscape in mountainous Ajara was made with Karlo Amirgulashvili, Head of Biodiversity and Forestry Department of MEPA.

Goderdzi Pass Development: Intense facilitation with Goderdzi Friends resulted in halting the process of approving the Goderdzi Pass Development Master Plan, which included the development of substantive green field sites in prominent locations of outstanding beauty in Goderdzi as well as developing existing ones. The National Environmental Agency (NEA) issued a report based on the Goderdzi Friends recommendations¹⁶ document, and the Ministry of Finance and Economy of Ajara now has to resubmit the document according to the report's recommendations. A clearer vision is developing regarding the future vision for sustainable Goderdzi development among advocates. Key elements are maximizing the potential of and greening existing sites (Goderdzi Resort and Beshumi), and developing local inclusion and local government efficiency. Programme facilitation of Khulo City Hall to ensure public participation in the review of the Master Plan, showed that local government capacity is paramount in developing landscapes in Georgia and they need to be better informed, more efficient and more transparent in their ability to support the sustainable development of their municipality.

Goderdzi Protected Landscape: Erratic, unplanned and unregulated micro and medium developments are ruining landscapes in mountainous Ajara and the need for nature and cultural heritage protection has become a topic of utmost importance. In the reporting period, the programme started facilitation of the Department of Tourism and Resorts of Ajara in reviving an idea from 2022 of creating a protected landscape in mountainous Ajara. The idea was suspended due to the Ajara government waiting to finish the legal procedures in creating the Matchakhela Protected Landscape, completed in 2022. Consultations were held with relevant stakeholders from Biodiversity and Forestry Department of MEPA, Ilia State University, UNDP, WWF and Goderdzi Friends, who support the idea. Meetings with other key stakeholders are planned. An Emerald site is also proposed for Upper Ajara but cannot move forward until elements of the new Draft Biodiversity Law are enacted. (See *Evolution of the Context*)

¹⁶ Developed as a result of document review, site visits and attendance at the public hearing held in Khulo City Hall and including forest management, hydrology, access to water for locals, geology, disaster risk management, impact on nature landscape, impact of climate change and mitigation strategy and waste management.

Protection of Goderdzi Alpine Garden: The illegal development begun adjacent to the garden has been stopped¹⁷. The forest that surrounds the garden represents a subalpine forest ecosystem that sustains and forms a natural ecological ‘buffer’ protecting the biodiversity of the garden itself. Currently the inexistence of law on botanical gardens and buffer zones around them makes it impossible to create a buffer zone with legal status. Therefore, consultations are ongoing with Goderdzi Friends, Ajara Forestry Agency and the Biodiversity and Forestry Department of MEPA to consider options for protecting the zone under existing legal mechanisms which are either to grant forest category status under the Forest Code of Georgia or to include the area as part of a larger Protected Landscape.

Biodiversity Data for Value Creation: The programme facilitated biodiversity research to create a map showing areas of high conservation value (including rare plant populations and protected areas, actual and proposed) in Ajara. The work has identified thirty-one high conservation value areas in mountainous Ajara (Khulo, Shuakhevi, Keda) that need to be preserved to prevent their destruction from erratic, unplanned and unregulated developments. Seven of these areas fall into the area proposed for creating the Protected Landscape in mountainous Ajara and one of the high conservation value areas is the forest around the Goderdzi Alpine Garden.

Rural Hubs: The Women’s Rooms Union (WRU) intervention working through and supporting the network of thirty-two rooms and supporting rural women/youth in accessing funds for business start-ups and creation of new jobs, is building the sustainability of the Union in terms of their organisational capacity, fund raising and project implementation. In the reporting period, the ALCP2 helped the Union update its statute and re-register in the Public Register System to be compliant with the new law on Entrepreneurs. The number of board members was increased to three, which was registered in the statute, meaning there is now an extra person to run the organisation. Two consultants, one HR specialist and one experienced fund raiser were hired. With their help, the Union has already developed a more effective team focused on strengthening and scaling up the Women’s Rooms service in the whole country as well as successfully applying for donor funding to implement GESI related projects for which they are ideally placed. In November, the Union received a second grant from the Women’s Fund in Georgia, 10,000 euro to support the prevention of violence against women in seventeen municipalities of Kakheti, SJ, Imereti and Racha. The Union also helped rural women from Khodjabeki Village, Ninostminda to get 20,000 Gel funding from the local budget for their community initiative.

Strengthening Rural Outreach: Women’s Rooms manager members from nineteen municipalities in eight regions of Georgia attended the Union’s Annual General Meeting from December 12-14th in Tskaltubo. The meeting reviewed two years’ work and held training sessions on communication, fundraising, inclusive working principles, data collection and knowledge management. Many of the rooms function as rural hubs in remote areas reaching parts of the population which often go underserved. During the reporting period, the Women’s Rooms network gave 14,060 individual consultations (64% women and 36% men) and conducted or hosted 266 information meetings and 245 trainings with a total number of 9,042 participants out of whom 88% were women. Thirty governmental and non-governmental organizations¹⁸ have worked with the Women’s Rooms during the last six months to reach their target audiences.

¹⁷ In response to the ALCP2 letter sent to Batumi Mayor, Khulo Mayor, Ministers of Finance and Economy and Agriculture of Ajara and the Forest Agency of Ajara proposing the protection of the forest around GAG by creating a Natural-Landscape Territory (buffer zone), Ajara Forest Agency started procedures to cancel the lease agreement and Khulo City Hall stopped the illegal construction

¹⁸ International Organization of Migration (IOM), UN Women, UNDP, World Vision, CENN, GIZ, EU Commission, Solidarity Community NGO, SAORSA NGO, Academy of the Ministry of Finance, EU for Georgia Media Centre, the Office of the State Minister of Georgia for the Reconciliation and Civic Equality, Kakheti Regional Development Fund (KRDF), NDI, Local LAGs, Media Center Kakheti, Rural Development Agency, Women Information Center, Civic Equality Platform, Kvemo Kartli Women Association, IDPs Agency, Democratic Women Organization, Ombudsmen of Georgia, NALAG, Small & Medium Enterprise Development Association SMEDA, Anti-Violence Network of Georgia, Keda Community Education Center, Fund Sokhumi, Society of Democratic Women of Marneuli, Ajaristskali Georgia LTD.

4. FINANCES AND OPERATIONS

In this section the status of the spending of the implementation budget, any significant budget deviations, the pattern of spending outputs and team management and human resources are discussed for the reporting period.

IMPLEMENTATION BUDGET STATUS UPDATE

No major budget deviations have occurred in the reporting period. Spending is consistent with the point of programme implementation, that is 20 months or 41.6% of programme implementation. The DCED audit in autumn/winter will be paid for from the Technical sub-contractors line.

Table 1: Investment Support Facility and Technical Contractors (including DCED Audit) Budget Funds and Spending Percentages

ALCP Support Facilities (CHF)	Total Budget from May 2022	Funds remaining June 30 th , 2023	Funds remaining December 31 st , 2023
Alliances Investment Support Facility	1,250,000	1,015,584 CHF (19% spent)	759,580 CHF (39% spent)
Technical Sub Contractors	55,000	45,357 CHF (18% spent)	41,534 CHF (24% spent)

DESCRIPTION OF SPENDING OUTPUTS

In this reporting period in an intensive period of programme facilitation, the ALCP2 invested in two honey and two dairy entities, seven Lori producers, one association, Goderdzi Pass advocacy, a silk Advisory Committee and extension interventions in dairy and honey sectors. See Figure 1 below and *Annex 3 List of Interventions in the Reporting Period* for more details.

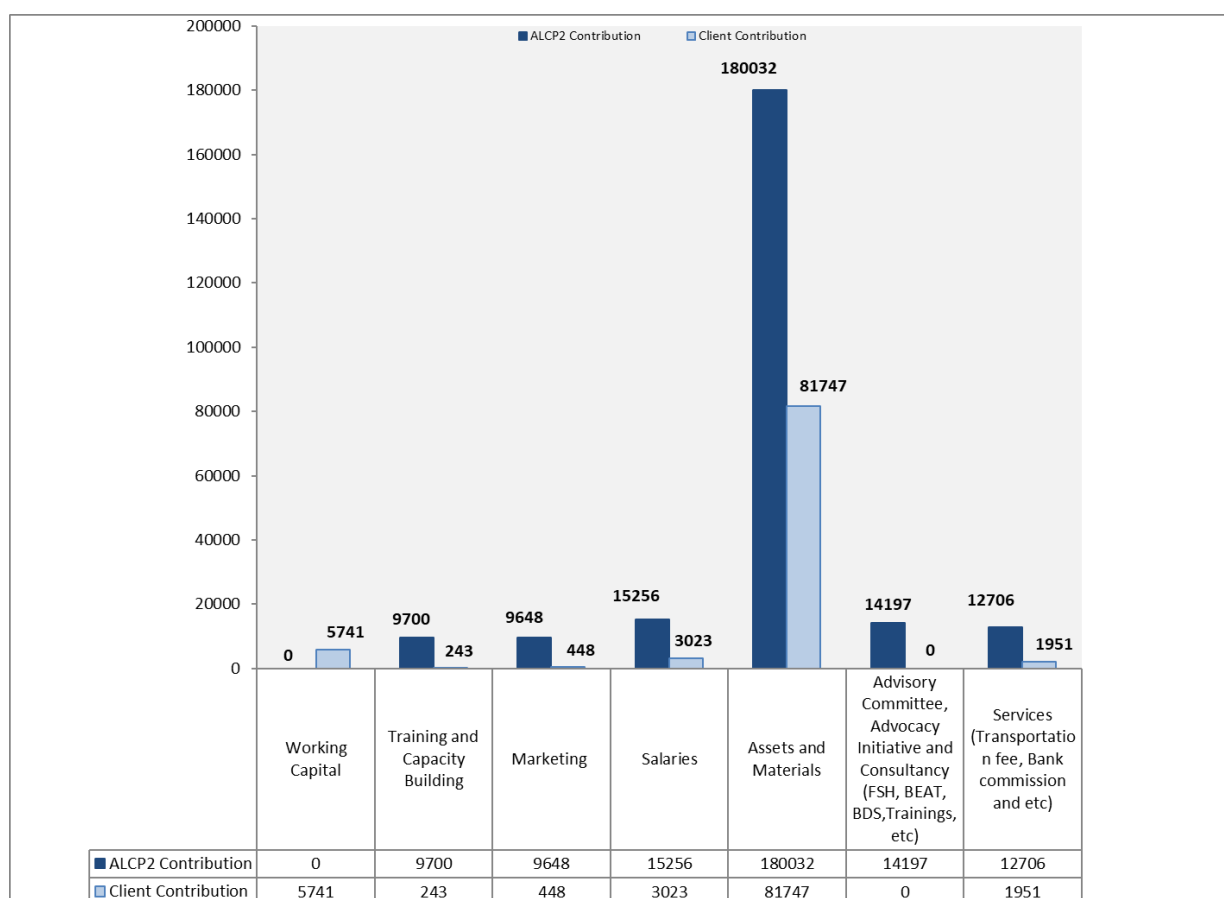


Figure 1. Showing the Outlay of ALCP2 and Client Contributions in the Reporting Period in USD

TEAM MANAGEMENT, HUMAN RESOURCES AND OFFICE MANAGEMENT

All offices are functioning well across Georgia. The Results Measurement Officer for Batumi moved on in October wishing to return to Tbilisi. Recruitment for this position had been exhaustive and required three rounds therefore rather than re-recruit and given that now the RM system is largely set up, capacity within the system was utilized, with the salary for the vacant position covering it. The existing Results Measurement Analyst, a position which was three days a week, was expanded to full time and with added responsibility for Ajara and monthly travel and two Senior RM Officers on 80% were increased to 90% to absorb some other RM tasks. The former Operations Manager for MC and the ALCP left in September, the existing Senior Logistics Officer for Ajara was promoted to Operations Manager for MC and ALCP2 Georgia and a new Logistics Procurement Officer based in Tbilisi with a dedicated commitment to Marneuli, was hired.

5. PROGRAMME RELATIONS

This section describes external programme relations in terms of self-review, external communication and dissemination of programme materials, research and publications and networking both internally and externally, coordination and collaboration with other development programmes.

SELF-REVIEW AND DISSEMINATION

A new section Climate Change and Biodiversity, curating relevant publications has been created on the ALCP2 website www.alcp.ge in the Library section. The ALCP2 was one of three Mercy Corps MSD programmes showcased in a core session for economic development in the Mercy Corps Asia Regional Gathering held in Bangkok in October. The ALCP2 hosted members of the MC Global GESI Summit cohort who had convened in Tbilisi, in the Marneuli office in October, discussing WEE programming for impact in MSD interventions. The Team Leader was an invited (remote) speaker at the Advanced Monitoring and Results Measurement Training in Bangkok in October, exchanging with course participants in a session on Management and Results Measurement.

NETWORKING, COORDINATION

Coordination: Coordination was ongoing with the SDC RSMEDP for business support services to GMM dairies through the GMMF and the SDC/ADA FAO NAITS programme concerning apiary registration. The ALCP2 programme continues close sectoral coordination with the USDA Land o Lakes Safety and Quality Investment in Livestock (SQIL) project and held handover meetings with the UNIDO *Increasing the Competitiveness of MSME's in the Samegrelo Zemo Svaneti Region Through a Cluster Development Approach* project regarding their Mukhuri honey cluster Geographical Indication activities. Just outside the reporting period the team held a second coordination meeting with the SDC funded Georgian Swiss Intellectual Property Project implemented by PMCG and two Swiss Government consultants concerning Geographical Indication for food products and for Tenili cheese and Rachuli Lori in particular. A working meeting was held between team leaders and key team members of the ALCP2 and the SDC Local Economic Development programme in Marneuli in late November 2023 focussing on understanding potential areas for collaboration, explaining the Women's Rooms Union and their suitability as a project partner for inclusive outreach and sharing information of propitious areas for project intervention with strong women's rooms, good geographical access and high ethnic populations.

CONCLUSION

The programme is very well underway with almost all interventions established and planning now in consideration for expansion of existing activities. As mentioned in the steering implications, establishing whether any further extension of the project is desired, will be key to the intervention planning process going forward. As the programme is investing so intensively in establishing new value chains, from research to regulation to compliant production, involving extensive stakeholder engagement, particularly in Lori, silk and Outcome 3, income scale is extremely hard won. However progress is expected in the generation of more income beneficiaries in the next reporting period with key climate smart activities rolling out for the spring.

ANNEX 1 SYSTEM CHANGE PER REPORTING PERIOD

This Annex provides an overview of system changes within the reporting period, highlighting crowding in, business expansion, sectoral transformations and behaviour change. In the following section it explores what makes a climate smart input, truly climate smart. Table 2 examines the product itself including its design, manufacture and operational business model producing it, the climate adaptation benefits of the product itself to customers, and the level of innovation for three climate smart inputs. It also highlights aspects of the sectoral growth in the honey and dairy sectors, looking at outreach and uptake.

System Change

In the bi-annual report 2023, there are a total of 21 business expansion cases identified across various sectors and regions in Georgia. Two instances of crowding-in were recorded, indicating that other entities are starting to adopt the intervention model from ALCP2 clients. This contrasts with the previous reporting period where 12 cases of business expansion, and no instances of crowding-in were reported. There were 13 business expansions and one crowding-in case in the GMM dairies, indicating that dairies are continuing to invest in the sector. Crowding-in cases occurred in Kakheti, where a new dairy enterprise, sought guidance on building design, production line, technology, processes and equipment from an existing GMM dairy. GMM enterprises showed sustainable growth through investments in technology, production, marketing, increased human resources, new sales channels, branding, and product development. The use of MSME financing and public grants for business development indicated both expansion and the enterprises' qualification to gain funding through formalized and compliant systems.

Despite the formidable challenges faced by Georgian beekeepers due to the unprecedented decline in honey production caused by adverse weather conditions in 2023, honey companies persisted in investing in their operations, demonstrating optimism and a commitment to the industry's recovery. In September 2023, the Georgian Beekeeping Union (GBU) participated in Armenia's 10th Annual Harvest Festival to establish linkages with leaders in beekeeping. This initiative led to a crowding-in case, with the Armenian Beekeeping Union being formed based on the GBU model. Presently, it unites 35 beekeepers, with plans for future growth. The Women's Rooms Union and the Georgian Beekeepers Union are reinforcing their sustainability by actively securing grants and expanding their programmes. Their active engagement in new projects stands as a testament to their ongoing efforts to enhance organizational capacity and adaptability, aligning with the emphasized need for increased resilience in the last report.

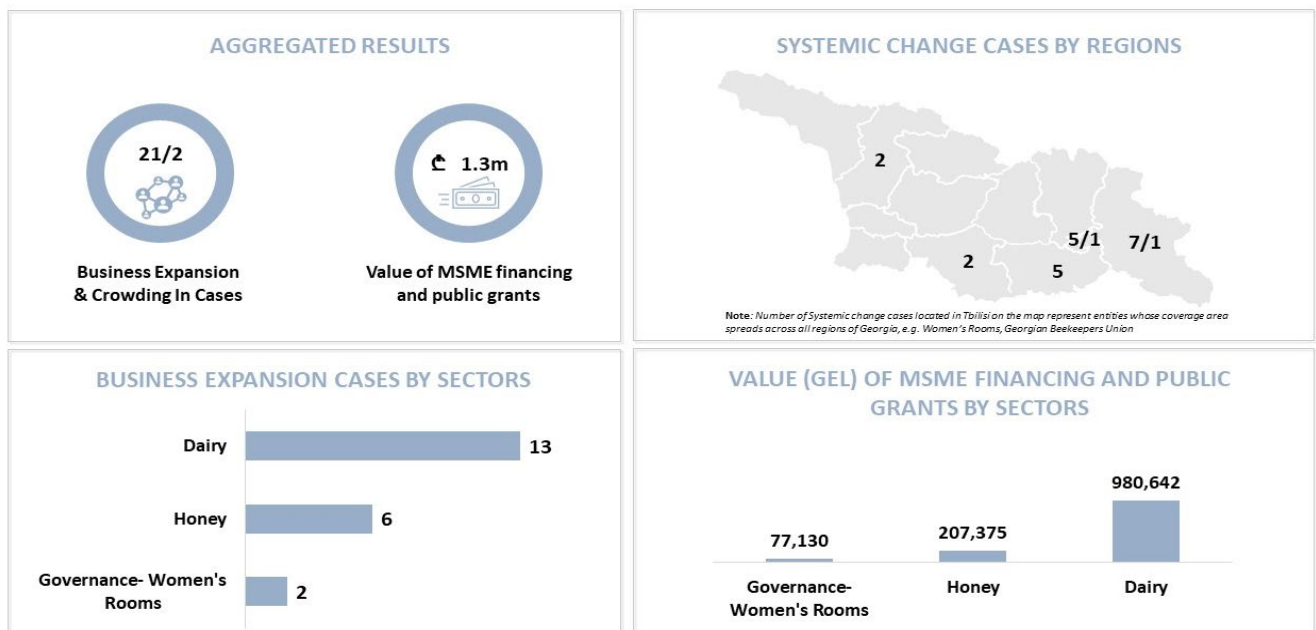



Figure 2 ALCP2 System Change May 2022 -December 2023

CLIMATE SMART SOLUTIONS IN LIVESTOCK AND BEEKEEPING

The ALCP2, guided by comprehensive market research, identified opportunities to counteract the adverse impacts of climate change in the livestock and beekeeping sectors by improving rural producers' access to climate-smart inputs in target areas. Emphasizing that climate-smart solutions need not necessarily be high-tech, the programme prioritizes practical, impactful, innovative, and relatively affordable approaches. So far, the programme has facilitated four market players, including veterinary input supplier ROKI, two climate-adapted beehive producers, and a bio beeswax foundation producer.

Adoption of truly climate smart solutions, reflecting real sustainability, requires consideration across all aspects of the business. The table below has broken this down into three categories of sustainability. Product, adaptation and innovation.

Table 2 What makes a 'Climate Smart Input' Truly Climate Smart

<p>Company & Product</p> <p>Description</p> <p><i>Company and climate smart product description</i></p>	<p>1. Product; Design, Manufacture and Process</p> <p><i>How sustainable is the product in terms of its purpose, materials used, impact on nature and business practices including; waste reduction, employee well-being, and wider community impact?</i></p>	<p>2. Adaptation to Climate Change</p> <p><i>How does this product help rural producers cope?</i></p>	<p>3. Innovation</p> <p><i>What is the climate-smart innovation aspect of the product?</i></p>
<p>ROKI LTD VETERINARY INPUTS MANUFACTURING AND DISTRIBUTION COMPANY</p>			
<div style="text-align: center;">  </div> <p>Rumifos Prebiotic for Livestock</p> <p>The ALCP2 is facilitating veterinary Input Supplier <i>Roki Ltd</i> to increase targeted sales and outreach of Rumifos for small scale livestock farmers. Rumifos is an exclusive domestically manufactured product for improving livestock digestion and immunity through optimizing gut flora. It uniquely contributes to sustainable agriculture by helping minimize antibiotic use, maximize feed inputs and reduce methane emissions.</p>	<p>Sustainable husbandry: Livestock industry interest in prebiotics and probiotics grew enormously in response to the 2006 ban on antibiotic growth promoters in the EU, Rumifos is an effective alternative:</p> <p>Antibiotic Reduction: it strengthens animal resilience against diseases, reducing antibiotic use.</p> <p>Domestic Production and Plant Based Composition: Rumifos is a domestically produced prebiotic, derived from stem cells of <i>Triticum durum</i> (wheat), <i>Avena sativa</i> (oat), <i>Hordeum vulgare</i> (barley), and <i>Zea mays</i> (maize).</p> <p>Gut Health: Rumifos provides essential nutrition to beneficial bacteria in the gut. An optimized microbiome is crucial for nutrient absorption, energy utilization, overall animal productivity and improved immunity. Also, it reduces methane emissions in the ruminant digestive system.</p>	<p>Digestive Balance: Climate change is leading to extreme and unpredictable heat and cold leading to decreased intake, appetite, digestive efficiency and weakened immune systems making animals more susceptible to parasitic infestation and other infections such as mastitis ultimately resulting in reduced milk yield and live weight gain. Rumifos enhances absorption by balancing gut flora, countering climate-induced digestive challenges.</p> <p>Increased Productivity: Rumifos increases milk yield by approximately 10-15% and live-weight gain of cattle by 10-20%. The benefits are higher when Rumifos is combined with other affordable Roki vet inputs.</p> <p>Immunity Boost and Resilience: Rumifos strengthens immunity, to disease triggered by climate stress. By building resilience against climate-induced health issues, Rumifos contributes to the long-term well-being of livestock.</p>	<p>Stem Cell Technology: The prebiotic's composition, derived from stem cells of cereal crops, not only contributes to its efficacy but also aligns with environmental sustainability: it is a natural, domestically produced, eco-friendly product without any chemicals or environmentally harmful additives.</p> <p>Resource efficiency: Rigorous research, including in vitro and in vivo trials, has proven Rumifos' positive impact on weight gain, increased milk yield, and overall health based on no increase in feed intake. It improves productivity for no additional feed input.</p>

Company & Product Description <i>Company and climate smart product description</i>	1. Product: Design, Manufacture and Process <i>How sustainable is the product in terms of its purpose, materials used, impact on nature and business practices including; waste reduction, employee well-being, and wider community impact?</i>	2. Adaptation to Climate Change <i>How does this product help rural producers cope?</i>	3. Innovation <i>What is the climate-smart innovation of the product?</i>
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SKALONA AND APIGURU BEEHIVE PRODUCERS

<div style="text-align: center;">  </div> <p style="text-align: center;">Climate Adapted Beehives</p> <p>The ALCP2 has facilitated two beehive producers to enhance their capacity to manufacture and sell climate-resilient beehives. By ensuring manufacture quality, hive dimension standards, insulation, and ventilation which reduce temperature fluctuation and stress and help prevent disease and reduce mortality the programme aims to equip beekeepers to better deal with the problems caused by the changing climate.</p>	<p>Prolonged Lifespan: Well-seasoned wood and proper processing is used to produce durable longer lasting beehives. This minimizes replacements, reducing environmental impact.</p> <p>No Waste Wood Utilization: Producers maximize resource use by utilizing sawmill by-products for beehive construction. This sustainable practice minimizes waste and optimizes available wood resources.</p> <p>Labor Safety Focus: Beehive producers prioritize employee well-being and environmental sustainability by addressing airborne sawdust hazards. Sawdust ventilators enhance workplace safety, showcasing a commitment to people.</p> <p>Local Shared Value: The companies create jobs for locals, transferring skills and enhancing community well-being.</p>	<p>Moisture and Temperature Management: Bees are highly sensitive to temperature variations, and their productivity, behaviour, and health are highly dependent on the hive's thermal environment. In the climate-adapted beehives, ventilation systems combat humidity curbing pathogen growth, reducing stress on bees, and bolstering colony health, immunity, and sustainability.</p> <p>Increased Productivity: Tailored to cope with temperature variations, these hives feature bottom board ventilation and insulated top covers, preventing overheating, and retaining warmth as needed. Designed for both hot and cold climates, they optimize bee activity and increase productivity by approximately 10-15%.</p> <p>Safe Transhumance: Transhumance i.e. moving hives and bee colonies to where flowers are in bloom, is one way of coping with vagaries in temperature which may delay or bring forward blossoming periods. Climate change which impacts flowering patterns, affects bee forage. Climate-adapted, lightweight hives aid transhumance and enable relocation for optimal honey production by providing access to varied forage. The hives have a specially designed cover for transhumance providing ventilation during transit. Ventilation during transport, minimizes stress on bees, ensuring their well-being.</p>	<p>Linking beehives and climate change solutions: Most beekeepers suffer in silence as unpredictable weather conditions decimate their bee colonies and harvest. Many would not think to link their production problems with climate change specifically as the cause or realize that an adapted beehive can be part of the solution. The producers are disseminating this information on social media and ensuring the inclusion of different ethnic communities and outreach for sales.</p>
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<p>Company & Product</p> <p>Description</p> <p><i>Company and climate smart product description</i></p>	<p>1. Product: Design, Manufacture and Process</p> <p><i>How sustainable is the product in terms of its purpose, materials used, impact on nature and business practices including; waste reduction, employee well-being, and wider community impact?</i></p>	<p>2. Adaptation to Climate Change</p> <p><i>How does this product help rural producers cope?</i></p>	<p>3. Innovation</p> <p><i>What is the climate-smart innovation of the product?</i></p>
<p>INDIVIDUAL ENTREPRENEUR TAMAZ GHLONTI</p>			
<div style="text-align: center;">  <p>100% Beeswax and Bio Beeswax Foundation</p> <p>The ALCP2 facilitated a beeswax foundation producer to produce higher quality beeswax, minimizing contamination risks, and pioneer bio beeswax foundation production and printing services for bio beekeepers in Georgia.</p> </div>	<p>Purity of the Product Materials: Producers locally and globally commonly mix beeswax with alternate substances, such as stearin or paraffin, to produce cheaper but not environmentally friendly or effective foundation. The quality and authenticity of imported beeswax foundation is often not verified at the border, because it is an input, and not subject to inspection. Beekeepers looking for cheaper options may therefore inadvertently harm their colonies. Technology is used to check the level of paraffin content in the beeswax and then remove contaminants from the beeswax. This ensures better quality and an extended lifespan for the use of the product.</p> <p>Quality Make: The beeswax foundation creates a strong structure for the honeycomb, ensuring it can withstand extraction without breaking. The facility prints foundations with proper weight and width, which are crucial in preventing breakage, damage or loss of honey during extraction while minimizing waste of honeycomb.</p> <p>Local Production: Beekeepers supplying beeswax will receive ready foundation in return for their beeswax.</p>	<p>Better Performance: Temperature fluctuation is one of the main constraints caused by climate change. Poor quality foundation is vulnerable to temperature changes and its structure can be easily damaged. Damaged beeswax foundation is difficult to install in a frame and can become useless. Pure, quality beeswax can adapt to changes in temperature, humidity, and light.</p> <p>Better Use: Beeswax, with a higher melting point (62-65°C) compared to paraffin (47°C), is more resilient in hotter climates and during hive transportation in the transhumance process. Adulteration with up to 50% paraffin compromises honeycomb strength, impacting its ability to bear the weight of honey.</p> <p>Bio-honey production: Bio-beeswax foundation is essential for bio-honey certification which will enable beekeepers once certified to derive benefits from better market access and value-added sales using sustainable production techniques.</p>	<p>Solar Purification: The company uses simple climate smart technology to purify the beeswax before processing. Solar melters use ultraviolet (UV), which has a higher sterilization effect compared to heating. It removes impurities such as debris, propolis, and remnants of old comb. UV helps eliminate disease spores and pathogens that may be present in the beeswax. It removes antibiotic residues, particularly those that may not be easily eliminated through traditional heating methods.</p> <p>Free Energy: It is a science-based and energy-efficient method without the need for additional heat sources making the process eco-friendly.</p> <p>Easy Technical Transfer: a glass case in a wooden frame, the melter is extremely easy to manufacture and is simple, practical technology relevant to other beeswax foundation makers who combine beeswax from multiple farmers to decontaminate their foundation.</p>

SECTORAL GROWTH IN THE DAIRY AND HONEY SECTORS: OUTREACH AND UPTAKE

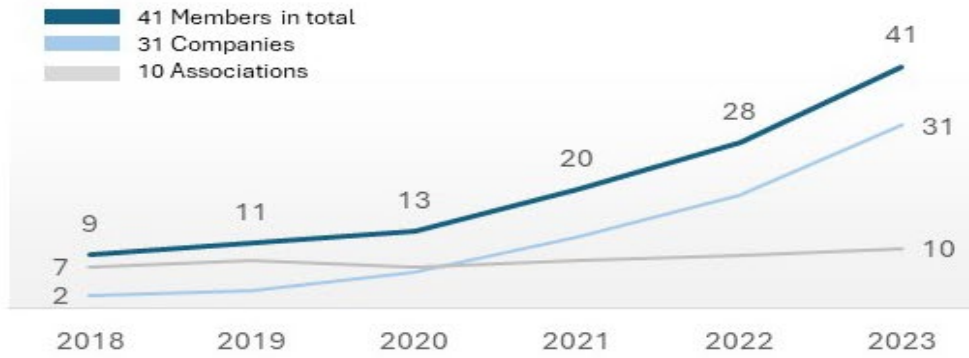
The following section shows indications of sectoral growth and transformation related to ALCP2 interventions in the honey and dairy sectors. It includes deepening and diversifying markets, both domestic and export, allowing for greater resilience and risk reduction. For example in the case of Api Geo Ltd whose bulk export was slashed by a poor harvest, state tenders in the domestic market helped fill the gap. In Jara honey production, Bio Jara honey certification is an expensive challenge, so negotiation is underway with a US firm for the supply of non-bio Jara honey. Product diversification of honey with nuts and seeds which utilizes mostly domestically and often locally produced commodities, is a burgeoning and resource efficient trend.

Table 3 ALCP2 Client Honey Markets

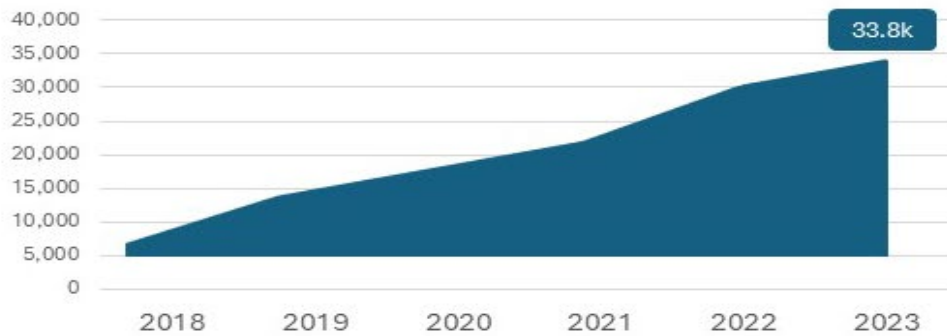
COMPANIES	TYPE OF HONEY & HONEY PRODUCTS	DOMESTIC MARKET	FOREIGN MARKET
	Acacia honey, Blossom honey	Government Entities (via state tenders)	France Bulk sales to French Honey Sector Leader
	Jara and Bio Jara honey: cold pressed and with honey comb	Winery Tezami and private orders	Japan, USA Boutique sales of ready packaged honey
	Linden, Spring and Chestnut honey, Honey with honeycomb, Honey with nuts and walnuts, Honey with almonds, Honey with peanuts, Honey with sunflower seeds, Honey with nuts mixture, Gozinaki	200 supermarket chains shops throughout Georgia, <i>Carrefour, Europroduct, Agrohob, Magniti, Fresco, Schirrhofer, Alcorium, Alali, Goodwill, Tursa, Billion</i> 32 tourist outlets, small shops, Hilton Hotel Tbilisi, Funicular restaurant, Glovo and Wolt platforms	n/a
	Linden, Blossom, Chestnut, Forest Honey, Honey with honeycomb	1,094 shops of Supermarket chains <i>Ori Nabiji, Magniti, Zgapari, Goodwill, Badagoni, Daily, Carrefour, Fresco</i> 100+ small shops & HoReCa sector in Tbilisi	n/a
	Pure creamed honey, creamed honey with sublimated raspberries, creamed honey with lemon and ginger, creamed honey with hazelnut and cocoa	Speciality shops 8,000, Mosavali, Tserti, Orbeliani market, Smugglers and Ska	n/a

In both honey and dairy sectors the sectoral associations are deepening their spheres of activity, increasing members, paid services and responding to information and analysis coming in, to guide further activities. Outreach and uptake of the Georgian Beekeepers Union services and the Georgian Milk Mark are illustrated in the following figures.

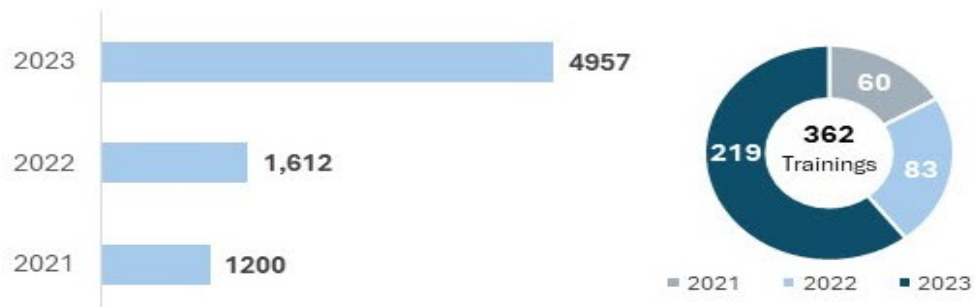
GBU Members 2018-2023



Georgian Bee¹ Facebook page members 2018-2023



7,769 trained beekeepers by the GBU through 2021-2023



¹ Georgian Bee Facebook page is administered by the GBU Executive Director

30 supermarket outlet managers from 13 supermarket chains, in shops stocking GMM products were asked about the Georgian Milk Mark



12% had initiated the contact with GMM dairies to supply their shop

On average the products of 3 GMM dairies are stocked in each shop

77% prefer GMM products for the following reasons: guarantee of raw milk, compliant products, natural products, better quality, consumers buy more GMM cheese, better reliability

56% stated that customers now request GMM cheese

78% suggested that better consumer targeted marketing would strengthen the Mark

GMM PROMOTION ACTIVITIES

Half a million

Promotional SMS's

80,000

Views on three social media platforms

20,000 flyers

Disseminated in 39 outlets across Georgia

10 GMM dairies

Promoted at Food festivals & Supermarkets

ANNEX 2 LIST OF INTERVENTIONS IN THE REPORTING PERIOD MAY 1ST 2022 TO JUNE 30TH 2023

Intervention #	Name	Contact	Location	Type	Date	Total Investment & % Contribution		ALCP	Client	3rd Party 19	Rating
						\$	%				
1	2.1/1.1 GMMF/BIG/KK-1	Business Institute of Georgia Georgian Milk Mark Federation	George Gigolashvili	Tbilisi	Facilitate the Business Institute of Georgia to sustainably develop its long-term management of the Georgian Milk Mark (GMM)Facilitate the Georgian Milk Mark Federation (GMF) to strengthen organizational capacity and service provision to its members for improved sustainability of management and membership	01/08/23	\$ 89,977	45,863	3,778	40,336 ²⁰	Good
							% 100%	51%	4%	45%	
2	2.2.1 I.E. Giorgi Chelidze / Racha - 1	I.E. Giorgi Chelidze	Giorgi Chelidze	Namanevi, Ambrolauri, Racha	Facilitate Seven Lori producers to upgrade Lori processing, smoking, and storage to produce compliant Rachuli Lori.	19/09/23	\$ 13,582	11,289	2,293		Good
							% 100%	83%	17%		
3	2.2.1 I.E. Konstantine Tagvadze / Racha - 1	I.E. Konstantine Tagvadze	Konstantine Tagvadze	Lagvanta, Oni, Racha		19/09/23	\$ 15,105	12,271	2,834		Good
							% 100%	81%	19%		
4	2.2.1 I.E. Zurabi Qebadze / Racha - 1	I.E. Zurabi Qebadze	Zurabi Qebadze	Bortso, Oni, Racha		19/09/23	\$ 17,561	14,666	2,895		Good
							% 100%	84%	16%		
5	2.2.1 I.E. Firuz Koberidze / Racha - 1	I.E. Firuz Koberidze	Firuz Koberidze	Somitso, Oni, Racha		25/09/23	\$ 17,687	15,114	2,573		Good
							% 100%	85%	15%		
6	2.2.1 I.E. Sofio Gogrichiani / Racha - 1	I.E. Sofio Gogrichiani	Sofio Gogrichiani	Likheti, Ambrolauri, Racha	25/09/23	\$ 16,162	13,165	2,997		Good	
						% 100%	81%	19%			
7	2.2.1 I.E. Vladimer Gavashelishvili / Racha - 1	I.E. Vladimer Gavashelishvili	Vladimer Gavashelishvili	Kvaja Gomi, Oni, Racha	25/09/23	\$ 16,272	13,504	2,768		Good	
						% 100%	83%	17%			
8	2.2.1 I.E. Amiran Melashvili / Racha - 1	I.E. Amiran Melashvili	Amiran Melashvili	Tsesi Ambrolauri, Racha	29/09/23	\$ 17,540	14,279	3,261		Good	
						% 100%	81%	19%			
9	2.4 Meg Honey Ltd / WG -1	Meg Honey Ltd	Nukri Kikabidze	Chokhatauri, Guria	Facilitate Meg Honey Ltd to increase its honey production capacity, diversify of production line, and export.	24/07/23	\$ 18,519	11,508	7,011		Good
							% 100%	62%	38%		
10	2.4 Keke Veli 2000 Ltd / WG – 1	Keke Veli 2000 Ltd	Mamuka Kekelidze	Khelvachauri, Ajara	Facilitate expansion of Georgian Milk Mark (GMM) production to WG Ajara region through co-financing of Keke Veli 2000 Ltd dairy factory.	04/10/23	\$ 32,236	18,674	13,562		Good
							% 100%	58%	42%		

¹⁹ Third party contributions in the legal language of the ALCP2 grant agreements specifically refer to part payment or investment for services specified as part of the grant agreement. *Additional Investment: Including co-investment of local government, low interest government loans, bank loans and grants.

²⁰ Co investment of Rural Small & Medium Enterprises Development Programme (RSMEDP) to improve the provision of business development and financial services to the members of the Georgian Milk Mark Federation

11	2.4 Tapli Sakhlishi Ltd / WG -1	Tapli Sakhlishi Ltd	Lekso Nasuashvili	Lanchkhuti, Guria	Facilitate Tapli Sakhlishi Ltd to improve production facilities, increase the volume of production, and diversify markets via starting the export of Georgina honey.	05/10/23	\$	80,296	43,815	36,481	Good
							%	100%	55%	45%	
12	2.4 Silk Advisory Committee	Preparation for future Silk intervention	Nunu Nakhutvishvili	Akhmeta, Kakheti	Bring together the Silk sector main players to present and discuss Akhmeta Silk pilot intervention idea.	07/12/23	\$	315	315		Good
							%	100%	100%		
13	2.4.1 I.E. Tsolak Grigoryan/ SJ-1	I.E. Tsolak Grigoryan	Tsolak Grigoryan	Gandza, Ninotsminda, Samtskhe-Javakheti	Facilitate expansion and sustainability of the client in the dairy market via added high-value product/product diversification and diversify the market.	17/08/23	\$	25,037	12,337	12,700	Good
							%	100%	49%	51%	
14	3.3 Goderdzi Pass Advocacy	Local initiative group Goderdzi Friends	Diana Egiziarova	Khulo, Ajara	Facilitate Goderdzi Friends field visit in Goderdzi Pass and participation in public hearings held by Khulo Municipality Cityhall, Ministry of Finance and Economy of Ajara and National Environmental Agency.	12/09/23	\$	2,640	2,640		Good
							%	100%	100%		
Service Contracts											
15	Consultant under Outcome 3	P/E Diana Egiziarova	Diana Egiziarova	Tbilisi	Review the Goderdzi Pass Master Plan documents published by Khulo City Hall and write an evaluation report with recommendations together with the ALCP-facilitated local civil initiative group Goderdzi Friends.	16/10/23	\$	1,445	1,445		Very Good
							%	100%	100%		
16	Consultant under Outcome 3	I/E Jimsher Mamuchadze	Jimsher Mamuchadze	Batumi	Identify and make a list of high conservation value habitats in Mountainous Ajara (Khulo, Shuakhevi, Keda) that need to be preserved and write a report on the importance of preserving the selected habitats and consult with Goderdzi Friends.	24/10/23	\$	5,855	5,855		Good
							%	100%	100%		
17	Simple Contract Service	I/E Gogita Shainidze Geomapping	Gogita Shainidze	Batumi	Make maps of selected habitats (see above).	21/11/23	\$	1,483	1,483		Good
							%	100%	100%		
18	Simple Contract Service	I/E Mariam Jikia - lawyer	Mariam Jikia	Batumi	Help ALCP2 clients Georgian Beekeepers Union, Jara Beekeepers Association, Womens Rooms Union, and Georgian Milk Mark Federation to change their statutes according to the new law of Georgia on Entrepreneurs.	07/12/23	\$	585	585		Good
							%	100%	100%		
19	Simple Contract Service	MS Group - SMS marketing service provider	Nino Jafaridze	Tbilisi	SMS service for the promotion of Georgian Milk Mark among consumers.	22/12/23	\$	857	857		Good
							%	100%	100%		



Date: 7 December 2023

Venue: Radisson Blu Iveria Hotel, 1 Rose Revolution Square, Tbilisi

Objective: To present Akhmeta Silk Model to the main players of the silk sector and make decisions to proceed

The meeting was opened with a welcoming speech of the ALCP2 Team Leader **Helen Bradbury**, who emphasized the importance of Georgian silk, once a valuable source of income for many families in Georgia, the unique strains of Georgian silk worm still kept and bred by state institutions and that Georgian silk holds the status of the intangible cultural heritage due to its rich historical and cultural merit. But despite its powerful role in the regional image and advertising e.g. Silk Road it is basically intangible. Making it practically tangible is the goal and the best and most realistic means to do so was not the restoration of an industrial enterprise requiring multi-million dollar investment using imported inputs, but local rural craft production tapping into cultural heritage, history and growing rural tourism markets generating income and improving the livelihoods of the communities involved. She emphasized that only 10 kg cocoons had been produced last year from four families in the whole of Georgia that the interest generated from this was considerable but to bear this reality in mind throughout the discussion and in managing expectations.

The welcoming speech was followed with presenting the findings of [ALCP2 Sericulture Market Research](#) conducted in 2022, describing existing challenges that hinder the sector to revive again and the findings which lead the programme to Akhmeta municipality where a soviet times silk cocoon drying facility and mulberry tree plantations have been preserved by local sericulture enthusiast women and local VET college has been interested to teach silkworm farming and silk cocoon use in traditional crafts. After a short description of Akhmeta Silk pilot model with concrete players and who does what section, discussion was started, and the meeting participants made their comments.

Nodar Papukashvili, Deputy Minister of MOE, welcomed the idea of development of the silk sector as it provides a chance for economic empowerment, self-employment, promotion of small entrepreneurship, and development of rural tourism. He also pointed out that it is necessary to promote this new initiative properly and people will be interested. *'Learning, creating intellectual capital is important. The proposed Akhmeta Silk Center should be self-sufficient. We are ready to discuss this idea in more details.'*

Levan Ujmajuridze, head of the SRCA stated that the centre is ready to produce silkworm eggs at the initial stage and provide them to farmers. As for the mulberry tree seedlings, he stated that there is a department in the centre where seedlings are produced. He proposed the possibility of creating a funding component into state programmes regarding further mulberry seedlings production and planting so as farmers to have access to them.

Zurab Kazalishvili, Deputy Head of the Primary Structural Unit of the Department of Agriculture and Rural Development Policy of the MEPA, said that there is a high possibility to integrate a two-component funding of mulberry tree seedling nurseries into Plant the Future programme.

Tamar Kvinikadze, Head of the Vocational Education Development Department (MOE) welcomed the idea of development the silk sector as it has a solid cultural and historical importance for Georgia. However, she pointed out: *'I, as a representative of the Ministry of Education, as a provider of education, agree on the proposed learning courses to people through the college Aisi, it seems quite logical to me, but as for the management of the silk centre, why should Aisi College, as a structure subordinate to the Ministry of Education, take over the management process? Is not there anyone else who will be willing to manage and operate the Silk Centre?'*

Replies on this question were negative from MEPA, SRCA and Akhmeta municipality. 'We do not have enough resources to manage the new centre,' the mayor answered.

Irakli Shengelia, Deputy Head of the National Agency of State Property, the Ministry of Economy (MOE) stated that the existing cocoon drying building in Atskuri village, Akhmeta municipality, which is State owned property, can be easily transferred to state owned structures and who can then subsequently handover right of use to a legal entity.

Deputy State Representative-Governor of Kakheti Region, **Platon Kalmakhelidze** and Akhmeta Mayor, **Aleksi Pitskhelauri** greeted the idea with welcome, recognizing its potential to benefit the local population and promote rural tourism. In addition, in case the Aisi college will not be taking over the management of the center, the mayor offered the possibility to transfer the cocoon collection property (which on the first hand will be transferred from the MOE to the Municipality) to some organization/association which will potentially be willing to take over the management of the silk centre.

The head of Silk Laboratory **Nargiz Baramidze** and the director of the State Silk Museum **Nino Kuprava** addressed all parties to support the Akhmeta Silk pilot model idea. *'Thank you ALCP2 for the enthusiasm and hard work, and for gathering us here. It is the most relevant and realistic project for Georgian Silk, and we all need to support it', they said.*

At the end, Tamar Kvinikadze, MOE, one more time stressed that the Ministry is positive to start silk cocoon production and use learning courses at VET collages and, in case of a political will, they could take over the Silk Centre management as well. *"Please, give us some time to discuss the topic with the Minister and the regional government and we will be back to you with some decision soon," she said.*

Main outcomes of the meeting and next steps

- All the participants agreed on their roles and next steps.
- ALCP2 will continue working on facilitating the transfer of the property to an entity acceptable to all parties and able to assume management of the Silk Centre.

LIST OF PARTICIPANTS AND MEMBERS OF THE SILK SECTOR ADVISORY COMMITTEE

Silk Sector Advisory Committee Members

1. Nodar Papukashvili – Deputy Minister of Education and Science of Georgia (MES)
2. Platon Kalmakhelidze – Deputy State Representative-Governor of Kakheti Region
3. Irakli Shengelia – Deputy Head of the National Agency of State Property, the Ministry of Economy (MOE)
4. Tamar Kvinikadze – Head of Vocational Education Development Department (MES)
5. Aleksi Pitskhelauri - Mayor of Akhmeta Municipality
6. Zurab Kazalikhvili – Ministry of Environmental Protection and Agriculture of Georgia (MEPA), deputy head of Primary Structural Unit of the Department of Agriculture and Rural Development Policy
7. Gvantsa Bezhanishvili - Ministry of Environmental Protection and Agriculture of Georgia (MEPA) Head of Livestock Department of Agriculture and Rural Development Policy Department
8. Omar Tedoradze - Ministry of Environmental Protection and Agriculture of Georgia (MEPA)
9. Levan Ujmajuridze – Director of Scientific Research Centre of Agriculture (SRCA)
10. Nargiz Baramidze – Head of Sericulture Laboratory of the SRCA
11. Irakli Gujabadze – Agrarian University
12. Nino Kuprava – Director of the State Silk Museum
13. Mariam Shergelashvili - State Silk Museum
14. Malkhaz Aslamazashvili – Director of VET College Aisi
15. Nugzar Dzamukashvili – Director of VET College Aisi branch in Akhmeta
16. Nunu Nakhutsrishvili – a Sericulture Specialist, Akhmeta

Invited Special Guests

17. Sophia Svanadze – SDC

The ALCP 2

18. Helen Bradbury – ALCP2 Team Leader
19. Giorgi Sadunishvili - Deputy Team Leader
20. Giorgi Beraia
21. Maia Lomidze
22. Maia Mosiashvili

END NOTES

- ⁱ This indicator amalgamates impact from different indicators across all outcomes.
- ⁱⁱ Figures for ethnic minorities are rough estimations based on information from the programme clients. These figures will also be adjusted through impact assessment surveys.
- ⁱⁱⁱ This figure decreased compared to the previous annual report because GMM client's NAIC attribution strategy was corrected.
- ^{iv} *Women's Rooms Union; GMM dairies, GBU and Api-Geo.*
- ^v In December 2023, the Rural Development Agency (RDA) introduced a new state programme for the development of large and small livestock farms across Georgia to facilitate the purchase of high-yield breeds, milking parlours and the construction/renovation of farms. Under this initiative, three new sub-components will be added to the existing preferential agro-credit scheme. 1) max. amount 5 000 000 Gel per farm with a subsidy of 11% of the interest rate for seven years, for the purchasing of more than 25 dairy and meat cattle, for the construction and equipment of farms or machinery for feed, milk cooling tanks, and to arrange water supply systems. 2) max. amount 1 000 000 Gel per farm with a subsidy of 11% of the interest rate for four years, for the construction or building of a new farm of up to 100 cattle for fattening, equipment for feed production and arranging water supply system 3) max amount 250 000 Gel, a subsidy of 11% of the interest rate for four years, for construction, reconstruction and equipping a farm and purchase equipment for primary processing of milk. This grant is a good opportunity for small-scale milk supplier farmers to improve their farms, the quality of milk and cattle wellbeing.
- ^{vi} In 2023 the Ministry of Agriculture of Ajara continued the Rural Entrepreneurship Development Promotion Programme which aims to facilitate rural and non-rural production development by increasing financial availability for rural entrepreneurs. The programme facilitates primary rural production, processing, packaging, storing, sale, standardization and creation and development of agrologistics, provision of Agri services, production and sale of rural equipment and machinery, and non-rural production. The programme assists in the creation of new rural enterprises and unions, equipping the existing rural enterprises with means of production and creation of jobs. The project budget must not exceed 1, 500 000 Gel. Projects with a budget of not more than 200,000 Gel will be co-financed by 70% (co-financing with not more than 100,000 Gel) and by 50% (co-financing with not more than 250,000 Gel) if the budget is more than 200,000 Gel and not more than 1, 500 000 Gel. Existing and new entrepreneurs of different sectors including dairy, honey and wild botanicals can apply and get co-financing to start the production, construction, or expansion of the business, improving the livelihood of the rural population by providing sales market and employment.
- ^{vii} *GBU, ROKI and Momavlis Fermeri.* 4,628 beekeepers attended *GBU* training; 4,165 have already applied new practices.
- ^{viii} *GBU* 1,676 beekeepers and *ROKI* 809 Livestock farmers: *ROKI's* Rumifos users increased milk yield & liveweight of cattle around 10%, and increased productivity for *GBU* beekeepers is measured through the impact assessment and will be reported for the next annual report.
- ^{ix} *Women's Rooms Union (2), GBU (3).*
- ^x *Beehives producers (1), GBU (3), and sustainability Animal Movement Route (1).*
- ^{xi} 90% of RDA and GBU training participants according to before and after assessment.
- ^{xii} 90% of *GBU & RDA* training participants adapted new practices.
- ^{xiii} *Momavlis Fermeri climate adaptation for livestock farmers training through 12 ICC's, Roki's climate smart product roll out through 18 Vet pharmacies, Beehives producers (2), Beeswax Foundation Producer.*
- ^{xiv} All, 6,900 beekeepers registered in *GBU* database covered through SMS, videos, Facebook live streams and TV/social advertisement; *Momavlis Fermeri* 103 farmers trained.
- ^{xv} *GBU and Momavlis Fermeri* trainings, brochures, SMS, Youtube, Facebook and two TV (Public broadcaster and Adjara TV).
- ^{xvi} Vocational Educational Standard in Beekeeping is upgraded and will be implemented in 13 colleges in 2024.
- ^{xvii} In 2023 121 students graduated Jara VET courses from 8 colleges.
- ^{xviii} *GBU*: 302 trainings, 5 SMSs, 4 Videos, 55 Livestream, 2 brochure.
- ^{xix} *Roki, Beehives producers (2), Beeswax foundation producer.*
- ^{xx} *GMMF* signed a grant agreement with *RSMEDP* to co-finance dairies for access to finance, accountant, and BDS services (107,837 Gel) & 6 dairies funded with 228,830 GEL / 85,704 USD. Also, from the Women's Room total amount of funds amounted to 1,233,710 Gel.
- ^{xxi} GMP/GHP assessments for *Royal Honey, Akhali Produkti, Noma Ltd & Alpuri Javakheti.*
- ^{xxii} 139 jobs created through *Women's Rooms* access to finance component. A survey will be conducted in the next reporting period to ascertain more info on the job quality.
- ^{xxiii} *GMM* (1) *GBU* (1)
- ^{xxiv} *GMM* dairies (13), honey (3).
- ^{xxv} Dairy (2), Honey (10) and Lori (1): Out of them, 5 are ongoing and in 8 cases desired objectives have already been reached.
- ^{xxvi} Dairy (4), Honey (1).
- ^{xxvii} *JBA* started group bio certification for 26 beekeepers selling into the export value chain & *JBA* diversified production through producing cold pressed bio Jara honey (2). *Rachuli Lori Producers (7), Meghoney & Royal Honey* diversified production (2) *Aria and Akhali Produkti GMM (2)*
- ^{xxviii} 24 supermarket chains with *GMM* products.
- ^{xxix} 16 *GMM* dairies started supplying dairy products to new selling points.
- ^{xxx} In the honey sector, 8 advocacy initiatives reached desired objectives.
- ^{xxxi} *GBU* and *JBA* services to its members.
- ^{xxxii} On average, 91% of *GMM* and *GBU* members pay the membership fee.

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- xxxiii Rachuli Lori applied for registration to *Sakpatent*. Also, specifications for *Kakhuri Sashki* is send to *MEPA* and after the review process it will be submitted to *Sakpatent*.
- xxxiv Rachuli Lori (1).
- xxxv Local forest-reared pigs.
- xxxvi *JBA* bio certifications for 29 beekeepers. Akhali Producti and Aria
- xxxvii Dairy entities (2): *Aria* and *Akhali Producti*; Wild Botanicals (3): *BLG* (Mulberry), *Sunelis Sakhli*, *Noma Ltd*; Honey companies (4) : *Api-Geo*, *Roya Honey*, *Meg-honey*, *Taflis Sakhlishi*.
- xxxviii Khulo city hall public hearings & The Ministry of Finance and Economy of Ajara disseminated information about Goderdzi Pass Development Master Plan (2)
- xxxix *Women's Room* (1) and *Goderdzi Alpine Garden* & Protecting mountainous Adjara (4).
- xl Goderdzi Friends bringing together public (local and regional), private (consultancy firm) and civil society
- xli This figure is adjusted according to the updated *Women's Rooms* data: it includes meetings and trainings organized in *Women's Rooms*.
- xlii *Women's Rooms* Union signed memorandums with Ecovision and Heks-Eper Georgia & Also, 30 other organizations cooperates with Women's Rooms.
- xliii Preservation of the *Goderdzi Alpine Garden* and surrounding forest areas & Creation of a protected landscape in mountainous Ajara (2)
- xliv Stopped ongoing construction around *Goderdzi Alpine Garden* & *The Goderdzi Friends'* initiative halted the Goderdzi master plan approval process which would damage *Goderdzi Landscape* (2)
- xlv Samegrelo Botanical Garden visit to GAG for understanding the model also with local government officials (1), Goderdzi friends two day field trip and discussion on Goderdzi Development in Goderdzi visits (1), convening stakeholders and exchanging knowledge concerning sustainable rural development, biodiversity and the role of botanical gardens with Bakuriani Botanical Garden (1), Ivane State & Bakuriani Regional Development and Tbilisi Botanical Garden (1)