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# NEW ECONOMIC OPPORTUNITIES INITIATIVE FINAL REPORT

**DECEMBER, 2015**

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# NEW ECONOMIC OPPORTUNITIES INITIATIVE

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## FINAL REPORT

This report is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of Chemonics International Inc. and do not necessarily reflect the views of USAID or the United States government.



**Inside Photo: Tomato harvest at the NEO-supported greenhouse in the Khviti village of the Gori municipality**

**Cover Photo: Chairwoman of the NEO-supported Berry and Fruit Cultures Development Association from the Chkhorbia village of the Zugdidi municipality in one of the NEO-supported strawberry greenhouses**

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# ACRONYMS

|               |  |
|---------------|--|
| <b>AAC</b>    | Aragvi Adventure Center  |
| <b>ABL</b>    | Administrative Boundary Line   |
| <b>ACF</b>    | Action Against Hunger  |
| <b>AIC</b>    | Abkhazintercont  |
| <b>AUG</b>    | Agricultural University of Georgia   |
| <b>AYEG</b>   | Association of Young Economists of Georgia                                 |
| <b>CHCA</b>   | Charity Humanitarian Centre Abkhazeti                                      |
| <b>CiDA</b>   | Civil Development Agency   |
| <b>CMS</b>    | Community Mobilization Specialist  |
| <b>DRC</b>    | Danish Refugee Council   |
| <b>EDPs</b>   | Economic Development Plans   |
| <b>ENPARD</b> | European Neighbourhood Programme<br>for Agriculture and Rural Development  |
| <b>GARA</b>   | Government of the Autonomous Republic of Abkhazia in exile                 |
| <b>GMIP</b>   | Georgia Municipal Infrastructure and IDP<br>Housing Rehabilitation Project |
| <b>GNMPA</b>  | Georgian National Milk Producers Association                               |
|               | IDP Internally Displaced Persons   |
| <b>IGBSI</b>  | Income Generation and Business Support Initiative                          |
| <b>IPM</b>    | Integrated Pest Management   |
| <b>JUC</b>    | Joint-Use Center   |
| <b>KMH</b>    | Kazbegi Mountain Tourism Hut   |
| <b>LED</b>    | Local Economic Development   |
| <b>MASHAV</b> | Israel's Agency for International Development Cooperation                  |

|              |   |
|--------------|---|
| <b>MDF</b>   | Municipal Development Fund of Georgia   |
| <b>MDP</b>   | Municipal Development Plan  |
| <b>MIP</b>   | Monitoring and Implementation Plan  |
| <b>MoESD</b> | Ministry of Economy and Sustainable Development of Georgia  |
| <b>MoED</b>  | Ministry of Economic Development  |
| <b>MRA</b>   | Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation, and Refugees of Georgia or Ministry of Refugees and Accommodations |
| <b>MRDI</b>  | Ministry of Regional Development and Infrastructure   |
| <b>MTA</b>   | Mountain Travel Agency  |
| <b>NEO</b>   | New Economic Opportunities  |
| <b>NORC</b>  | National Opinion Research Center at the University of Chicago   |
| <b>NRC</b>   | Norwegian Refugee Council   |
| <b>NRF</b>   | Netherlands Refugee Foundation  |
| <b>ToT</b>   | Training of Trainers  |
| <b>UNDP</b>  | United Nations Development Programme  |
| <b>UNHCR</b> | United Nations High Commission for Refugees   |
| <b>USAID</b> | United States Agency for International Development  |
| <b>ZMC</b>   | Zeta Mountain Camp  |



A farmer who benefitted from the joint NEO-MASHAV assistance; as a key partner for NEO, MASHAV provided support to promote best international practices and use of modern technologies in the vegetable, fruit, beekeeping, and livestock value chains in four regions of Georgia.

# EXECUTIVE SUMMARY

In its first 25 years of independence from the Soviet Union, Georgia has made incredible strides to implement reforms that have restructured institutions, reduced corruption, improved transparency and the ease of doing business, and worked to deliver necessary educational and social services to its citizens. For the past decade, the country's successes have set it apart from others in the region, yet Georgia still faces an array of challenges, including entrenched poverty for much of the rural population. Many impoverished rural households depend on subsistence farming and lack the technical skills and financing needed to begin businesses or to produce greater harvests. Moreover, the conflicts over Abkhazia and South Ossetia since the 1990s left approximately 260,000 internally displaced persons (IDPs) living in often unsuitable housing conditions throughout the country. Rural communities in Georgia frequently lack basic infrastructure, such as clean water supply systems, proper roads, or safe school buildings. Nonetheless, Georgians remain resilient; when new opportunities arise, they find a way to thrive.

In April 2011, USAID launched the New Econom-

ic Opportunities (NEO) Initiative, a \$22 million,<sup>1</sup> five-year project that improved rural incomes, reduced poverty levels, improved food security, addressed critical small-scale economic infrastructure constraints in targeted communities, enabled targeted communities of IDPs to sustainably maintain their households, and assisted communities affected by natural or other disasters. NEO was originally designed as a four-year project, yet by 2014, the rate of installation of permanent fencing along the administrative boundary line (ABL) with the occupied territory of South Ossetia was heightened, increasing the economic vulnerability of many Georgian residents. In response, USAID extended the project for a fifth year to focus on ABL villages and provide opportunities for citizens to bolster their prospects for economic security. NEO's broad range of activities covered four regions (Mtskheta-Mtianeti, Racha-Lechkhumi and Kvemo Svaneti, Samegrelo-Zemo Svaneti, and Shida Kartli), 11 municipalities, and 88 communities. To achieve its results, the project worked through four interwoven components that generated sustainable income for vulnerable and rural populations:

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1. The initial project budget of \$20 million was increased to \$22 million in 2014 for the fifth-year extension.

- Through its **community local economic development (LED) planning** initiatives, NEO empowered citizens to drive strategic economic planning and complete the rehabilitation of 107 small-scale infrastructure projects, benefiting 72,394 individuals in 88 communities throughout Georgia. The process was owned and implemented by local stakeholders, creating a platform for investment leveraging, public-private dialogue, and collaboration with municipalities.
- **Rural economic development** initiatives focused on value chain interventions that increased and diversified sources of income in rural communities and generated new employment opportunities. NEO used local and international experts to introduce new technologies and conduct training that led to improved agricultural input supply and production. Activities varied among regions, but encompassed subsectors within the fruit, vegetable, hazelnut, livestock, beekeeping, and tourism value chains. By applying improved technologies or management practices, NEO's interventions helped more than 19,000 farmers increase yields, improve products, and generate unprecedented income for their households.
- To provide **assistance to highly vulnerable households and individuals**, NEO partnered with local organizations to deliver employment and income-generation opportunities, including vocational training, on-the-job training, interest-free loans, and livelihood packages consisting of equipment and tools for various agricultural and non-agricultural trades. NEO supported 2,474 vulnerable individuals.
- Following the aforementioned conflicts, many IDPs were accommodated in government-owned buildings. International donors, including USAID, provided infrastructure rehabilitation to

make these buildings suitable for living conditions. To promote **sustainability of housing for IDPs**, NEO facilitated the establishment of 52 homeowners' associations (HOAs) for 8,929 IDPs to gain ownership and the ability to sustainably maintain their renovated housing and built the capacity of municipal governments to better understand and support HOAs.<sup>2</sup>

NEO's innovative and comprehensive approaches to economic growth activities resulted in broad-based impact that surpassed its targets and yielded beneficial results for 81,208 Georgian households.<sup>3</sup> After the project's LED planning activities, target households were 22 percent more likely to perceive their local governments as understanding and responsive to their needs. Individuals and communities are now engaged in the LED process and can see the tangible results of their involvement. NEO's rural development activities enabled beneficiaries to produce and sell their new or improved products and services to market where those goods and services are in high demand. The project helped 4,911 households increase their incomes by an average of 176 percent and 1,360 vulnerable households increase their incomes by an average of 285 percent. Overall, as a result of NEO's activities, 5,700 households were raised to, or exceeded, the official subsistence level.

Over its five years of implementation, NEO's activities generated 5,578 new jobs for agricultural producers and vulnerable individuals. Through training, the provision of tools and equipment, and by providing access to finance through loans, the project supported 6,538 micro-enterprises start or expand their businesses. By using NEO's array of support initiatives, Georgian beneficiaries were able to increase and generate new sales, totaling \$4.1 million.

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2. NEO's work on IDP housing focused on municipalities where USAID programs were rehabilitating government-owned buildings. These included four NEO-target municipalities (Gori, Kareli, Kaspi, and Zugdidi) and 10 other municipalities (Borjomi, Kutaisi, Mameuli, Rustavi, Senaki, Terjola, Tskaltubo, Vani, and Zestafoni).

3. Results are based on NEO's internal impact evaluation conducted by Georgian Opinion Research Business International and exclude data on NEO's final year due to the extension of the project in 2014. During the final year, NEO's activities largely focused on local economic development activities.

# NEO Story by Numbers



**\$4.1 million**  
new sales generated



**81,208**  
rural households  
benefitted from  
US Government support  
through NEO



**72,394**  
individuals benefited  
from **107** infrastructure  
projects



**38,447**  
farmers received agricul-  
tural sector training



**19,140**  
farmers applied new  
technologies of man-  
agement practices on  
**10,082** hectares of land



**6,538**  
microenterprises  
were established or  
expanded



**5,700**  
households were raised  
to meet, or exceeded the  
official subsistence level



**5,578**  
new jobs were created  
for agricultural producers  
and vulnerable individuals



**4,911**  
households increased  
their incomes by an aver-  
age of **176** percent



**2,058**  
community members  
involved in local economic  
development planning



**1,360**  
vulnerable households  
increase their incomes  
by an average of **285**  
percent



**85**  
Economic Develop-  
ment Plans completed



**52**  
Homeowners' and Ten-  
ants' Associations estab-  
lished for **8,929** IDPs

## USAID/NEO TARGET MUNICIPALITIES



## CHAPTER ONE

# COMMUNITY LOCAL ECONOMIC DEVELOPMENT PLANNING

NEO's local economic development (LED) planning activities aimed to establish a process for sustainable economic development planning that could be owned and implemented by local stakeholders while also creating a platform to facilitate public/private dialogue and leverage additional investments in the selected municipalities and communities.<sup>4</sup> By the end of the project, NEO's LED planning activities increased target households' perceptions that local governments understand and are responsive to their needs by 22 percent.

***Municipality selection.*** NEO conducted an assessment of all municipalities in Georgia based on three criteria: (1) proximity to conflict zones, (2) IDP concentration level, and (3) vulnerable population concentration level. NEO and USAID/Caucasus jointly decided to target 10 municipalities in four regions: Gori, Khashuri, Kareli,

Dusheti, Kazbegi, Zugdidi, Tsalenjikha, Oni, Tsageri, and Lentekhi.<sup>5</sup> Once selection was completed, USAID/Caucasus signed a memorandum of understanding (MOU) with each municipality, setting in place the guiding principles for collaboration through the NEO project. The MOUs formed the basis of cooperation with each target municipality, defined each party's responsibilities regarding the development and implementation of the local economic development plans (EDPs), and developed homeowners' associations (HOAs) for IDPs and municipal oversight of the HOAs (see Chapter 4 on promoting sustainability of IDP housing).

***Community selection.*** Once municipalities were selected and MOUs were in place, NEO developed criteria (see Box 1) for selecting the 84 communities,<sup>6</sup> which included population size, vulnerability,

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4. **Village** is an inhabited locality, which mainly includes agricultural land and other natural resources within its boundaries and the infrastructure of which is substantially aimed at implementation of agricultural activities.

**Community** is an association of several inhabited localities with historically formed and/or uniform socio-economic and natural-geographic characteristics, which has been given the status of self-governing community.

5. The project added the Kaspi municipality in its extension year, which bolstered focus along the ABL with South Ossetia.

6. A target of 84 communities was determined by USAID in the NEO contract.

## BOX 1: CRITERIA FOR SELECTING COMMUNITIES IN TARGET MUNICIPALITIES

### Vulnerability:

- Large share of vulnerable population
- High percentage of IDPs
- Close proximity to the conflict zone

### Demographic Criteria:

- Large number of residents
- Large number of villages in cluster
- High percentage of youth in the village

### Community Activity:

- Record of past efforts to solve problems of common interest

### Economic Potential Criteria:

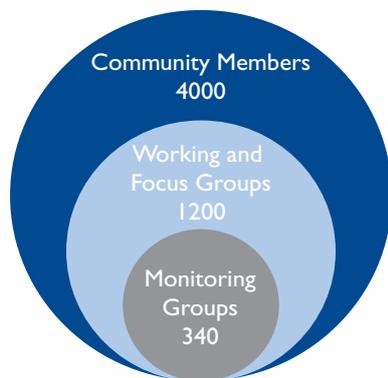
- Prominent commercial production in certain sectors
- Strong tourism potential, vicinity to existing tourist attractions.
- High potential in other non-agriculture sectors;
- Existence of larger than average commercial businesses (e.g. juice factory, cheese factory, hotel, etc.).
- Existence of associations, clubs, formal and informal groups

and demographics; economic potential; and community engagement. Selection criteria also aimed to reach a proportional number of communities in each municipality based on municipal population and the number of communities in each municipality. This process aimed to reach as many vulnerable households and individuals as possible, while ensuring that selected communities had sufficient economic potential to contribute to sustainable growth. Therefore, factors such as tourism potential or the existence of small, medium, or large business were considered. Community engagement was also an important consideration.<sup>7</sup> NEO staff analyzed available demographic data, conducted field assessments of economic oppor-

tunities in each municipality, and held meetings with municipal stakeholders to finalize the selection of the target communities. These meetings included heads and deputies of municipalities and local councils, sector leaders, and specialists in agricultural, infrastructural, social, and economic development. Based on this process, NEO selected 85 communities across the 10 target municipalities.

***Economic development planning.*** NEO engaged an international expert to develop a methodology for community mobilization, as well as a toolkit and templates to guide the process of developing EDPs during its first year. In partnership with the Association of Young Econo-

### NEO LED PARTICIPATION



7. One of the selected communities in the target municipalities failed to mobilize; after three attempts to organize community meetings and engage community leaders, NEO decided to suspend work there and selected another community prioritized by the municipal administration.

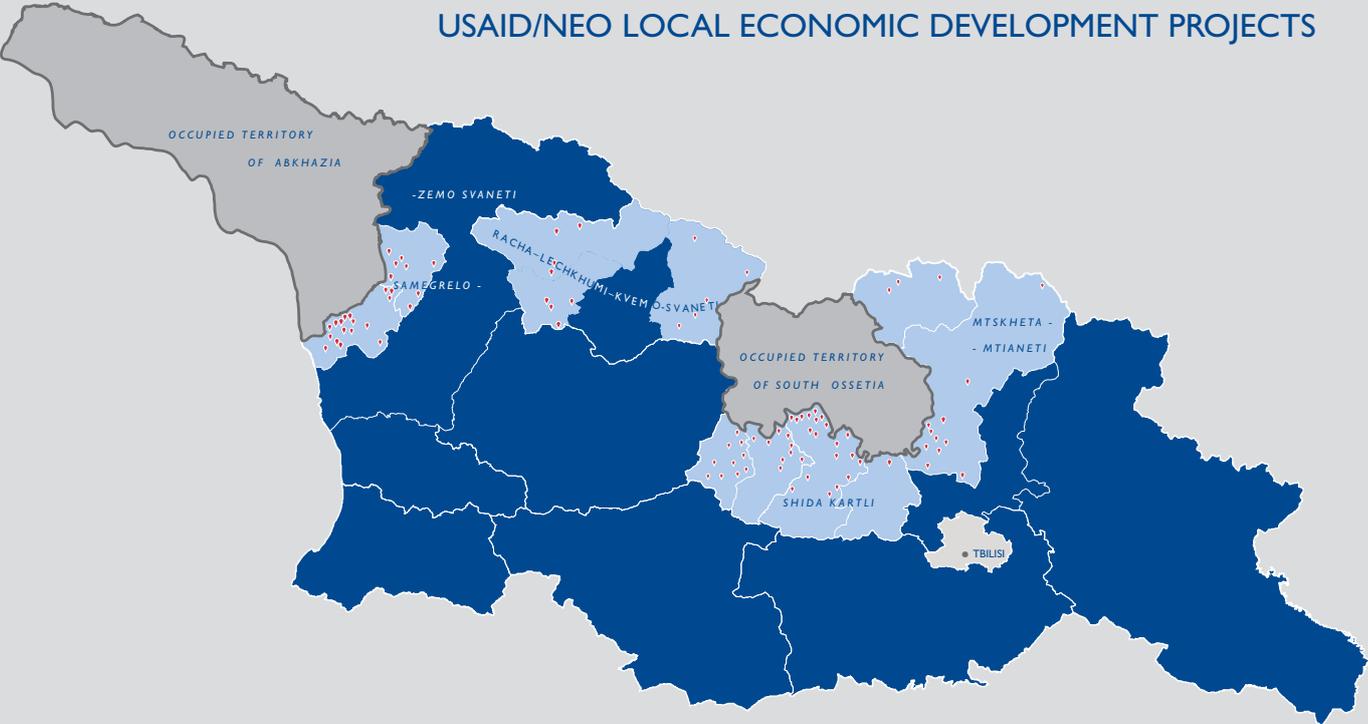
**NEO's approach allowed for broad participation; more than 4,000 people participated in the community meetings and more than 1,200 local residents directly participated in the planning process.**

mists of Georgia (AYEG),<sup>8</sup> NEO assisted representatives from the targeted communities to develop customized EDPs using the NEO mobilization methodology. The EDPs followed a sector approach, identifying key priorities related to economic infrastructure rehabilitation, economic development potential, and social infrastructure that were needed to develop and enhance life within their community. Each community established an

EDP working group and four sector-focus groups made up of community members with relevant experience. This approach allowed for broad participation; more than 4,000 people participated in the community meetings and more than 1,200 local residents directly participated in the planning process. Under NEO's methodology, communities took ownership of the EDPs, which represented a shift from previous local economic develop-

8. AYEG worked with 55 communities to prepare and finalize their initial EDPs, the remaining 30 communities worked directly with NEO staff to develop their EDPs, and all 85 community-level EDPs were updated with the assistance of NEO regional teams prior to the end of the project.

**USAID/NEO LOCAL ECONOMIC DEVELOPMENT PROJECTS**





**Community meeting in Pakhulani, Tsalenjikha municipality**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**“ The community joint action throughout the planning and implementation of the plans has led to a change in how people think. People started perceive themselves as the main actors of the community development process.”**

**LADO KVARTSKHAVA,  
AKHALSOPELIVILLAGE  
TRUSTEE**

ment activities in Georgia, which were typically driven by external entities.

Each EDP provided brief, easily accessible, and clear information, conclusions, and recommendations that presented possible opportunities and priority projects for potential investors. The plans also included the potential impact of each project, approximate budgets, possible funding sources, and the number of expected beneficiaries. The working groups presented the EDPs to their communities during public hearings, to receive feedback and garner public support for priority issues and later presented all 85 community-level EDPs to their respective municipal officials with the goal of integrating EDP priorities in the municipal budget. In general, the EDPs were lauded by municipal officials, who allocated budgetary resources to support the implementation of the identified

priority infrastructure projects in each community.

To ensure that each EDP was continually reviewed and updated, the community working groups and NEO facilitated the establishment of EDP monitoring groups comprising 340 community members across the 85 target communities. These groups slightly updated the plans, adding new infrastructure, social development, and agricultural/non-agricultural business priorities. The groups also prevented overlap by identifying projects in the original EDPs that had already been implemented through NEO or by other stakeholders. With this information, NEO assisted the monitoring groups to continually revise their EDPs to include dates showing completed projects in each sector and the total value of funding leveraged. As a result, it was evident that the partner municipalities took community priorities

into consideration, because they allocated budgets for supporting preschool education and local infrastructure (rural roads, potable water supply systems, irrigation channels, drainage channels, bridges, kindergartens, public squares, sports fields, garbage bins, and the like) development initiatives that were highlighted in the EDPs.

In 2014, NEO received an extension and was tasked with bolstering activities for villages that were in close proximity to the ABL with South Ossetia. To support NEO's 67 ABL target villages, the project worked closely with municipal government officials from Gori, Kareli, Kaspi, Khashuri, and Dusheti to develop new Mobilization

and Implementation Plans (MIPs), two-page summaries that provided an overview of the population, the agricultural land area, and the educational, health, and social facilities and services that were locally available. The MIPs also presented prioritized lists of the 67 villages' infrastructure rehabilitation, agriculture, and small business development needs. Soon after completion of the draft MIPs, NEO worked with municipal officials, community and village leaders, and infrastructure experts to pre-select 22 villages for infrastructure rehabilitation projects based on the feasibility of the project, estimated economic impact, villages' proximity to the ABL, and the number of potential direct beneficiaries.<sup>9</sup>

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9. During the extension period, NEO also focused its infrastructure rehabilitation on villages that had not been benefitted in the previous four years.



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**Discussion of the draft Economic Development Plan in the Khtsisi community of the Khashuri municipality**



**Community Meeting, Gola community of the Oni municipality**

## **NEO LED MODELS LEADING THE WAY**

In 2014, NEO presented its approach to LED planning for the Ministry of Regional Development and Infrastructure (MRDI) and 35 participants, including ministers, local leaders, community members, and other donor organizations. At the meeting's end, ministry and municipal leaders noted that NEO's community-driven approaches could serve as a model for a new self-governance law.

**Capacity building for local government officials.** NEO strove to increase local governments' ability to provide responsive services to their communities and played a facilitative role to ensure that local government officials were capable of participating in local economic development planning at the community level. The project observed the interactions of municipal authorities and trustees during community working and focus group meetings and conducted a needs assessment to highlight capacity gaps. Based on those results, NEO designed training programs to support economic development activities at the municipal and community level. The

training, conducted by Charity Humanitarian Centre Abkhazeti (CHCA), focused on developing communication, negotiation, and advocacy skills to attract investors; techniques to develop project proposals and business plans; project-based profit and loss analysis and risk assessments; return on investment calculations; and measurement of the social impact of the selected priority projects. The training cycle consisted of two-day courses for all municipal officials and working group representatives from the 85 communities, totaling 516 participants. More than 25 percent of the participants were municipal officials.

## INFRASTRUCTURE PROJECTS BY THE NUMBERS

- 40 potable water supply systems
- 20 rural roads
- 13 drainage channels
- 10 irrigation systems
- 9 kindergartens
- 1 public park
- 1 agrarian market
- 11 flood protection gabions
- 2 sports fields

***Small-scale infrastructure rehabilitation.*** NEO committed to implement one small-scale economic infrastructure project prioritized in each targeted community's EDP. This became the key leveraging mechanism that helped generate community interest and participation in the local economic development process. After working with municipalities and community members to select the infrastructure proj-

ects, NEO conducted economic, engineering, and environmental assessments to ensure that these projects were compatible with the project's requirements and goals.

NEO required a municipal contribution of at least 15 percent, either cash or in kind, as well as letters of intent to ensure community and municipality buy-in for the project before announcing tenders. However, the project's positive results in its initial years bolstered municipal support, and NEO was able to continuously exceed the minimum 15 percent requirement, leveraging 50 percent of total small-scale infrastructure project costs.<sup>10</sup> Leveraging for infrastructure projects totaled \$1.7 million, including \$1,500,831 from partner municipalities, and \$200,984 in third-party contributions.

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10. NEO partner municipality contributions in high mountainous regions of Lenteki were delayed, and municipality construction projects have yet to be completed in three villages due to emergency situations (landslides and flooding), which diverted funds and took priority.

## EXTENDING NEO'S WORK IN ABL COMMUNITIES

NEO was initially a four-year project focused on 10 municipalities and 85 communities.

In 2013, the increased pace of permanent fencing installation to demarcate the ABL with the occupied territory of South Ossetia, a process known as "borderization," resulted in thousands of people losing access to their homes, agricultural land, forests, and primary infrastructure. The Government of Georgia requested USAID support on identified needs of communities along the ABL, particularly in the Gori, Kareli, Khashuri, Kaspi, and Dusheti municipalities. Given NEO's substantial work and success in most of these municipalities, USAID

extended the project for a fifth year and focused on addressing the needs of villages along the ABL with the occupied territory of South Ossetia. As a result, NEO added the Kaspi municipality to its efforts, increased the number of communities to 88, and increased the number rehabilitation projects from 86 to 107.

The 22 priority infrastructure projects were located in the Gori (16), Kareli (4), Dusheti (1), and Kaspi (1) municipalities comprising six irrigation channels, seven rural roads, six potable water supply systems, and three drainage channels benefiting 3,716 local households residing in the ABL villages.



**BEFORE**



**AFTER**

**The NEO-supported kindergarten rehabilitation in the Kvemo Nikozi community of the Gori municipality benefitted 50 households residing along the ABL with the occupied territory of South Ossetia**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**NEO's infrastructure projects provided tangible economic and social benefits, such as access to safe drinking water, increased availability of irrigation waters, improved transportation infrastructure, and enhanced recreational spaces for 19,566 households in target communities, including 5,902 households along the ABL with the occupied territories of South Ossetia and Abkhazia.**

The NEO project partnered with the municipalities in 88 target communities<sup>11</sup> to complete 107 infrastructure projects. These projects provided tangible economic and social benefits, such as access to safe drinking water, increased availability of irrigation waters, improved transportation infrastructure, and enhanced recreational spaces for 19,566 households in target communities, including 5,902 households along the ABL with the occupied territories of South Ossetia and Abkhazia.

Sustainability of the newly rehabilitated infrastructure was a top priority. NEO equipped municipalities and community members

with project-specific sustainability plans along with a comprehensive Overarching Operations and Maintenance Manual. Each community's sustainability plan was tailored to the community's specific conditions and contained detailed directions for the operation and maintenance of individual infrastructure projects. The manuals, on the other hand, contained general information and maintenance plans that could be used for existing and future infrastructure projects. NEO also provided each municipality with a project-specific sustainability plan. The project ensured that community and village members received copies of these materials as well as mainte-

11. Although NEO was able to implement infrastructure projects in the majority of NEO target communities, the planned rehabilitation of a drainage channel in Didi Plevi community of Khashuri municipality was canceled in 2014, due to the municipality's inability to secure necessary approval from the Ministry of Environment for the proposed dumpsite for the excavated excess soil from channel. As NEO activities in this community were ending December 31, 2014, there was insufficient time to select, approve, tender and implement an alternative project within the timeline of the NEO project.

**“ USAID/NEO is one of the most successful projects implemented in our region. NEO succeeded in promoting the sense of community ownership, which was lost during the years of Soviet rule.”**

**GELA SVIRAVA,  
GOVERNOR’S OFFICE  
OF SAMEGRELO-ZEMO  
SVANETI REGION**

nance training from NEO’s civil engineers. In communities where NEO had rehabilitated the potable water supply system, the project’s environmental specialist tested water quality to ensure that it was potable and conducted training for community administrators and maintenance personnel on sanitary and hygienic standards to maintain the water quality in their systems. As a final step, NEO assisted local community members and EDP monitoring groups to establish a maintenance team to monitor, maintain, and ensure the sustainability of their rehabilitated infrastructure

**LED coordination.** NEO actively coordinated with several partners in its development of infrastructure projects to maximize results and avoid potential over-

lap. In 2014 and 2015, NEO collaborated with the USAID/ Integrated Natural Resources Management in Watersheds of Georgia (INRMW) project on the design and rehabilitation of the potable water supply system in the Didi Ghebi village of the Oni municipality, providing access to clean water for approximately 160 households in the community. NEO also worked closely with Temi and Garemo, a Georgian NGO funded by the Government of Lichtenstein, to equip seven NEO-rehabilitated kindergartens in the Zugdidi and Tsalenjikha municipalities with furniture, playgrounds, and solar heating for water in the kitchens.

Throughout the project, NEO actively coordinated with the International Committee of the Red Cross (ICRC) to improve

**The NEO-supported rural road rehabilitation in the Breti village of the Kareli municipality improved access to agricultural land plots for 70 households in the community.**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE





**Irrigation channel rehabilitation in the Adzvi and Koshka villages of the Gori municipality provided irrigation water to 131 hectares of agricultural land and benefitted 293 households through NEO support**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

potable water supply systems in the organizations' overlapping target municipalities by sharing information on existing potable water supply systems in the communities and working together on several projects to improve living conditions for the local population. In 2015, NEO and ICRC collaborated on several small-scale infrastructure projects, including a project with the United Water Supply Company of Georgia (UWSCG) to rehabilitate the water supply system in two villages of Mejvriskhevi community of Gori municipality providing access to potable water to 1,000 households. NEO conducted project assessments for both villages and funded the rehabilitation of Patara Mejvrishhevi, while ICRC funded construction materials for UWSCG's rehabilitation in Didi Mejvriskhevi.

During NEO's extension period in its final year, after identifying small-scale infrastructure projects in villages along the ABL with the occupied territory of South Ossetia, the project worked with OSCE's Conflict Prevention Center to rehabilitate the potable water supply systems in Zemo Sobisi and

Kvemo Sobisi villages in the Gori municipality. The OSCE secured \$103,640 from the Government of Finland for the projects, and NEO provided technical assistance with the preparation of documents, tendering the project, and supervised construction. With NEO support, Gori municipality also requested and leveraged additional funding from MRDI — \$187,034 for Zemo Sobisi and \$234,564 for Kvemo Sobisi— for the installation of new boreholes and reservoirs, pumps, and pipe to provide clean drinking water to 416 households.

Through one of its MIPs, NEO also identified a potable water supply system for the Odzisi village although it exceeded NEO's available budget. The Mstkheta-Mtianeti regional governor's facilitated the funding from the Foundation of the Church of Jesus Christ of Latter-day Saints in Georgia, which contributed 59 percent of the total costs, along with 16 percent of the costs from the Dusheti municipality. The project provides water to 230 households along the ABL with the occupied territory of South Ossetia.



**BEFORE**



**AFTER**

The NEO-supported water supply rehabilitation project in the Zemo Nikozi village of the Gori municipality improved access to potable water supply services and enhanced the life quality of 65 households in the community, which is located along the ABL with the occupied territory of South Ossetia.



Introduction of the green-grafting technology at the NEO-supported grapevine nursery in the Tvishi village of the Tsageri municipality

## CHAPTER TWO

# IMPROVING RURAL ECONOMIES AND LIVELIHOODS

NEO's rural economic development initiatives focused on value chain interventions to increase and diversify sources of income and generate employment for NEO-targeted beneficiaries. To identify potential value chains, NEO reviewed statistical data from the community EDPs and organized participatory workshops with a wide range of stakeholders to short-list value chains and develop action plans using the evaluation criteria highlighted in Box 2.

After completing value chain assessments, NEO focused on subsectors within the fruit, vegetable, hazelnut, livestock, beekeeping, and tourism value chains. Although some value chains encompass all four NEO regions (livestock, beekeeping, and vegetables), other value chains are region-specific, such as hazelnuts (Samegrelo-Zemo Svaneti); apples, pears, and stone

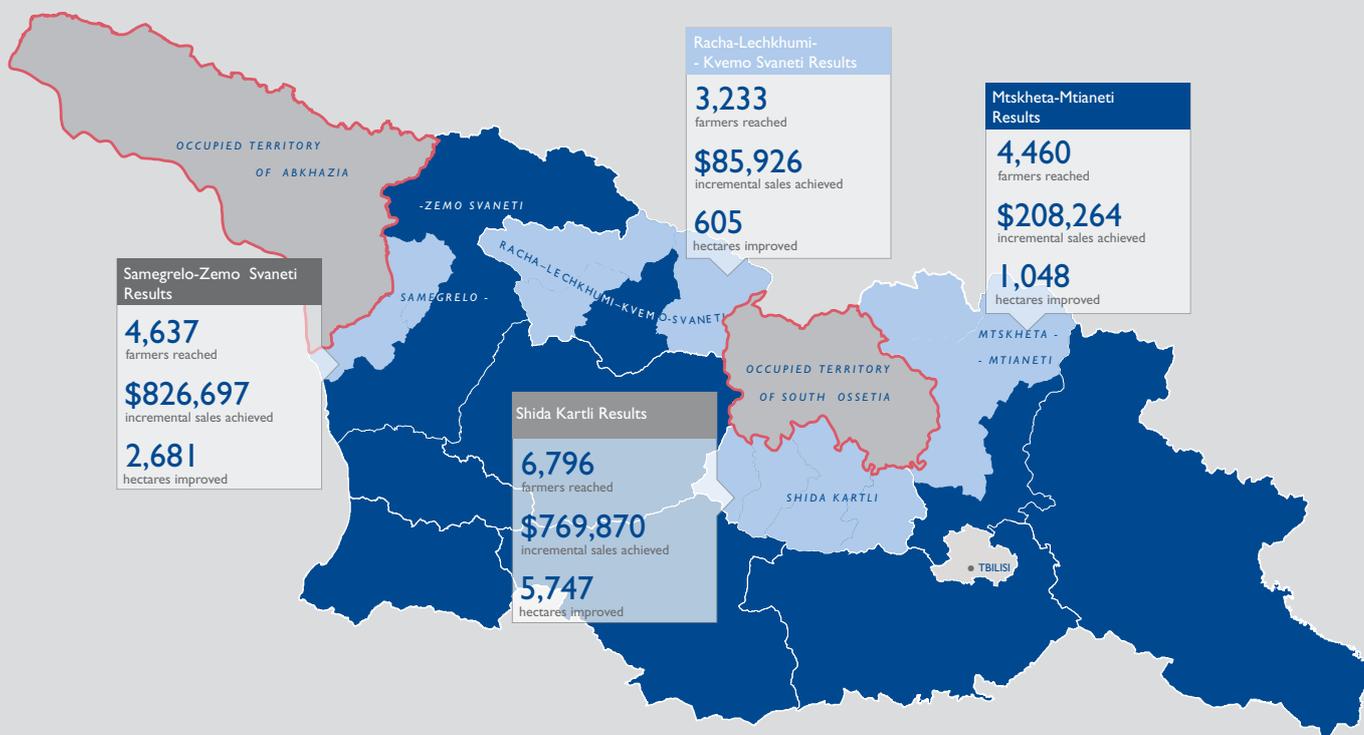
fruits (Shida Kartli); and tourism (Mtskheta-Mtianeti).

Most of NEO's agricultural value chain development initiatives focused on improving the quality and quantity of yields of crops traditionally produced in NEO target regions, such as potatoes, tomatoes, cucumbers, apples, hazelnuts, and wine grapes. However, NEO also introduced farmers to new high-margin crops, such as lettuce, broccoli, and strawberries, to enable them to increase their income by almost twenty-fold on their small, fragmented land plots.

To promote sustainability, NEO supported the establishment and registration of nine agricultural cooperatives and two associations in the berry, potato, vegetable, and beekeeping sectors. Through these cooperatives and associations, farmers were able to strengthen their bargaining

### BOX 2. VALUE CHAIN EVALUATION CRITERIA

1. Large number of direct beneficiaries
2. High unmet market demand
3. Satisfactory presence of lead firms
4. High potential of increased income for targeted groups
5. High proportion of household income of targeted beneficiaries from the value chain activity
6. High participation of rural and vulnerable populations, and ethnic minorities
7. None or low donor saturation in the value chain



**NEO introduced farmers to new high-margin crops, such as lettuce, broccoli, and strawberries, to enable them to increase their income by almost TWENTYFOLD on their small, fragmented land plots.**

power and access inputs and processing equipment at competitive rates. NEO provided them with agricultural mini-machinery that could be used on the cooperative farms and could also provide services to farmers outside of their organizations. In addition, to promote their sustainable development, project technical specialists also delivered business skills training and assisted cooperatives and associations in developing annual operational plans.

***Open-field vegetable production.*** Many farmers in Georgia use traditional, outdated methods of fruit and vegetable production. They do not prepare soil properly, use poor drainage systems, do not conduct soil analyses, purchase low quality seeds, and follow insufficient in-

tegrated pest management (IPM) approaches that result in subpar yields and poor quality fruits and vegetables.

NEO used international and local fruit and vegetable production experts to provide training and one-on-one technical assistance to farmers on all phases of open-field vegetable production, from soil testing and preparation to post-harvest handling. The project introduced new technologies to farmers such as tunnel greenhouses, seedling production trays paired with use of substrate to increase vegetable yields through quality vegetable seedlings production, drip and spray irrigation and fertigation systems to improve the quantity and quality of yields and minimize expenditures for irrigation and fertilizers, and raised beds with

Since adopting the modern production techniques and technology, NEO's farmer-beneficiaries have increased their yields by an average of 200 percent and achieved \$470,000 in sales.

plastic mulch to further enhance yields by eliminating weeds and preventing fungi and molds from damaging crops due to improper drainage and crops' exposure to moist soil.

Through its grants program, NEO introduced these new technologies and production techniques to 165 farmers, including 33 IDP farmers in 10 municipalities. Since adopting the modern production techniques and technology, NEO's farmer-beneficiaries have increased their yields by an average of 200 percent and achieved \$470,000 in sales over three years.

***Lettuce and broccoli.*** NEO introduced farmers to the production of new crops such as lettuce and broccoli, which

were not common food staples of the Georgian diet but were in great demand in the hospitality sector (hotels, restaurants, cafes, and supermarkets) in Tbilisi and Batumi. By partnering with Eco Farm, a Georgian food processing and distribution company Eco Farm that supplied many of Georgia's hotels and supermarkets, NEO helped to create a local supply chain for these previously imported products, to provide farmers with a direct market for their produce. In addition, the full production cycle of lettuce and broccoli lasts only two to three months, allowing farmers to produce and sell these products to Eco Farm and still have time to use the land for a second crop during the same year. The wide range in climatic conditions and altitudes in



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

An open-field vegetable farmer from the Arsha village of the Kazbegi municipality works at this NEO-supported lettuce demonstration plot, equipped with a drip irrigation system. Learn more about NEO's lettuce production efforts in the video link below.



Video Link: Living on Lettuce - Introducing New High Value Crops in Georgia  
<https://www.youtube.com/watch?v=EiOU4iF4gbw>

A greenhouse vegetable farmer from the Tsaishi village of the Zugdidi municipality at the NEO-supported greenhouse vegetable demonstration plot

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



Zugdidi, Kazbegi, and Gori municipalities allowed farmers to provide Eco Farm with an almost year-round supply of lettuce .

Over a two-month period, the average NEO greenhouse farmer in Zugdidi harvested more than 1,250 kilograms of lettuce in a 500-square-meter greenhouse, generating \$1,430 from sales to Eco Farm. In Kazbegi municipality, which has a cooler climate, farmers could produce fuller heads of lettuce on their open fields and harvested an average of 7,000 kilograms of lettuce on a 2,000-square-meter land plot to reap \$8,000 in revenue. Kazbegi's climate also made it an ideal location for broccoli production, with the average farmer producing more than 4,000 kilograms per 1,000 square meters to generate \$4,848 in sales. During the first year of collaboration, Eco Farm purchased more than 45,000 kilograms of lettuce and broccoli from NEO-supported farmers.

**Potatoes.** Georgian potato production levels were significantly below international standards, with average yields of less than 15 tons per hectare, whereas most Euro-

pean countries yield 40 to 80 metric tons per hectare. This stemmed from the use of outdated production techniques, with roughly 90 percent of Georgian potato farmers planting the smaller ware potatoes from the previous year's harvest to produce new ware potatoes. Each year, the potatoes were exposed to bacterial, viral, or fungal infections, reducing productivity, quality, and quantity of the farmers' yields.

In 2013, NEO supported 12 potato farmers in the Dusheti, Kazbegi, and Oni municipalities to establish demonstration farms for the production of high-quality, virus-free seed potatoes for sale in the domestic market. NEO procured 19,500 kilograms of Elite-class seed potatoes, which the farmers planted on their 6.5 hectares of land. NEO granted the farmers drip irrigation systems; bed making, potato planting, and harvesting equipment to reduce their production expenses and increase seed-potato yields; and data-logging technology to inform them of the potential outbreak of fungal diseases to protect the potato crops and prevent the spread of the disease.

In fall 2013, these NEO-supported potato farmers harvested 145,300 kilograms of Class A seed potatoes.<sup>12</sup> Despite poor climate conditions during the 2013 season that minimized the average seed-potato yield in Georgia to 11,500 kilograms per hectare; NEO-supported farmers recorded average potato yields of 22,500 kilograms per hectare, 114 percent more than the average Georgian potato farmer.

In 2014 and 2015, NEO focused its efforts on assisting buyers of seed potatoes to produce quality ware potatoes for the Georgian market. To expand potato production activities, NEO provided grants and technical assistance for another 10 farmers to establish modern ware potato demonstration farms in the Dusheti, Kazbegi, Kaspi,

Gori, and Kareli municipalities, enabling the farmers to more than double their ware potato yields from the previous year. NEO-supported farmers were introduced to best practices for seed-potato production, particularly on how to produce disease-resistant and high yielding seed potatoes.<sup>13</sup>

Since receiving training, technical support, and new technologies from NEO, the 22 NEO-supported potato farmers harvested and sold 88,000 kilograms of seed potatoes and 353,900 kilograms of ware potatoes on the regional produce markets to generate a total of \$152,000 in sales from 2013 - 2015. Farmers are now regularly producing high-quality seed potatoes and turning over their seed potatoes on a regular basis.



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**The NEO-supported potato farmer planting seed potatoes at his demonstration plot in Sno village of the Kazbegi municipality.**

12. Figures are based on the average yields from 2010-2014. [http://geostat.ge/cms/site\\_images/\\_files/georgian/agriculture/2014%20wllis%20soflis%20meurmeoba.pdf](http://geostat.ge/cms/site_images/_files/georgian/agriculture/2014%20wllis%20soflis%20meurmeoba.pdf)

13. Georgian farmers harvest potatoes annually. Prior to NEO's support, farmers would re-use their potatoes as seeds for the next year. Each yearly harvest lowers the potato class (e.g. from Elite class to 'A' Class, from 'A' Class to 'B' Class, etc.) which results in lower resistance to diseases and lower yields. By showing farmers, through demonstration plots, the impact on production of using high-quality seed-potatoes, NEO supported farmers to improve their yields by 114 percent. Farmers are now producing high quality seed-potatoes and turning over their seed-potato on a regular basis. [files/georgian/agriculture/2014%20wllis%20soflis%20meurmeoba.pdf](http://files/georgian/agriculture/2014%20wllis%20soflis%20meurmeoba.pdf)



The NEO-supported raspberry demo orchard in the Kvemo Nikozi village of the Gori municipality is one of 26 berry demonstration plots covering 5.5 hectares established by NEO along the ABL with the occupied territory of South Ossetia.

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**One NEO-supported greenhouse farmer, Giorgi Svirava, started distributing fresh lettuce to the hospitality industry in Zugdidi, Batumi, and Kutaisi, as well as to traders from Abkhazia. Mr. Svirava purchased 21,500 kilograms of lettuce from local farmers and generated \$46,258 in revenues.**

**Greenhouse vegetable and fruit production.** NEO initially supported 11 farmers in the Zugdidi and Tsalenjikha municipalities to launch greenhouse lettuce, tomato, cucumber, and strawberry production covering an area of 4,000 square meters through the provision of Israeli-manufactured greenhouses (250-square-meter and 500-square-meter) and drip irrigation and fertigation systems.

Although the greenhouses were successful, the high costs of the Israeli-manufactured greenhouse frames, support structures, and ventilation systems were too expensive for many of NEO's small-scale and vulnerable farmers to replicate. Therefore, NEO's second production model supported 16 farmers in the Zugdidi, Tsalenjikha, and Tskhaltubo municipalities to establish 5,360 square meters of more affordable greenhouse structures. Supervised by NEO's local vegetable

production expert, the grantees were responsible for sourcing and constructing wood or metal frames and support structures; NEO provided the polyethylene greenhouse covers, shade nets, drip irrigation and fertigation systems, seedling trays, and substrate. NEO greenhouse grantees produced and sold approximately \$210,000 of produce to regional produce markets, distributors, wholesalers, supermarkets, restaurants, and cafés throughout Georgia over two years.

NEO's third greenhouse production model involved partnering with the Government of the Autonomous Republic of Abkhazia (GARA) in exile to disassemble 34,050 square meters of galvanized metal greenhouse frames at a non-operational GARA-owned facility in Rustavi and distribute these frames to six associations and cooperatives, reaching a total of 52 farmers in

“ Encouraged by the success of the rich harvest in the NEO-supported greenhouse, we have constructed another greenhouse and harvested around 1,700 kilograms of strawberries. The production costs for 1 kilogram of strawberries is 50 cents, while the price per kilogram fluctuates from \$3 to \$7. ”

**ANTIPO BUKIA,  
GREENHOUSE  
STRAWBERRY FARMER**

eight municipalities. The farmers signed agreements with GARA to lease the greenhouse frames for 49 years and were responsible for the disassembly, transport, and reassembly of the frames on their land plots. NEO provided these farmers with polyethylene greenhouse covers, drip irrigation and fertigation systems, seedling trays, and substrate.

NEO also supported eight farmers with 100-square meter greenhouses exclusively for seedling production in Mtskheta-Mtianeti, Shida Kartli, and Samegrelo-Zemo Svaneti. Farmers previously grew seedlings in open-fields and lost about 60 percent of their production due to poor weather, soil conditions, weeds, and pests. In the protected greenhouse environment,

seedlings germinate at a rate of approximately 97 percent. In addition, the adaptation period for greenhouse seedlings is lower than open-field seedlings and results in faster growth.

## FRUIT AND TREE CROPS

**Berries.** Georgian farmers generally have small and fragmented land plots, averaging approximately one hectare. NEO introduced berries to Georgian farmers because they are high-value crops that can generate nearly unmatched revenues per square meter. Strawberry and raspberry plants produce harvests the first year after planting, within two months for strawberries and within five months for raspberries, allowing farmers to generate a rapid return on their initial investments in produc-



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**NEO beneficiaries work in an open-field strawberry demonstration plot. Learn more about NEO's strawberry activities in the video link below.**



**Video Link: Strengthening Strawberry Value Chains in Georgia**  
<https://www.youtube.com/watch?v=-LDC9p-WSgQ>



**Plum harvest at the NEO-supported demonstration plot in the Dzevera village of the Gori municipality**

tion. Over the life of the project, NEO supported 52 farmers to establish strawberry and raspberry demonstration plots in seven municipalities.

Before receiving NEO's assistance, farmers in the Zugdidi and Tsalenjikha municipalities primarily produced corn on their open field plots, and farmers in Kazbegi municipality produced potatoes, yet the small plots prevented significant income generation. NEO determined that berry production would be a profitable alternative crop that would rapidly increase farmers' net income. Eighteen farmers received training on modern production techniques and the potential financial benefits of producing strawberries, and once they completed the training, NEO provided these farmers in the Zugdidi, Tsalenjikha, and Kazbegi municipalities with three new imported varieties of strawberry plants that were suited to the Georgian climate and land conditions for open-

field and greenhouse production. In the first year of strawberry production, grantees in western Georgia increased their incomes from approximately \$1,500 to \$30,000, (1,900 percent), after switching from corn production. NEO also granted drip irrigation systems to 29 farmers, along with new varieties of raspberries and blackberries imported from the United States.

The rapid initial production cycle and almost immediate financial returns sparked great interest from farmers in neighboring communities, particularly in strawberry production. Other stakeholders in Georgia's agricultural sector also became excited about the economic potential of berry production for small-scale landholders. For example, the UNDP-supported program "Farmers' Diary" produced a 28-minute instructional video on modern techniques of greenhouse strawberry production showcasing NEO grantees,

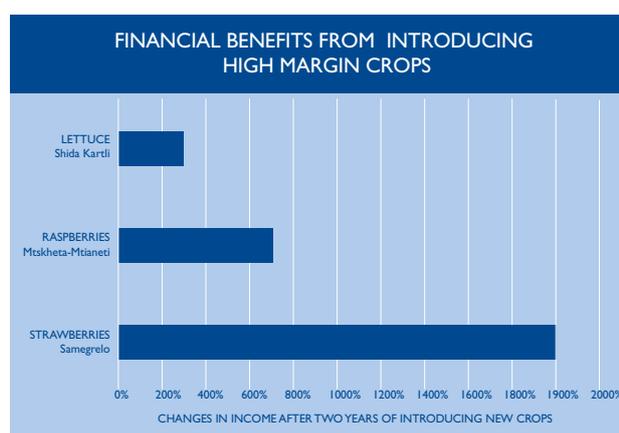
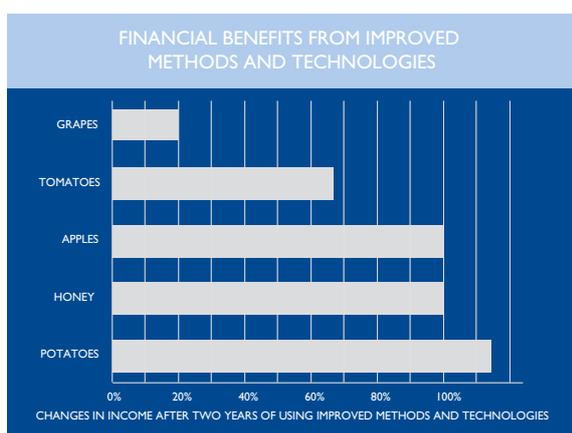
which was aired on television throughout western Georgia. In addition, the international NGO Action Against Hunger (ACF) brought 35 women farmers from Armenia to NEO-supported open-field and greenhouse strawberry demonstration farms in western Georgia to show them the income-generation potential from growing strawberries on their small land plots.

The growing interest of Georgian farmers in berry production prompted NEO to support three entrepreneurs in launching regional berry nurseries to provide farmers with access to nine varieties of high-quality planting stocks. Within two years of

## SUPPORTING ASSOCIATIONS THROUGH NEW CROP INTRODUCTION

NEO successfully introduced commercial strawberry production to the Samegrelo-Zemo Svaneti region. Initially, NEO collected and analyzed weather data to determine that strawberries were a viable crop. Through a competitive process, NEO selected 10 farmers to develop open-field strawberry demonstration plots replacing corn production. NEO supported these farmers with strawberry plants imported from Spain, and technical training in berry production including soil preparation, irrigation and fertigation, weed management, IPM, and post-harvest handling. In addition

to his open-field demonstration plot, one farmer also planted strawberries in his greenhouse, which allowed him to grow strawberries in the winter, obtaining prices three times higher than in the summer. From 2012 - 2015, the association produced 31,886 kilograms of strawberries, generating \$50,544 from sale on local and Abkhazian produce markets. As a result, these farmers increased their incomes by about 1,900 percent. The farmers formed the Fruit and Berry Culture Development Association and are now directly importing strawberry plants from Spain.



Introducing fruit tree grafting technology at the training held in the Shindisi village of the Gori municipality

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



“ Following the increasing demand for berries, we decided to establish an association to promote further development of berry production in the region. We established 15 demonstration plots in the Samegrelo region and reached the markets of the neighboring Imereti and Ajara regions as well.”

**NANA PIPIA,  
HEAD OF THE BERRY  
AND FRUIT CULTURES  
ASSOCIATION**

launching the berry nurseries, they had sold more than 115,000 strawberry, raspberry, and blackberry plants and provided technical assistance to farmers throughout Georgia. In 2015, the 26 NEO-supported cane berry farmers had initial harvests of 1,300 kilograms of raspberries, generating a total of \$2,800 in sales on the regional produce markets in the initial harvest year only. Their production and sales are expected to increase exponentially, as much as tenfold, when they reach a full harvest in 2016.

NEO also supported the development, publication, and distribution of comprehensive manuals on modern techniques for strawberry, raspberry, and blackberry production that were widely circulated to farmers, extension offices, and relevant agricultural agencies.

**Tree fruits.** Many farmers in Georgia’s Shida Kartli region grow orchard fruit (primarily apples, but also pears, cherries, and plums), which yields a

significant source of household revenue. However, the orchards had become increasingly unproductive and unprofitable due to the age of the trees, the use of outdated growing methods that limited fruit yields, and the production of fruit varieties that were no longer demanded by local or international markets. Farmers had limited access to training and extension services to increase their knowledge of modern production methods and lacked the means to improve existing orchards.

To address these problems, NEO introduced new fruit varieties and three technological innovations to assist farmers to increase the quality and quantity of their tree fruit yields, accelerate fruit harvests, and reduce pest management and production costs. These interventions enabled NEO-supported tree fruit farmers to access a broader customer base, compete with imports, and enter export markets to triple or quadruple their revenues.

***New varieties.*** NEO's farmers were aware of problems with the yield and age of orchards, but had limited or no access to new varieties and had little trust in the authenticity of the varieties and planting stock that were available in the local market. Before NEO, only two nurseries in the Shida Kartli region offered apple and plum saplings produced from modern rootstock; the demand for quality saplings significantly exceeded the quantity produced by these two nurseries. Moreover, no modern pear and cherry saplings were available on the Georgian market.

NEO expanded the availability of high-quality rootstock by establishing four fruit nurseries in Shida Kartli to produce and supply 13 new varieties of apple,

pear, plum, and cherry saplings. After the planting stock was delivered, NEO's international and local fruit experts provided customized training and consultations to the nursery grantees and other interested farmers on nursery planning, proper grafting, establishment of mother blocks of scion buds and rootstocks, weed management, and IPM. Over the life of the project, the four fruit nurseries produced and sold 55,825 apple, 9,330 pear, 1,270 cherry, and 700 plum saplings to generate \$168,223 in sales, which has enabled farmers to increase their tree fruit yields by more than 230 percent. After the first year of assistance, the nurseries produced 60 percent more to keep up with demand, and still sold out early in the season. In fact, three of the nurseries



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

The NEO-supported new tree varieties and three technological innovations to assist farmers to increase the quantity and quality of their new tree fruit yields, accelerate fruit harvests, and reduce pest management and production costs



Video Link: A Fruitful Future - Georgia's Apple Successes  
<https://www.youtube.com/watch?v=W3XvJE4rIfs>

NEO facilitated the installation of meteorological stations across NEO target municipalities to provide early warning services to fruit and vegetable farmers regarding irrigation, pest, and disease management.

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



have grown enough to qualify as suppliers in the Government of Georgia’s “Plant the Future” program, which subsidizes 70 percent of planting materials sold by the nurseries to farmers establishing orchards.<sup>14</sup>

*Technical Innovation 1: Dwarf rootstock.* Georgian farmers were planting fruit tree saplings grafted on old varieties of rootstock before NEO’s interventions. Due to the size of the trees, which could exceed five meters in height, it was impossible to grow more than 240 fruit trees per hectare of land. Harvesting required the use of ladders, which reduced efficiency and increased production costs. Once dwarf rootstock was introduced through NEO-supported nurseries, farmers could purchase and plant more than 2,000 tree fruit saplings per hectare of land, almost a tenfold increase. Whereas old apple varieties generated an average annual harvest of 15 metric tons per hectare, dwarf rootstock apple saplings increased yields to more than 50

metric tons per hectare. Using this technology introduced by NEO, farmers can consistently meet the quality requirements of local supermarkets. Combined with using better varieties, these higher quality apples achieve prices 200 percent higher than lower quality traditional varieties sold in local markets.

*Technical Innovation 2: Knip-Boom pruning.* NEO also introduced a new pruning technique in nurseries during sapling production to expedite the first harvest of fruit. With traditional sapling production techniques, farmers have to wait six years for an initial harvest and eight years for a full harvest after planting the saplings. Using the new Knip-Boom pruning technique, which involves cutting the fruit trees at specific times during the early stages of their growth cycle, farmers can get an initial harvest of fruit in the first year and a full harvest within three years of planting. NEO developed manuals on apple production and improved techniques and

14. [www.apma.ge](http://www.apma.ge)

distributed them to farmers, agricultural universities, the national library, and state-supported farm extension centers.

*Technical Innovation 3: Meteorological stations.* To improve the quality of tree fruit yields, mitigate impact to the surrounding environment, and reduce production costs, NEO introduced the use of solar-powered meteorological stations. These stations provide early warning services on the potential outbreak of plant diseases and pests by measuring air temperature, relative humidity, solar radiation, precipitation, wind speed, and leaf wetness over a radius of seven kilometers. The results are posted on an online database and indicate when farmers need to spray their crops to prevent disease or pests.

Before NEO, fruit farmers annually spent \$600-\$1,000 per hectare on pest management for their fruit orchards and tended to spray their crops based on “intuition” rather than at optimal times. This increased farmers’ production costs, because they would spray too often or with the wrong products, due to lack of access to information on the advent of diseases and weather conditions.

In 2013, NEO awarded a grant to the “Agro Kartli” farm service center to install nine meteorological stations in Shida Kartli. Based on the data provided by the meteorological stations, “Agro Kartli” sends text (SMS) messages to warn more than 5,712 fruit tree farmers of potential disease outbreaks and

protection methods for pests in Shida Kartli. Based on these messages, farmers were able to spray their orchards at the proper times, reducing production costs by almost 50 percent, increasing yields, and minimizing the amount of chemicals and pesticides introduced into the environment and crops.

Based on the meteorological stations’ success in Shida Kartli, NEO replicated this IPM technology in Racha-Lechkhumi and Kvemo Svaneti and Samegrelo-Zemo Svaneti, and selected two additional organizations to operate six meteorological stations: Ambrolauri-based Akhali Fermeri XXI (New Farmers XXI) and Zugdidi-based Association for Agricultural Development (AFAD). These stations launched SMS services to inform approximately 3,000 farmers on the appropriate timing for irrigation and provide warnings on the potential outbreak of fruit and vegetable pests and diseases in the regions.

**Grapes.** The Racha-Lechkhumi and Kvemo Svaneti region hosts a distinctive microclimate for the production of unique native wine grape varieties that are five times more profitable than varieties grown in other regions due to strong demand and high prices for those varieties of grapes. Until NEO intervened, however, there were no nurseries in Georgia that produced modern Phylloxera-resistant root and planting stocks for these local wine grape varieties. NEO supported the establishment of a grapevine nursery in Tsageri municipality

**“ NEO provided me with 22,500 virus-resistant rootstocks, a greenhouse, a rototiller, and an irrigation system. Now I am a member of the Union of Traditional Georgian Wine Producers, where I represent Tvishi community. I distributed nearly 3,500 rootstocks to vulnerable families and engaged 25 individuals in my grape production business. I believe that the work we do is important for both our community and the whole country, as we try to revive the old tradition of grape production and wine making in Georgia.”**

**BEKA LACHKEPIANI,  
GRAPE NURSERY OWNER  
IN TVISHI**

**Introduction of the green-grafting technology at the NEO-supported grapevine nursery in the Tvishi village of the Tsageri municipality**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



for the production of Mujure-tuli, Usakhelauri, Tsojikouri, and Aleksandrouli grapevine. The project procured 13,500 certified rootstocks and 8,900 basic rootstocks from the United States and France, along with grafting materials for its grantee. NEO's international and local fruit production experts then provided training to 149 farmers in grapevine nursery operations, rootstock grafting, and humidity and temperature control in the grapevine greenhouse.

Using traditional grapevine grafting techniques, the vines need to remain in the nursery for one year before they are ready for sale. With the innovative green grafting technology that NEO introduced, grapevines are ready for sale two months after grafting. By the project's completion in 2015, the nursery had sold 11,180 green-grafted grapevines to generate \$23,330 in sales revenues and donated an additional 3,575 green-grafted grapevines to local farmers to begin or expand

their businesses. The nursery can sell the grafted grapevines at prices 130 to 360 percent higher than other producers of local grapevines, because it grafts scion bud sticks of these local grape varieties onto high quality, disease-resistant rootstocks using innovative green-grafting technology.

***Hazelnuts.*** To enhance existing USAID interventions to improve and develop hazelnut production in Georgia, NEO supported the mitigation of the impact of pests on crops in western Georgia. NEO's international entomologist Celal Tuncer prepared comprehensive methodology and developed an online Database on the Movements and Impacts of Hazelnut Pests to collect, monitor, and sample the distribution and impact of four major hazelnut pests. With the support of UNDP and the Georgian National Food Agency, NEO contracted with four local plant protection specialists to monitor and collect data on hazelnut pest

movements in the Adjara, Guria, Imereti, Samegrelo-Zemo Svaneti, and Gali regions of Georgia.

Dr. Tuncer prepared a program to demonstrate the costs and benefits of mechanical, biological, and chemical control of hazelnut pests. In the spring of 2013, NEO and UNDP selected 83 hazelnut farmers to establish hazelnut demonstration orchards to display the impact of the three types of pest control management, and NEO provided the farmers with the necessary tools, equipment, and IPM supplies. The results of the assessment showed that hazelnut yields increased most significantly when biological and mechanical controls were used, but that mechanical controls provided the greatest results per dollar spent.

Based on this research, NEO's Georgian entomologists conducted training on the results of mechanical, biological, and chemical pest control methods for 80 hazelnut farmers, 83 students studying at the Agricultural Sciences Department at Shota Rustaveli State University in Batumi, and 12 scientists at the Anaseuli Research Institute of Tea and Subtropical Crops. NEO also produced an eight-minute, field-based instructional video demonstrating the various control methods, which was broadcast on the Odishi and Jikha regional television stations to 6,400 farmers. In addition, NEO designed and disseminated 12,000 brochures on hazelnut pest identification and control. These were distributed with copies of the instructional video to the Ministry of Agriculture's Information Advisory Service Centers in 15 municipalities, as well as to international and local organizations including Elkana, Anka Food, Lazika Capital, Action Against Hunger (ACF Danish Refugee Council (DRC), Senaki Farm Service Center, and USAID/EPI for redistribution to hazelnut farmers in 16 municipalities of western Georgia. Additionally, NEO collaborated with EPI and international confectionary firm Fer-

ro through a grant distributing 725 sets of sprayers and personal protection equipment to hazelnut farmers in Georgia.

To reduce crop damage across Georgia and disseminate knowledge among relevant stakeholders, the NEO-supported online Database on the Movements and Impacts of Hazelnut Pests was handed over to the Agricultural University of Georgia (AUG). AUG assumed responsibility for managing the database system, has continued to update the database with movements of the initial pests, and has begun to track four additional pests.

## **BEEKEEPING**

Through its beekeeping value chain assessment, NEO learned that the vast majority of Georgian beekeepers used the labor-intensive, low-productivity Soviet-era Dadant Blatt beehives and lacked access to information on modern beekeeping techniques. On average, Georgian beekeepers lost 25 percent of their bee colonies each year, due to their inability to recognize and treat diseases and pests that attack their bee colonies, often using unregistered and potentially dangerous medicines that have questionable efficacy and could harm the colonies and/or contaminate the honey.

NEO identified four local beekeeping experts to provide intensive, year-round technical assistance to 34 Georgian beekeepers, enabling them to care for their bee colonies and adopt modern technologies and honey production techniques. NEO also recruited international beekeeping expert Bill Lord, who conducted a training of trainers (ToT) program in modern beekeeping techniques to ensure that NEO's four local beekeeping experts were aware of the latest honey technology and production techniques. To further enhance local beekeeping experts' knowledge and skills, two local beekeeping experts participated in a month-long MASHAV-sponsored training program in Israel on modern apiculture management.

**NEO provided beekeeping farmers with a wide range of trainings on modern methods of honey production.**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



NEO's international and local beekeeping experts then conducted 64 field training courses on the benefits of using Langstroth beehives, beehive management, bee colony IPM, as well as honey extraction, processing, packaging, and marketing for 851 beekeepers across four target regions. The local beekeeping experts provided training and one-on-one consultations throughout the honey production cycle to 332 vulnerable individuals, who received beehives and bee colonies upon graduation from NEO-supported vocational training courses or as part of livelihood packages from NEO's livelihood service providers.

After completing introductory training in modern beekeeping techniques, NEO granted 500 locally produced Langstroth beehives to 34 beekeepers in NEO's four target regions. The recipients were then organized into four regional beekeeping associations, and NEO's international and local beekeeping experts provided training and technical assistance to the association members throughout the honey production cycle, resulting in a 30 percent increase in the beekeepers' honey yields from the Langstroth hives over what they received with the Dadant-Blatt hives. In accordance with their grant agreements and in conjunction

with livelihood package assistance delivered by AIC and CiDA, the association members also provided technical assistance and distributed 49 bee colonies free of charge to 34 vulnerable individuals to begin honey production in their respective communities. NEO beekeeping associations' and cooperative's members sold 28,814 kilograms of honey from new Langstroth hives, earning \$158,558 at the regional green markets. In addition, members also generated an additional \$19,137 through the sale of propolis, beeswax, royal jelly, and queen bees.

## **LIVESTOCK**

The growth of Georgia's dairy sector is constrained by numerous factors, including lack of qualified veterinarians and access to preventative medicines; inadequate feeding regimens due to lack of quality forage, feed concentrates, and nutritional supplements; and poor livestock genetics due to lack of breeding programs. To mitigate these issues and improve livestock care, NEO's local livestock development specialists conducted training in the identification, prevention, and treatment of cattle diseases, as well as the proper application of veterinary medicines for 176 livestock farmers and veterinarians in all four NEO target regions.

In addition to introducing high-quality, affordable livestock feed, in 2014, NEO supported two entrepreneurs in the Dusheti and Zugdidi municipalities to develop, build, and equip livestock feed mills, using a combination of the entrepreneurs' cash investments, commercial financing from bank loans, and NEO's grant program. NEO recruited an international consultant to give the entrepreneurs one-on-one technical assistance in developing quality feed rations using waste materials from regional food processors and other locally produced inputs for all stages of the growth cycle of dairy cattle, water buffalo, swine, poultry, sheep, and freshwater fish. NEO's international consultant also provided technical assistance to the grantees to improve their livestock feed processing, packaging lines, and storage facilities. In the final year of NEO's activities, the two livestock feed mill grantees produced and sold 472,920 kilograms of livestock feed and generated \$163,699 in sales revenues.

To further enhance the quality of livestock feed available, NEO introduced nine farmers in the Dusheti and Gori municipalities to modern techniques of alfalfa and livestock fodder production by procuring 595 kilograms of quality alfalfa seeds, which were sown on 30 hectares of the farmers' land in the spring of 2014. NEO's local grain production expert provided grantees with one-on-one consultations on soil preparation and monitored the seeding and production process. During the 2014 and 2015 production seasons, the farmers harvested and sold 33,800 kilograms of alfalfa to generate \$3,065 in sales revenues.

To improve livestock genetics, NEO provided two entrepreneurs in the Dusheti and Zugdidi municipalities with imported Jersey and Brown Swiss

bull semen, storage tanks, and artificial insemination kits, and contracted a local service provider to deliver training in modern artificial insemination techniques. By the end of 2015, the Dusheti entrepreneur had inseminated 29 dairy cows and pigs, and the Zugdidi entrepreneur opened a joint-use center that provided regional services in Samegrelo-Zemo Svaneti.

### **JOINT-USE CENTER**

Due to the efforts of the Millennium Challenge Georgia Fund, USAID, the Government of Georgia, and other stakeholders, numerous farm service and mechanization centers throughout Georgia provide products and services to enhance the competitiveness of agricultural products. At NEO's onset, however, no such services were available to farmers in the Zugdidi, Tsalenjikha, and Gali municipalities. NEO awarded a grant to "Euro Nuts," a Georgian hazelnut processor, to establish the AgroHouse joint-use center (JUC), which would offer a broad range of products and services for fruit, vegetable, herb, and livestock farmers and would provide training and business services for populations on both sides of the ABL with Abkhazia. Services provided included a laboratory for soil, leaf, feed, and water testing; a veterinary clinic offering artificial insemination and veterinary services; quality and comprehensive extension services to farmers; comprehensive product and service packages for various types of crops produced in the region; and open-field and greenhouse demonstration plots for regional fruits, vegetables, and hazelnuts to showcase modern production methods.

In 2015, AgroHouse performed 140 soil analyses and seven aflatoxin tests at its in-house laboratory. It also performed 80 field-based artificial



**Joint-Use Center: NEO-supported AgroHouse in Zugdidi offers a broad range of products and services for fruit, vegetable, herb, and livestock farmers in the region.**

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

inseminations of dairy cattle, 23 ultrasound diagnostics, and 10 operations at its veterinary clinic. AgroHouse's extension agents conducted 17 training courses in various modern techniques of fruit and vegetable production and post-harvest handling for 324 regional farmers.

AgroHouse also developed close business relationships with American, European Union, and Israeli producers (Bayer Crop-Science, Syngenta, BASF, Adama, Metzertoplas, and Seminis) offering farmers in Samegrelo-Zemo Svaneti and the occupied territory of Abkhazia a wide range of high-quality production inputs, plant protection supplies, and irrigation systems. In NEO's final year, AgroHouse generated \$70,558 in revenues. In addition, in 2015, Agro House partnered with KARTLISI Ltd. to open an agriculture input supply store in the village

of Darcheli in Zugdidi municipality to better serve those communities.

## **TOURISM**

Georgia's diverse landscapes, historical sites, and rich culture offer unparalleled opportunity for tourism development. Therefore, NEO launched a competitive grant program to co-fund initiatives in eco-tourism, adventure tourism, and/or cultural/heritage tourism in the Mtskheta-Mtianeti region. NEO received more than 200 concept papers and awarded seven grants to support the development of the tourism sector, largely the service subsector, in NEO's target municipalities of Dusheti and Kazbegi during 2012 and 2013.

NEO awarded three grants to Aragvi Adventure Center (AAC), Mountain Travel Agency (MTA) and Kazbegi Moun-

tain Tourism Hut (KMH) that aimed to enhance adventure tourism opportunities in the region. AAC used its grant to purchase new rafting, kayaking, and camping equipment and improve its camp facilities, provide on-the-job training for six whitewater rafting guides, and recruit experienced tour guides to expand its business. MTA, a woman-owned business, used its grant to upgrade and diversify its tourism services and the quality of equipment available for rent, create a database of local guesthouses, and form a group of certified mountain guides to provide foreign tourists and mountain climbers with a wider selection of hiking, camping, and regional tours. KMH used its grant to create and mark three new thematic trails in the Sno, Tergi, and Dari-ali valleys of Kazbegi municipality.

Two of the NEO grants aimed to improve and increase the number of camping and lodging facilities. To better meet the needs of its clients, KMH, located at the begin-

ning of a popular hiking trail up Kazbegi Mountain, used its grant to improve the comfort of its “mountain house” and increase the occupancy capacity from 10 to 22 guests. Zeta Mountain Camp (ZMC), an eco-tourism paradise popular with hikers, nestled in the mountains in Juta in the Kazbegi municipality, refurbished its wooden cabins, renovated bathrooms, installed solar water heating, and arranged dining and night tents. Finally, MTA, KMH, and ZMC all created websites and online booking systems to better market their services and attract tourists.

To improve food service in the region, NEO awarded grants to Gergeti Summer Café and Tsanareti Restaurant. At the base of the Gergeti Trinity Church foot path in the Kazbegi municipality, Gergeti Summer Café built and equipped a permanent café building with new kitchen and toilet facilities, improved the food quality and service, and provided parking for tourists.



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**NEO provided support to an entertainment and recreation leisure complex, the Aragvi Adventure Centre in the Tvalivi village of the Dusheti municipality, to improve Aragvi's camping and picnic areas, install toilets and showers, and purchase rafting, kayaking, and camping equipment.**

Through NEO support, Combimap, a souvenir production facility in the Aragvispiri village of the Dusheti municipality, has discontinued importing souvenir products from China for resale and now produces its own souvenirs locally. Learn about other NEO tourism initiatives in the video link below.

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



**Video Link: Promoting Tourism Infrastructure in Mtskheta-Mtianeti**  
<https://www.youtube.com/watch?v=NOBDw6PPzIY>

Tsanareti Restaurant, located in Arsha village along the main highway to the Russian border just outside of Kazbegi, used its grant funds to fully renovate its facilities and hire 16 new staff, including cooks, wait staff, and cleaners. The restaurant is now a popular stop with tourist buses to Kazbegi and truck convoys to Russia.

One of NEO's more unique tourism grants, which focused on import substitution, went to Combimap to establish a local souvenir production facility in the village of Aragvispiri in Dusheti municipality. Combimap funded the construction of a new facility and used NEO grant proceeds to procure modern printing equipment, hire and train 22 staff — predominantly vulnerable individuals from the local village — and began manufacturing a wide range of souvenir items such as magnets and key chains. As a result of the grant, Combimap now produces souvenir

and branded items for more than 37 Georgian public and private sector entities, ranging from the Georgian patrol police to Pepsi Cola, and has supplied more than 12,000 souvenirs to duty-free shops in the Tbilisi, Batumi, and Istanbul airports.

As a result of NEO activities in the tourism sector, grantees generated a total of \$806,116 in sales revenues. Many of the grantees advertised in the 2013 Tourism & Trade Guide to Georgia and participate in international tourism fairs and have developed partnerships with various local and international travel agencies, including Georgian Discovery Tours and Gudauri Travel, Mediusz and 4 Challenge (Poland), Bike Tracks and Bike Travel (The Netherlands), and Vos Travel and Belgian Biking Holidays (Belgium), which are dramatically increasing the number of adventure travelers to the region.



Apple harvest in one of the NEO-supported communities along the ABL with the occupied territory of South Ossetia



Vocational education college student from the NEO-target community of the Shida Kartli region improving his skills during carpentry training classes provided by NEO under the Assistance to Vulnerable Households and Individuals component.

## CHAPTER THREE

# ASSISTANCE TO STRENGTHEN HIGHLY VULNERABLE HOUSEHOLDS AND INDIVIDUALS

NEO provided resources for Georgia's most economically vulnerable population to become more self-sufficient and generate sustainable income by gaining employment or becoming entrepreneurs, yet the project's success depended on identifying individuals in its target communities with the entrepreneurial spirit and commitment to improve their livelihoods, graduate from the Government of Georgia's social welfare program, and launch

growth-oriented commercial microenterprises. NEO's community mobilization specialists (CMSs) and the project's local partners, CHCA, Abkhazintercont (AIC), and the Civil Development Agency (CiDA), held information sessions in NEO's 85 target communities to inform residents about opportunities to participate in NEO-sponsored vocational training, on-the-job training, interest-free loans, and livelihood package programs

Vocational education college students from the NEO-target communities of the Shida Kartli region improving their skills during electrical technicians' training classes provided by NEO under the Assistance to Vulnerable Households and Individuals program

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



that supported highly vulnerable households and individuals. These employment and income generation opportunities were well received, and numerous community residents applied to participate. The major challenge and the key to success of the programs was to select vulnerable individuals with the highest potential, commitment, and dedication so that they could best benefit from these programs.

During the pre-selection process, NEO, CHCA, AIC, and CiDA heavily relied on recommendations from NEO's community working groups, which were able to provide vital information, references, and background on the applicants' organizational skills, ambitions, and work ethic. To counter any partiality or nepotism from working group members, NEO and its partners also conducted site visits and required shortlisted applicants to undergo a rigorous interview process. For example, when interviewed

about their interest in the NEO-supported vocational training courses or livelihood packages, applicants were required to provide information about (a) their experience in the selected trade; (b) income-generation plans upon graduation from the selected vocational training course, including product or service marketing strategies; (c) projected revenues, costs, and pricing of services to be offered; and (d) availability of infrastructure to perform the proposed services. Based on these personal interviews, NEO was able to identify the vulnerable individuals with the greatest desire and commitment to improve their livelihoods and graduate from the government-supported social welfare system.

**Vocational training.** To determine which trades offered the highest potential for vulnerable individuals in NEO communities to gain employment and generate income upon comple-

### OFFERED VOCATIONAL EDUCATION PROFESSIONS

- cook
- baker/confectioner
- hotel/restaurant service
- mountain guide
- mechanic
- tower crane operator
- apparel-maker
- electrician
- hairdresser
- plumber/tile setter
- welder
- fruit grafter
- carpenter
- painter
- stonemason
- beekeeper

**A total of 889 vulnerable households from 87 communities, including 152 IDPs from NEO-supported HOAs and TAs, received customized training in 16 professions through NEO-supported vocational training programs.**

tion of the vocational training program, NEO conducted a thorough review of existing labor market analyses on vocational training and conducted interviews with 130 private sector companies to identify positions that needed to be filled. Simultaneously, NEO visited 12 vocational training institutions to assess the available trades and the institutions' ability to create two- to three-month comprehensive commercial vocational training courses. After analyzing the institutions' facilities, machinery, and equipment, as well as the technical knowledge and capacities of the instructors, NEO selected eight vocational training institutions to provide

tailored vocational training. To ensure that the courses' theoretical and practical components addressed potential employers' needs, NEO staff worked jointly with the institutions to design specialized training curricula for NEO beneficiaries. A total of 889 vulnerable households from 87 communities, including 152 IDPs from NEO-supported homeowners associations (HOAs) and tenants associations (TAs), received customized training in 16 professions through NEO-supported vocational training programs.

To enhance the potential for vulnerable individuals to gain employment or launch their own



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**Vocational education college students from NEO-target communities in the Shida Kartli region improving their skills during sewing training classes provided by NEO under the Assistance to Vulnerable Households and Individuals program**



Thanks to USAID/NEO's vocational training course, David Kobalia is employed by the State Oil Company of Azerbaijan Republic (SOCAR) to install natural gas connections to homes in northwestern Georgia.



Video Link: Breaking the Cycle of Poverty through Employment (Part I)  
<https://www.youtube.com/watch?v=RtAiQ9p-Uy4>

## LIVELIHOOD PACKAGE TRADES

### AGRICULTURAL

Mechanization, Poultry, Honey, Rabbits, Aquaculture, Greenhouse/Open Field Vegetables, Berries, Grapes, Tree Fruits, Grain, Corn, Dairy

### NON-AGRICULTURAL

Hairdressing, Apparel-making, Baking/Confectionery, Metalwork/Welding, Carpentry, Banquet/Funeral Equipment, Auto Repair, Plumbing, Electrical Work, Shoe Repair, Handicrafts, Guesthouse, Audio/Visual Services, Fast Food, Retail Trade

businesses upon graduation, all graduates received certificates to confirm their successful completion of the vocational training courses. In addition, throughout the courses, NEO conducted follow-up interviews with the training participants to gain more insight about their goals and objectives upon graduation and met with their instructors to track participants' attendance, performance, and progress through all phases of the courses. Based on the results of these interviews, NEO also awarded 87 percent of participants with trade-specific toolkits composed of furniture, equipment, and/or tools upon graduation. Toolkits were meant to facilitate gradu-

ates' employment opportunities following the completion of their training. As a result of these activities, by October 2015, 94 percent of the 889 NEO-supported vocational training graduates were employed or operating their own businesses.<sup>15</sup>

**Livelihood packages.** To assist vulnerable households in NEO-supported communities to generate income and improve their livelihoods, NEO partnered with two local NGOs, AIC and CiDA, to offer livelihood packages composed of in-kind grants for micro-businesses and technical assistance for entrepreneurial-minded vulnerable households and individuals. NEO and

<sup>15</sup> Jobs are all types of employment opportunities created in agriculture and non-agriculture-related enterprises, including on- and off-farm employment.

**The recipients of livelihood packages experienced a 30 to 300 percent increase in household income levels, with an average annual increase of 75 percent.**

its partners first reviewed the communities' EDPs to learn about their economic development priorities and consulted with community businesses and government officials to identify trades in high demand that could thrive in the local environment. After conducting a thorough analysis of the business environment in NEO's target communities, NEO and its partners pre-selected and standardized livelihood packages, ranging in value from \$132 to \$2,460, in 28 trades. The trades included supporting the agricultural sector, service sector, and retail trade.

AIC and CiDA worked closely with NEO's regional CMSs and

community working groups to identify, interview, and assess the skill base and commitment of vulnerable households in the target communities to receive the livelihood packages. As a result, livelihood packages were delivered to 765 vulnerable households in 90 communities.

Livelihood package recipients also received training and technical assistance in financial management to foster the growth and sustainability of their micro-business enterprises. Training and one-on-one consultations included design and analysis of cash flow and income statements, SWOT analysis, accessing production inputs, packaging,



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

Nana Kotuashvili runs the only hair salon in Dirbi village of Shida Kartli and earns roughly \$150 a month by performing hair cutting services to up to 60 clients from her village and neighboring villages. Her quality of life has greatly improved due to USAID/NEO's vocational training course.



**Video Link: Breaking the Cycle of Poverty through Employment (Part 2)**  
<https://www.youtube.com/watch?v=Hlsc4IL28Tk>

A poultry livelihood package recipient feeds his birds at his farm in the Kakhati village of the Zugdidi municipality. Learn about other successful NEO livelihood initiatives in the video link below.

NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE



**Video Link: Breaking the Cycle of Poverty through Employment (Part 3)**  
<https://youtu.be/I6YLIPL6XJ8>

**When the beneficiaries invested additional resources in the programs or used tools to develop or enhance business endeavors, their rates of return multiplied.**

pricing, distribution, marketing, and customer service. Local agricultural experts provided one-on-one technical assistance to those receiving agricultural livelihood packages throughout their crops' production cycle.

After completing the distribution of livelihood packages in October 2014, AIC and CiDA conducted a survey of livelihood beneficiaries to compare income levels before and after receiving NEO's assistance. The recipients of livelihood packages experienced a 30 to 300 percent increase in household income levels, with an average annual increase of 75 percent. Recipients of non-agricultural packages generated approximately a 145 percent increase in household income, and agricultural package recipients increased their household income levels by an average of 50 percent.

During the implementation of the livelihood package program, qualitative factors like the engagement, motivation, and determination of individual beneficiaries corresponded with

economic success. Livelihood packages were designed to enhance or supplement household income levels, but when the beneficiaries invested additional resources in the programs or used tools to develop or enhance business endeavors, their rates of return exceeded those of beneficiaries who made only basic use of the packages to supplement their current income levels. For example, the farmers who received mechanization packages could use the equipment to cultivate and harvest their own land plots, thereby increasing their yields, but some farmers also rented out the equipment or provided cultivation services for neighbors and, in turn, received additional income. Beneficiaries receiving beekeeping packages typically received five hives. The beekeepers who multiplied their hives upon receipt of their packages received a smaller amount of honey per hive during the first production cycle, but doubled or tripled their number of hives by the second production cycle, yielding two to three times more income.

**On-the-job training.** AIC and CiDA met with local business owners to introduce them to NEO's on-the-job training program, which aimed to help employers expand their businesses while simultaneously providing workers with skills for market-driven employment. After submitting applications, businesses were interviewed to determine the machinery, equipment, skills, and technical knowledge that vulnerable individuals would need to be able to participate in their on-the-job training programs. NEO and its two partners then selected 35 business enterprises for grants of machinery and equipment valued at \$118,505 to expand their business activities. To mitigate market distortion and ensure the companies' commitment to NEO's on-the-job training program, the grantees were required to provide matching contributions equivalent to more than 52 percent (\$130,070) of the awards toward expansion of their enterprises. Simultaneously, AIC and CiDA identified vulnerable individuals

who met the businesses' skill requirements to participate in on-the-job training programs. A total of 189 vulnerable individuals enrolled in these three-month training programs, and upon completing the program, 175 vulnerable individuals (93 percent) were employed at the businesses where they had completed their on-the-job training.

**Interest-free loans.** NEO teamed with CHCA and the Netherlands Refugee Foundation (NRF) to jointly administer the Income Generation and Business Support Initiative (IGBSI), which aimed to support vulnerable individuals and IDPs to embrace the entrepreneurial spirit and expand their operations. NRF provided CHCA with \$157,238 from NRF's Loan Capital Fund to on-lend to NEO-supported vulnerable individuals under the auspices of the IGBSI, and NEO provided CHCA with support for its operational expenses.



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**On-the-job training beneficiaries from the NEO-target communities of the Gori municipality improving their skills at pop-corn production facility**

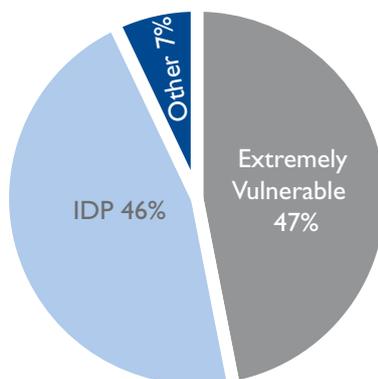


Karate instructor Giorgi Pataria teaches his students in his newly rehabilitated karate class in Kutaisi. Giorgi used a no-interest loan that he received through assistance from NEO to purchase martial arts equipment and renovate the sports hall to meet the growing demand for his services. Learn more about Giorgi and other NEO IDP beneficiaries in the video link below.



**Video Link: Assisting IDP Income Generation in Georgia**  
<https://youtu.be/JAt3G2tTuYE>

### INTEREST-FREE LOAN DISTRIBUTION



To launch the program, CHCA promoted IGBSI's business skills development opportunities and access to interest-free loans, and conducted information sessions in target communities and IDP settlements on IGBSI's goals and objectives. As a result, CHCA received 1,074 loan applications from vulnerable individuals and interviewed 993 applicants to gain an in-depth understanding of their business development/expansion plans and capacity to manage their enterprises on a sustainable, growth-oriented basis. Following the interviews, CHCA provided business skills training to 882 loan applicants to enhance their capacity to properly manage loan funds and expand

their businesses. The courses focused on marketing, budgeting, identifying business risks and opportunities, techniques in managing a business, loan repayment strategies, and developing business plans. During the courses, CHCA trainers assisted the loan applicants to develop their loan applications into comprehensive business plans. Upon receipt of the updated business plans, CHCA conducted site visits to further analyze the feasibility of the loan applicants' proposed business ventures.

Based on the results of the training, business plans, and in-house assessments, CHCA ultimately disbursed 662 loans, totaling

**“ My family and I were homeless for years, sharing a home with my brother and his family. We have suffered a lot and struggled with poverty and the health problems of my eldest son. Our life changed when NEO granted us 6 bee colonies that we multiplied to 38 colonies. Annually, we collect up to 300 kilograms of honey, which is now a major source of income for my family. Thanks to NEO, we are inspired to increase the number of our bee colonies to up to 100 colonies.”**

**PAATA KARCHAVA,  
BEEKEEPING  
LIVELIHOOD PACKAGE  
RECIPIENT.**

\$302,762 and ranging in value from \$150 to \$2,150, to vulnerable individuals and IDPs. Approximately 46 percent of the loans were distributed to IDPs and 47 percent went to vulnerable individuals. The program saw an overall repayment rate of 96 percent.<sup>16</sup>

Income and employment generation activities helped create 2,570 jobs for vulnerable individuals. NEO's four initiatives had overwhelmingly positive results with high rates of employment, increased incomes, and loan repayments. On-the-job training was perhaps the most successful initiative, because it placed trained individuals at a business and rapidly generated employment. This approach, however, is difficult to scale up in Georgia, given the limited number of private businesses in rural areas able and willing to absorb a

significant number of trainees. CHCA's no-interest loans helped hundreds of individuals with poor or no credit history obtain loans, improve or start their businesses, and obtain hands-on lessons on financial literacy. Finally, both the livelihood packages and vocational training had high success rates and allowed people to specialize and start working in a trade of their choice. The key to success in all these approaches was to find motivated individuals who were looking for opportunities to improve their livelihoods and, in many cases, willing to stop receiving social welfare benefits. NEO's activities helped increase the incomes of 1,360 targeted vulnerable households by 285 percent. Through these and other activities, NEO raised approximately 5,700 households to or above the official subsistence level.<sup>17</sup>

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16. Non-payments were primarily due to death or illness of the borrowers or their families.

17. Subsistence level was defined as a household at or below 100,000 points on the Ministry of Health's Vulnerability Scoring Index.

# SNAPSHOT

## Vocational Training and Microfinance Supports IDP Entrepreneur

**NEO-SPONSORED VOCATIONAL TRAINING AND WORKING CAPITAL LOANS OFFER NEW OPPORTUNITY AND HOPE FOR IDPS.**



*Lala Leshkasheli operates her NEO-provided sewing machine to tailor clothes for local clients.*

**“ NEO gave my family more than vocational training, motivation to find a job, and an interest-free loan to expand the family business. It inspired us to break through poverty and gave us a real opportunity to create a better future.”**

“War often unexpectedly forces women to become the main breadwinner,” says Lala Leshkasheli with a determined smile on her face. She, her husband, and their two children were forced to flee from their home in Sokhumi, Abkhazia, when civil war erupted in 1992. The family eventually found shelter in a former kindergarten in Kutaisi, Imereti. After relocating to Kutaisi, her husband sold fruits and vegetables on the local fresh food market to earn income for his family. Due to small profit margins, however, he struggled to earn enough to feed the family. Lala decided it was time to join the workforce to help support the family.

Lala enrolled in a NEO-supported apparel-making course at Iberia Vocational College. “This course,” Lala said, “marked an end to many years of questioning what to do with my life. Now I am eager to realize my full potential. After graduating from the course in July 2013, she got her first full-time job as a sorter at a Georgian-Turkish textile manufacturing company, where she earns an average monthly salary of \$175. She earns additional money (\$50 per month on average) by using a sewing machine she received from USAID/NEO to fashion clothes for clients in her neighborhood.

Through the NEO-supported no-interest loan program, Lala’s husband received a \$1,000 working capital loan to expand the range and volume of products that he offers on the local fresh food market. Together, Lala and her husband now earn more than \$800 per month, which has allowed them to provide extra-curricular language courses for their children. “NEO gave my family more than vocational training, motivation to find a job, and an interest-free loan to expand the family business,” says Lala, “It inspired us to break through poverty and gave us a real opportunity to create a better future.”

NEO enrolled 152 IDPs like Lala living in the Mtskheta-Mtianeti, Shida Kartli, Samegrelo-Zemo Svaneti, and Imereti regions in vocational training courses and disbursed interest-free loans to 310 IDPs to support business development and income generation projects to improve livelihoods and end poverty.



Learn about more NEO successes online:

[https://www.youtube.com/playlist?list=PLxN\\_IhtUp3kEXJ47qtdtH5ryyoGT8O3A](https://www.youtube.com/playlist?list=PLxN_IhtUp3kEXJ47qtdtH5ryyoGT8O3A)



Microloan recipient at his rabbit farm in the Berbuki IDP Settlement in the Gori municipality.



Member of the HOA Maintenance Team equipped with a new set of tools to update his housing

## CHAPTER FOUR

# PROMOTING SUSTAINABILITY OF IDP HOUSING

The total number of Georgians displaced from Abkhazia and South Ossetia due to wars in the early 1990s and the war with Russia in 2008 is estimated at approximately 260,000. Many of the IDPs from the 1990s were housed in empty government buildings (e.g., Soviet-era kindergartens, hospitals, hotels, factories, and the like) commonly referred to as collective centers, while others found their own housing. Several international agencies provided infrastructure rehabilitation programs to make these collective centers suitable for IDPs. However, without a long-term sustainability strategy, these centers remained unmaintained and in poor condition. Following the 2008 war, the Government of Georgia financed the construction of 3,963 cottages in central Georgia to ensure that IDPs from South Ossetia could access housing before

winter. The government had roughly three months to build the cottages before the onset of winter and prioritized the number of cottages constructed over the quality of the construction to ensure that enough cottages were built to house the IDPs. Soon after the IDP inhabitants were relocated to their new residences, they were often subjected to leaking ceilings, mold on walls and ceilings, cracked walls, warped floors, and drafts from windows and doors.

Following the 2008 war, USAID devised a two-step approach to improve the living conditions for IDPs. The first involved rehabilitating IDP collective centers such as apartment buildings, former hospitals/clinics, kindergartens/schools, and other buildings to give IDPs access to improved housing infrastructure, potable water, sanitation, drainage,

electricity, and heating. To complement these efforts, the second step aimed to give IDPs the skills and knowledge to sustainably manage and maintain the rehabilitated infrastructure themselves. In June 2011, USAID launched the Georgia Municipal Infrastructure and IDP Housing Rehabilitation Project (GMIP) to rehabilitate the buildings' infrastructure and utilities, and assigned NEO the task of assisting IDP residents to establish and build the capacity of homeowners' associations (HOAs) to sustainably manage and maintain their newly rehabilitated apartment buildings and cottage settlements.

### HOA DEVELOPMENT

NEO distributed copies of the guidebook to 52 NEO-supported HOAs and TAs, as well as to NEO partner municipal governments in Rustavi, Mtskheta, Kaspi, Gori, Kareli, Kutaisi, Tskhaltubo, Vani, Senaki, Borjomi, and Zugdidi to foster HOA development in IDP and non-IDP buildings within their respective municipalities.

While GMIP altered and rehabilitated the buildings, NEO, led by subcontractor National Opinion Research Center at the University of Chicago (NORC), launched a pilot project that assisted IDPs residing in eight buildings and two cottage settlements to establish HOAs. To identify buildings and cottage settlements for these activities, NEO worked with key stakeholders involved in IDP housing issues, including government entities and international donors. As a result, NEO shortlisted 22 buildings and cottage settlements that the Ministry of Economy and Sustainable Development of Georgia (MoESD) had prioritized to be placed under the ownership of their IDP residents. With the help of CHCA and USAID, NEO selected six buildings in the cities of Rustavi, Kutaisi, and Senaki and two cottage settlements in rural communities of Gori municipality for the pilot HOA project.

While selecting buildings and cottage settlements for the pilot project, NEO, through NORC, recruited an international expert in HOA issues to conduct a training-of-trainers (ToT) workshop for CHCA trainers.

#### HOA ToT WORKSHOP TOPICS

- Legal considerations in HOA formation and management
- HOA responsibilities, management, and administration
- Financial management
- Facility maintenance
- Communication monitoring and evaluation

Following the workshop, the expert worked with CHCA to develop training materials on HOA formation and capacity building, including training curricula, presentations, brochures for HOA members, and an HOA formation and management guidebook. The guidebook, *Homeowners' Associations: A Guidebook on Establishing and Managing Homeowners' Associations*, is a step-by-step manual for homeowners to establish and manage HOAs. The guide covers the tasks required to establish an HOA, such as preparing for and convening the first general assembly meeting, developing a charter, and registration. It also provides information on how to manage the HOA, including developing action plans, budgeting, financing, communications, accountability and transparency, use and disposal of common property, and maintenance of jointly owned property.

NEO and CHCA held introductory meetings on the establishment of HOAs in the eight pilot buildings and cottage settlements for more than 303 residents, followed by 14 two-day training sessions for 421 IDP residents on establishing and managing homeowners' and tenants' associations in each of the pilot IDP communities. The training taught IDPs about the le-

galities and benefits of HOAs, the concept of individual and common-use property, association formation procedures, effective communication and planning, budgeting, and possibilities for income-generating activities. In 2012, NEO and CHCA successfully assisted 429 households to establish nine associations, seven of which were in IDP buildings and two in IDP settlements. The HOAs elected chairpersons, prepared association charters, and developed minutes from the meetings on establishing the associations.

In subsequent years, NEO continued working directly with the residents of other buildings (planned to be rehabilitated by GMIP) to develop new HOAs using the same methodology. Based on lessons learned from the first and second years, NEO sent five IDPs among the participants on a study tour to Slovakia (see next section on capacity building) and then involved them in conducting some of the sessions in the two-day training. These IDPs provided first-hand knowledge from their experience in the development of their own HOAs and also their observations from Slovakia which made the training more effective. By the end of the project, NEO and CHCA assisted 8,929 IDPs to establish HOAs in 41 IDP buildings and 11 cottage settlements throughout Georgia.

### **MUNICIPAL CAPACITY BUILDING FOR HOAS**

In addition to training IDPs to establish and manage their HOAs, NEO aimed to build the capacity of municipal officials to assist HOAs to resolve registration and infrastructure issues. Therefore, NEO and CHCA developed and provided a two-day training program on HOA oversight for 161 municipal officials from nine municipalities across Georgia. The program addressed the goals and objectives of HOAs, procedures to form HOAs, the roles and responsibilities of municipal governments with respect to HOAs, and how to budget

HOA support programs in the municipal budgets.

To expose HOA management teams and government officials to practical examples of how governments and local residents can support HOA development, NEO sponsored a 13-person study tour to Slovakia on multifamily housing management with HOAs. The study tour included various workshops, visits to housing units with recently renovated infrastructure, and meetings with HOA chairpersons and with several companies providing housing management services.

#### **SLOVAKIA HOA STUDY TOUR TOPICS**

- Multi-family housing management and maintenance practices
- Legal framework supporting multi-family housing
- Post-revolution housing-sector transformation
- Public-funding sources for housing rehabilitation,
- Energy efficient options for housing units,
- Management of multi-apartment buildings by HOAs and professional firms
- Services provided by local municipalities in Slovakia to homeowners

As a follow-up to the study tour, NEO and the Georgian Parliamentary Committee for Regional Policy and Self-Governance organized a roundtable meeting titled, “Promoting Growth and Development of Homeowners’ Associations (HOAs) in Georgia — Sharing Insights and Slovak Experience” at which HOA best practices were shared with national and sub-national government officials, USAID, NGOs, and educational institutions. Participants delivered presentations on Georgian legislation, Slovakian

policies and practices, and comparisons between the two countries, after which there was a broad discussion on how to promote the growth and development of HOAs in Georgia. Recommendations were made to take EU standards on energy efficiency, affordability, and the environment into account when considering changes to housing policies. Members of Parliament expressed readiness to take ownership of the process and cooperate with all interested parties, including international donors, in forming a working group to advance discussions on HOA issues and recommendations on revisions to the Georgian Law on Condominiums.

### **HOA INFRASTRUCTURE MAINTENANCE**

To ensure that the GMIP-rehabilitated IDP housing infrastructure would be properly maintained, NEO also launched a program to identify, train, and equip qualified HOA members to become maintenance team members. To develop the maintenance training program and materials, engineers from NEO, USAID, and CHCA visited more than 30 IDP buildings and cottages to learn from the buildings' residents about primary maintenance needs such as plumbing, electrical work, and roofing.

NEO and CHCA worked with HOAs to identify and nominate residents with experience in infrastructure maintenance, demonstrated motivation to improve their skills in infrastructure rehabilitation trades, and willingness to become maintenance team members to assist the HOA in maintaining private and common use facilities in residential areas. In May 2013, NEO recruited and provided a ToT for three local construction professionals whom USAID's Vocational Education Program (VEP) had certified to serve as trainers in infrastructure maintenance and repair for the maintenance teams. Following the ToT and using the training materials designed by NEO and CHCA, 26 training sessions

were conducted for 312 members of 52 HOA maintenance teams on the roles, functions, and necessary qualifications of maintenance team members; understanding the infrastructure, basic maintenance rules, and safety precautions; developing a maintenance schedule; completing minor repairs; and use of equipment and tools for the maintenance teams.

During the sessions, NEO, CHCA, and local trainers identified maintenance team members who could benefit from additional training in their respective construction trades. To help these IDPs increase their skill sets to properly maintain the infrastructure of their HOAs and generate additional income by contracting services outside of their HOAs, NEO enrolled 69 IDPs, mostly maintenance team members, in the Mtskheta-Mtianeti and Shida Kartli regions in two-month vocational training courses in Gori, where they received training in one of six construction trades: carpentry, electrical wiring, plumbing, welding, masonry, and tile setting/painting.

In addition to theoretical and practical training in infrastructure maintenance, upon graduation, NEO gave the maintenance teams tools and equipment necessary to maintain the infrastructure in their respective buildings and settlements. To generate additional income for the HOA, these tools and equipment could also be rented out to provide commercial services outside of the HOA. Based on this arrangement, the maintenance teams were able to use the tools and equipment for numerous repairs within their HOAs, and by 2015, had also remitted \$4,945 in fees to their HOAs by renting out these tools and equipment.

### **INCOME-GENERATION ACTIVITIES**

Although NEO and CHCA successfully trained the members and maintenance teams of 52 HOAs to properly manage and maintain their buildings and common-use

areas, the sustainability of these HOAs rested on their ability to secure regular revenue streams to finance necessary maintenance and infrastructural upgrades. NEO introduced a three-pronged approach to revenue generation in its HOA development activities: (1) membership fees, (2) maintenance toolkit remittances, and (3) income-generating grants.

During HOA training, NEO and CHCA introduced the concept of collecting monthly membership fees from the associations' resident households to ensure that association members took a vested interest in maintaining their living space and common-use areas. Due to the social vulnerability of the IDPs, membership dues in many of the HOAs were approximately \$0.25-\$1.00 per month. NEO's livelihood and income-generation activities for these residents were essential in allowing households to afford to pay the HOA membership fees and make their households and their HOAs more sustainable.

In addition to providing tools and equipment to maintenance teams that could be used to maintain the HOAs or rented out for HOA income, NEO offered HOAs access to income-generating grants — in-kind grants of tools and equipment that associations could lease to their members or neighboring businesses that could help start up or expand businesses. NEO supported a variety of income-generation activities for HOA members, such as construction, bakeries, beauty salons, apparel-making, car repair, agriculture services, and others. In total, 1,134 IDPs directly benefited from NEO-supported employment and income generation activities.

By the end of NEO, the HOAs had generated a total of \$11,671 in revenues. They collected \$2,018 in revenues from monthly membership fees, \$3,481 from the rental of maintenance toolkits, and \$6,172 from leasing tools and equipment provided through NEO income-generating grants. With expenditures totaling \$3,484, they were able to use the rest for a capital reserve fund.



NEW ECONOMIC OPPORTUNITIES (NEO) INITIATIVE

**Maintenance team at a NEO-supported HOA equipped with a new set of equipment to update its housing**



Maintenance Team members of the Khurvaleti IDP settlement receive a new set of construction equipment

# SNAPSHOT

## IDPs Take Ownership over the Maintenance of Settlements

### TOOLS AND SKILLS AS A MEANS TO GENERATE ASSOCIATIONS' INCOME



Photo: USAID/NEO

*Berbuki maintenance team members installing chimneys in Berbuki IDP settlement of Gori municipality*

*NEO's pilot program to establish tenants' and homeowners' associations in IDP settlements and apartments throughout Georgia paved the way for a rollout to more settlements and buildings in subsequent years.*

Davit Metreveli, a 40-year-old father of four who was displaced from his home in South Ossetia, was elected head of the HOA of the Berbuki IDP settlement in Georgia's Gori Municipality in the summer of 2012. A motivated and hardworking leader with a hands-on approach, he uses every opportunity to promote the association's benefits to the IDPs and socially vulnerable in Shida Kartli.

"Using the tools that USAID provided, our Berbuki maintenance team made 12 chimneys for residents of our settlement, earning money for the association's account. Socially vulnerable families and pensioners received our services for free," Davit told us.

NEO and CHCA facilitated the formation of HOAs in the Berbuki and Khurvaleti settlements. This community-based approach encourages IDPs to take ownership over the maintenance of their settlement and residences.

In September 2012, NEO assisted both tenants' associations in forming and training maintenance teams in skills such as tiling, plumbing, masonry, plastering, painting, and welding. NEO provided the associations with the tools to allow team members to make repairs within the settlements or borrow the tools for use on external jobs for a small fee.

"Thanks to this initiative," according to Valeri Kopaleishvili, Representative of the Ministry of IDPs from the Occupied Territories, Accommodation and Refugees of Georgia, "residents of the Berbuki and Khurvaleti IDP settlements will now be able to take control of their housing and take advantage of income-generating opportunities within settlements or on external jobs."

NEO has also worked to strengthen local municipalities' capacity to cooperate with the HOAs. According to Zviad Khmaladze, former chair of the Gori Municipality Council, "NEO enabled IDP communities to work actively on community problems and resolve them independently. These characteristics are a precondition to strong local self-government."



Learn about more NEO successes online:

[https://www.youtube.com/playlist?list=PLxN\\_IhtUp3kEXJ47qtdtH5ryyyoGT8O3A](https://www.youtube.com/playlist?list=PLxN_IhtUp3kEXJ47qtdtH5ryyyoGT8O3A)

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ტერიტორიული ორგანო



**USAID**  
აშერიკელი ხალხისათვის

**NEO**

ახალი ეკონომიკური შესაძლებლობების  
ინიციატივა

Distribution of seed potatoes to farmers who experienced severe crop losses after the heavy storm in the Ghulelevi community of the Tianeti municipality



## CHAPTER FIVE

# EMERGENCY RELIEF FUND

In the years preceding NEO's launch, the Georgian population suffered from several manmade and natural disasters, including a five-day war in August 2008 followed by the Russian military's two-month occupation of Georgia's Shida Kartli region, as well as numerous floods, landslides, and hailstorms that jeopardized the livelihoods of large segments of the population. In response, USAID made financial resources readily available to react rapidly to future emergencies in Georgia by reserving a portion of the NEO budget as an emergency relief fund to respond to emergency situations, prevent disasters, and support households in need.

Over three years, NEO spent more than \$473,000 from the emergency relief fund to assist 4,416 households in 50 villages in recovering from natural disasters, prevent new emergencies, reduce the impact of floods on their livelihoods, provide access

to clean drinking water, and help them generate income by launching new businesses.

### **POST-EMERGENCY AGRICULTURE REHABILITATION**

The emergency relief fund proved invaluable in providing desperately needed aid. On July 19, 2012, six communities comprising 34 villages in the Dusheti and Tianeti municipalities of central Georgia were ravaged by flooding from a torrential downpour and hailstorm. As soon as the storm passed, NEO and municipal government representatives conducted a rapid assessment of the damage and needs of the affected population. After conducting site visits and interviews with the villages' inhabitants, the assessment teams concluded that more than 50 percent of fodder crops and 80 percent of tree fruit and vegetable crops had been destroyed by the hailstorm and subsequent flooding.



**Mineral supplements for beef cattle were distributed to livestock farmers from communities of the Tianeti municipality who experienced severe crop losses after the heavy storm and had insufficient feed needed to sustain their livestock through the winter. The supplements enhanced animal nutrition, improved livestock productivity, and reduced feed costs.**

NEO's assessment teams observed that most of the villages' households owned cattle to produce dairy products for household consumption and to sell in local markets. The fresh, homemade dairy products such as milk, yogurt, and cheese not only provided these rural households with a source of income, they were an essential nutritional component in their diets. Yet with more than half of the fodder crops destroyed by the storm, many residents feared that they might need to sell or slaughter their livestock, due to a shortage of fodder to sustain the cattle through the winter months. NEO therefore determined that it was critical to identify a suitable replacement for the destroyed fodder. It was too late in the season to plant new fodder seeds, so NEO identified an innovative solution that acted as a fodder alternative and simultaneously improved the health and productivity of the cattle.

NEO contracted with the Georgian National Milk Producers Association (GNMPA) to supply cattle-owning house-

holds with locally produced, multi-mineral, anthelmintic feed blocks that acted as dietary supplements, reduced the amount of fodder needed to sustain cattle over the winter months, increased milk yields, and improved the cattle's health by facilitating the expulsion of parasitic worms. In December 2012, the association conducted field-based training for cattle farmers in the six storm-affected communities and distributed instructional brochures on proper feeding procedures and the nutritional and health benefits of the feed blocks. GNMPA distributed 4,089 feed blocks to 1,389 cattle-owning households in 33 villages affected by the storm.

NEO supplied the farmers with feed blocks at the advent of the cold winter months, enabling the farmers to sustain their dairy cattle until the spring grazing season and avoid the sale or slaughter of their livestock. Within a few months of providing feed blocks to their cattle, farmers observed improvements in the overall health, weight gain, and an increase in milk yields of their

cattle. GNMPA reported a 10 percent increase in sales of feed blocks during the spring of 2013, with most new customers coming from the Dusheti and Tianeti municipalities.

The July 2012 hailstorm and floods destroyed more than 315 hectares of agricultural crops in five communities encompassing 31 villages in the Tianeti municipality. Due to the high elevation and climatic conditions in Tianeti, village residents primarily produce corn, beans, and potatoes, with the sale of ware potatoes producing the majority of household income. However, farmers used small ware potatoes harvested from the previous year as seed to produce the new crop, which increased the potatoes' exposure to bacterial, viral, or fungal infections, and reduced farmers' annual productivity. Due to degeneration of the potato stocks, Tianeti farmers were harvesting, on average, 11.5 tons of potatoes per hectare, compared with average potato yields of 40 to 80 metric tons per hectare in most European countries.

In these affected communities, the livelihoods of most of the people depend on potato production. Therefore, NEO decided to support households to rejuvenate their potato production activities by introducing the farmers to new varieties of potatoes, modern production, and IPM techniques. In April 2013, NEO contracted with a local supplier to import 40,000 kilograms of high quality and virus-free class "A" seed potatoes from Germany for distribution to 1,574 households in 31 villages in Tianeti. Before distributing the seed potatoes, NEO's potato production experts and the local supplier's extension agents distributed instructional brochures and conducted field-based training on modern ware potato production techniques. In July 2013, NEO partnered with the Danish- and Swiss-funded Rural Economic Development program to conduct training in identifying and preventing the spread of potato pests

and diseases for potato farmers in all five storm-affected communities.

The high quality of the seed potatoes and the training they received in modern ware potato production techniques IPM helped the 1,574 households that received the donated seed potatoes increase their ware potato yields by more than 160 percent from previous years. They harvested more than 640,000 kilograms of ware potatoes in October and November 2013 for household consumption and sale on the local produce markets.

Bulachauri and Kubriaantkari, the two storm-affected villages in the Choport community of Dusheti municipality, are situated at lower elevations with milder climates than Tianeti and generate income primarily from the sale of tree fruits and vegetables. Residents of these villages lost more than 80 percent of their tree fruit and vegetable crops, specifically their crop of Choportula tomatoes, in the storm. The Choportula tomato variety, native to Choport, sells for a premium on the Tbilisi and regional markets due to its succulent, sweet flavor.

Beginning in spring 2013, NEO supported the two storm-affected communities in re-launching and improving their production of Choportula tomatoes. Before the storm, tomato farmers in Bulachauri and Kubriaantkari produced tomato seedlings in the open air in their backyards. To make it possible for these farmers to harvest earlier in the season and increase the quality and quantity of their yields, NEO provided six tomato farmers in Bulachauri with training and technical assistance in modern tomato seedling production techniques, using substrate and seedling trays in greenhouses. NEO granted each farmer a 100-square-meter greenhouse, spray irrigation system, substrate, and seedling trays, and linked the farmers to a local supplier of authentic Choportula tomato seeds. In May 2013,



On July 19, 2012, eastern Georgia was hit by a severe hailstorm. Widespread flooding followed. Farming communities in the Mtskheta-Mtianeti region experienced painful losses in crops and livestock. By December 2012, the New Economic Opportunities (NEO) Initiative had set up a variety of emergency aid activities that helped rejuvenate agricultural production



**Video Link: Providing Aid to Farming Communities in Georgia**  
<https://www.youtube.com/watch?v=JpSe3J-YMhg>

the greenhouse farmers donated 215,600 Choportula tomato seedlings to 368 households in Bulachauri and Kubriaantkari. The seedling farmers were able to produce high-quality Choportula seedlings 40 percent more quickly than they would have in the open air, and the seedlings developed a strong root base, enabling farmers to harvest their tomatoes two weeks earlier than other farmers in their region. Between July and September of 2013, the 368 households harvested more than 210,000 kilograms of Choportula tomatoes, which they sold on the local and

Tbilisi produce markets, generating \$68,250 in sales.

### **EMERGENCY PREVENTION**

Over time, the lack of rehabilitated infrastructure, heavy rains, and snow melt led to frequent flooding of agricultural land, deterioration of basic infrastructure, and inaccessibility to NEO-supported communities throughout Georgia due to washed-out or poorly conditioned roads. To mitigate future natural disasters and flood damage, in 2013-2014, NEO used the emergency relief funds to rehabilitate or construct

gabions, flood protection infrastructure, in 10 villages in the Dusheti, Lentekhi, Tsageri, and Zugdidi municipalities, based on priorities from these communities as identified in their EDPs. The new gabions now provide 667 rural households and 263 hectares of agricultural land with protection from spring floods.

### **INFRASTRUCTURE REHABILITATION**

In 2014, as the rate of installation of permanent fencing along the administrative boundary line (ABL) with the occupied territory of South Ossetia was heightened, the State Ministry for Reconciliation and Civic Equality of Georgia requested USAID support through NEO to mobilize the remaining emergency relief funds to assist households along the ABL with South Ossetia. After analyzing the infrastructural rehabilitation needs of these ABL villages relative to available funds, NEO and the Gori municipal government chose to build a kindergarten in the village of Kvemo Nikozi and rehabilitate a potable water supply system in Plavismani.

The newly constructed kindergarten serves as a daycare center from 9 a.m. to 6 p.m. on weekdays for 50 children from the Kvemo Nikozi, Zemo Nikozi, and Zemo Khviti communities, giving their parents the opportunity to work on their agricultural land plots, gain employment in the surrounding communities, or launch their own business enterprises.

In the village of Plavismani, cracks in the old water pipes were contaminating the village water supply system with seepage and soil. The existing water reservoir tank could hold only 20 cubic meters of water, not enough to meet the daily needs of the village's households. In response, NEO rehabilitated and expanded the capacity of the water supply network by installing new water pipes and a 25-cubic-meter reservoir tank, which now provides the 190 households (703 inhabitants) of Plavismani with access to clean drinking water 24 hours a day.

### **LIVELIHOOD SUPPORT**

At the request of the State Ministry for Reconciliation and Civic Equality of Georgia, NEO also identified five villages along the ABL where residents had not yet directly benefited from NEO activities. NEO conducted information sessions to inform residents of livelihood program opportunities to gain self-employment and generate income. After reviewing applications, performing site visits, and conducting one-on-one interviews with the applicants, NEO selected 58 vulnerable households and distributed livelihood packages to assist them in launching their business enterprises in the agricultural (poultry, rabbit, honey, vegetable, berry, wine grape, and mushroom production), value-added production, and service sectors (carpentry, apparel-making, bread-making, and retail).



**BEFORE**



**AFTER**

The NEO-supported riverbank reinforcement gabion in the Chkumi village of the Tsageri municipality prevents erosion of the village road and protects 118 households and their agricultural land from damage during heavy rains.

# CASE STUDY

## Improving Livelihoods for Disaster-Affected Communities

### A NEW LIVESTOCK FEED METHOD IMPROVES ANIMAL HEALTH AND PRODUCTIVITY IN GEORGIAN FARMING COMMUNITIES.



Photo: USAID/NEO

*Zviad Petriashvili, a farmer from Simonaantkhevi community, which was struck by severe storms in July 2012, offers his dairy cows a feed block to supplement their forage.*

**CHALLENGE** On July 19, 2012, heavy storms swept across six communities in the Tianeti and Dusheti municipalities of the Mtskheta-Mtianeti region of Georgia. Farmers from these areas experienced severe crop losses, with some losing up to half of their hay yield. Many farmers faced the possibility of having to sell or slaughter their cattle because they did not have enough feed to sustain their livestock through the winter.

**INITIATIVE** In response to the natural disaster, NEO distributed multi-mineral feed blocks to 1,900 farm households in the hail-affected communities. The use of feed blocks, a new practice in Georgia, has been proven to enhance animal nutrition, improve livestock productivity, and reduce feed costs. NEO complemented feed block distribution with training for farmers on the use of the feed blocks and potential benefits.

**RESULTS** Georgian farmers have seen immediate results from the feed blocks, including improved overall health, weight gain, and milk production. Mzia Murghuevi, a subsistence farmer from the Nakalakari community, has seen a 30 percent increase in milk production and 10 percent increase in meat productivity since she started providing the feed blocks to her cows. Zviad Petriashvili, a farmer from the Simonaantkhevi community, has noticed that after introducing the feed blocks, his 26 cows needed 20 percent less forage. The Milk Producers Association of Georgia has increased milk sales by 10 percent over the last three months with most of the orders coming from the Mtskheta-Mtianeti region. Beyond providing emergency relief to farmers in the affected communities, the feed block distribution initiative has given farmers a cost-effective way to improve the health and productivity of their livestock, which is critical to sustaining farmers' livelihoods in rural Georgia.



Learn about more NEO successes online:

[https://www.youtube.com/playlist?list=PLxN\\_IhtUp3kEXJ47qtdtH5ryyoGT803A](https://www.youtube.com/playlist?list=PLxN_IhtUp3kEXJ47qtdtH5ryyoGT803A)



New varieties of strawberries produced by a member of the NEO-supported Berry and Fruit Cultures Development Association

## CHAPTER SIX

# NEO APPROACHES TO IMPLEMENTATION

### **CROSS-COMPONENT COLLABORATION**

NEO's original design envisioned a broad range of targeted interventions that varied by component. Its community local economic development component (Component 1) aimed to bring together relevant actors within the communities to drive sustainable local economic development planning and facilitate small-scale infrastructure projects that would further benefit the economic potential of a given community. Activities under NEO's rural economic development component (Component 2) focused on introducing new technologies and production practices to enable farmers to become more competitive by improving the quality and quantity of their crop yields. The primary objective for NEO's highly vul-

nerable households and individuals component (Component 3) was to assist beneficiaries to generate income, improve their livelihoods, and graduate from the Georgian social welfare system. Finally, NEO's interventions for IDPs (Component 4) were initially intended to assist IDPs to establish homeowners' associations (HOAs) and empower the HOAs to manage and maintain their newly rehabilitated housing infrastructure effectively.<sup>18</sup>

Despite the wide variance in the goals and objectives of interventions across NEO's components, NEO took an inclusive and integrated approach, expanding interventions across components to create broader, more sustainable impacts and results for the wide range of intended beneficiaries under the project. For example,

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18. IDP collective centers were being rehabilitated under the parallel USAID/Georgia Municipal Infrastructure and IDP Housing Rehabilitation Project.

## CROSS-CUTTING SUPPORT TO IDPS

432 agricultural training participants

151 people employed in agriculture

34 grant recipients

152 vocational training graduates

23 on-the-job training participants

311 interest-free loan recipients

**Based on the knowledge and skills gained from the international and local experts, NEO's farmer-grantees were empowered to provide quality technical assistance to other farmers who chose to replicate the new production techniques and technologies that NEO introduced.**

because most IDPs participating in NEO-supported HOA development activities were unemployed and relied on government welfare programs, NEO was concerned about the sustainability of the HOAs. Therefore, the project sought and obtained USAID approval to integrate Component 4 IDP beneficiaries into NEO's Component 2 and Component 3 activities.

To promote a more integrated and sustainable approach to community development, NEO introduced a "community payback" mechanism, under which Component 2 grantees donated planting stock, including 951,300 vegetable seedlings, 10,000 kilograms of seed potatoes, 7,555 berry plants, 3,785 grapevines, 1,920 apple saplings, and 49 beehives and bee colonies to 3,087 NEO-assisted vulnerable households, including IDPs, over the life of the project. This was coupled with one-on-one consultations by the Component 2 farmers and NEO experts throughout the crops' production cycles to improve the knowledge, skills, and capacities of these highly vulnerable beneficiaries and assist them in launching their small-scale agribusiness enterprises.

### INTERNATIONAL AND LOCAL TRAINING AND TECHNICAL ASSISTANCE

Although NEO's Component 2 rural economic development interventions included the introduction of numerous new agricultural production and processing technologies, customized training and technical assistance

to grantees throughout the agricultural season was the key to success for NEO's agricultural value chain development activities. NEO's four international and seven local experts provided training and one-on-one consultations to more than 4,500 farmers throughout the bee, cattle, and crop production cycles. The 302 classroom and field-based training courses played a critical role in ensuring that the farmers optimized the quality and quantity of their yields. In addition, based on the knowledge and skills gained from the international and local experts, NEO's farmer-grantees were empowered to provide quality technical assistance to other farmers who chose to replicate the new production techniques and technologies that NEO introduced.

### COORDINATION WITH DONORS, MUNICIPAL GOVERNMENTS, AND OTHER STAKEHOLDERS

To increase the number of beneficiaries and impact of NEO's interventions across components, NEO strove to leverage project activities with human and financial resources from other international and local stakeholders. In the case of NEO's infrastructure rehabilitation projects, NEO secured more than \$1.7 million, or 50 percent of the projects' total value, from 11 municipal governments, the United Water Supply Company of Georgia, the Church of Jesus Christ of Latter-day Saints, the Governments of Lichtenstein and Finland, OSCE, and the USAID INRMW project, enabling NEO to greatly increase its impact.

**NEO established unprecedented collaboration with the Government of the Autonomous Republic of Abkhazia in Exile to lease more than 34,000 square meters of unused government-owned greenhouse frames to 52 farmers.**

### **MASHAV TRAINING AND TECHNICAL ASSISTANCE AREAS**

- Vegetables
- Berries
- Tree Fruit
- Hazelnut
- Dairy and Livestock Feed Production
- Fruit and Vegetable Drying
- Soil and Nut Testing
- Veterinary and Agricultural Extension

To provide access to interest-free loans and opportunities for NEO's highly vulnerable individuals to launch or expand their micro-businesses, the international NGO Netherlands Refugee Foundation provided NEO's local partner CHCA with \$157,238 (€125,000) in capital for on-lending to NEO's vulnerable beneficiaries.

To support NEO's rural economic development activities, the Embassy of Israel in Georgia and Netafim, an Israeli manufacturer of agricultural equipment and supplies, provided drip irrigation systems to 46 farmers, and the Embassy of Israel in Georgia equipped one of them with a 230-square-meter greenhouse. To assist NEO-supported farmers in launching or expanding greenhouse vegetable production, NEO established unprecedented collaboration with the Government of the Autonomous Republic of Abkhazia in Exile to lease more than 34,000 square meters of unused government-owned greenhouse frames to 52 farmers.

As mentioned above, the success of NEO's rural economic development activities was largely the result of providing training and technical assistance for NEO-supported farmers in modern agricultural production techniques. In addition to training and one-on-one consultations conducted by NEO's own international and local consultants, Israel's Agency for International Development Cooperation (MASHAV) and

USAID's Farmer-to-Farmer program sponsored 16 international consultants and volunteers to provide training and technical assistance to 839 NEO-supported farmers, processors, laboratory technicians, veterinarians, and agronomists.

In addition to in-country training programs, MASHAV and the Ministry of Foreign Affairs of Estonia also sponsored six of NEO's local beekeepers, dairy experts, and veterinarians to participate in intensive training programs in Israel and Estonia lasting from two weeks to a month. Upon returning to Georgia, the local experts and veterinarians shared what they learned from the training programs with 785 beekeepers and livestock farmers in NEO communities.

As word of the success of NEO's rural economic development activities spread, international and local organizations, including the European Union's ENPARD program, the United Nations Development Programme (UNDP), Action Against Hunger (ACF), and the local television station "Rustavi 2" visited NEO-supported demonstration farms and nurseries and produced instructional videos showcasing NEO's innovative approaches to integrated pest management (IPM) and strawberry, tree fruit, wine grape, and lettuce production that were broadcast on regional and national television networks to 30,790 viewers.

## CHAPTER SEVEN

# LESSONS LEARNED

NEO's success working with beneficiaries such as smallholder farmers, IDPs, and other vulnerable populations in at-risk communities across Georgia and along the ABLs holds many lessons for future economic growth efforts in the country. The project's coordinated efforts to integrate activities and beneficiaries across the four components provided a cohesive framework for the program to achieve its results. Ensuring that the municipalities, communities, and direct beneficiaries were committed to and financially invested in the results of the project's activities enhanced the sustainability and longevity of NEO-initiated programs.

### **SECURING THE COMMITMENT OF THE COMMUNITIES AND IDENTIFYING MOTIVATED BENEFICIARIES EXPONENTIALLY INCREASES RESULTS.**

NEO focused intensively on selection processes to identify motivated beneficiaries (communities, IDPs, farmers, vulnerable individuals), who were willing to invest in

their own development and would be able to reap the most benefit from project support. The specific methods used to obtain and enhance participant engagement and ownership differed by activity.

NEO's approach to *local economic development planning* incorporated international best practices on community mobilization, but took Georgian local-self-government needs and regulations into account to create a transparent, participatory process to gain the trust of the local population, allow all interested parties to participate, maximize involvement of the municipal representatives, and facilitate dialogue between the communities and the municipal representatives. Although NEO support for the implementation of one of the selected economic-infrastructure priorities provided incentive for participation, the EDP development was owned by the community; working groups identified and discussed the priority issues for their community, and local sector experts led focus groups to supply the technical details that were reflected

in the EDP's priorities and were eventually considered in the municipal budgets.

*Rural economic development and income-generation activities* worked to identify motivated, committed, and commercially oriented individuals willing to invest in their future. Although NEO offered an incentive by providing equipment and ongoing technical assistance, beneficiaries were required to make significant financial and non-financial commitments in terms of land allocation, time, and other resources (water, electricity, input supplies, etc.) to learn new trades and production techniques. The process, in some ways, was self-selecting; vulnerable beneficiaries risked losing their social benefits, and farmers had to be willing to break with practices that they had been following for years. Applicants underwent field-based interviews, skills assessments, environmental evaluations, and financial reviews. Nonetheless, the results of this intensive selection process justified its complexity: 93 percent of vocational and on-the-job trainees gained employment or improved their employment status due to the training programs, and NEO agricultural beneficiaries saw a 176 percent increase in income based on the adoption of the new practices. In other NEO activities where less rigid selection processes were followed, such as the livelihood programs, beneficiaries achieved lower increases in productivity and received smaller returns on their investments.

#### **PAIR THE INTRODUCTION OF NEW TECHNOLOGY WITH ONGOING TECHNICAL ASSISTANCE AND TRAINING THROUGHOUT AGRICULTURAL PRODUCTION CYCLES.**

NEO's strategic selection of crops targeted to smaller land plots (strawberries, raspberries, lettuce, broccoli) and introduction of new production practices (drip irrigation, plastic mulch, raised bed) or technologies (meteorological stations, Langstroth beehives, etc.) was crucial to increase

production levels, yet providing ongoing training and technical assistance to farmers throughout the production cycle was also critical. The ongoing training and technical assistance ensured that NEO-supported farmers learned about the entire production process and could continue production independently well beyond NEO's initial support. NEO's international experts conducted ToT sessions with local experts to reinforce or correct the new production techniques and to ensure that these experts could provide farmers with nonstop assistance through both on- and off-farm training. Larger grantees were also paired with vulnerable farmers and beneficiaries in their communities to further disseminate the information and training received.

#### **AS FARMERS LEARN AND SUCCEED, OTHER FARMERS NOTICE.**

Particularly with the high-value, quick-yielding crops like strawberries, lettuce, and broccoli introduced under NEO, neighboring farmers noticed and started replicating the new production methods without any NEO assistance. For example, in Kazbegi, NEO introduced lettuce and broccoli to 15 farmers — two years later, 70 farmers were working on these crops. Similarly, the government of Georgia replicated NEO's initiative to use meteorological stations for integrated pest management in 2015, when it installed the same type of meteorological station in Kvemo Kartli that NEO had supported in Shida Kartli and Samegrelo-Zemo Svaneti, to provide farmers with relevant weather data via text message.

#### **HOA DEVELOPMENT SHOULD BE PAIRED WITH INCOME-GENERATION ACTIVITIES.**

NEO realized early on that the long-term sustainability of HOAs, maintenance teams, and rehabilitated infrastructure depended on residents' ability to regularly pay membership fees and actively participate in their associations. For these IDPs

to generate sufficient income to support their households, much less the HOA, they needed access to stable employment opportunities and steady sources of income. In response, NEO sought and received USAID authorization to include HOA members in other NEO-supported job creation and income generation activities, including agricultural development, vocational and on-the-job training, and interest-free loan programs.

### **ALLOW SUFFICIENT PLANNING TIME FOR PARTNERING WITH THE MUNICIPALITIES TO IMPROVE LOCAL INFRASTRUCTURE.**

According to the law on local self-government, the municipalities are responsible for the rehabilitation and maintenance of all local infrastructure on their balance sheets, yet they are often financially and technically ill-equipped to sustain the infrastructure within their territories adequately. The municipalities jumped at the opportunity to work with NEO to address some of the priority infrastructure needs in the target communities, originally committing to provide at least a 15 percent contribution (cash or in-kind) for each infrastructure project. Actual municipal leveraging, however, ended up exceeding 44 percent of total project costs, because the municipalities quickly realized that by partnering with NEO, they could double or triple the resources they had available, provide better quality infrastructure, or prioritize larger infrastructure projects that they would otherwise be unable to fund, which also enhanced their public image in the target communities.

Although the leveraging requirement undoubtedly improved community/municipal buy-in for the NEO activities and enhanced the quality of the rehabilitated infrastructure provided, the coordination

process to achieve this was difficult and time-consuming. With the transition to local self-governance, each municipality had developed its own mechanisms for budgeting, committing, and ultimately, transferring funds for community infrastructure projects, which needed to be considered during project planning to ensure successful completion of projects. For example, Gori municipality provided funding directly through community unions (a non-registered group of community members), which submitted requests to the municipality and directly received an allocation of the village funds to implement the project with NEO support. The scheme was effective, because the allocations were timely and reduced overall project costs for the municipality. In Zugdidi municipality, however, the municipality had to request funds for infrastructure rehabilitation projects from the Ministry of Regional Development (MRDI) by providing a full list of priority projects, including the estimated project budgets, and a letter from NEO to the municipality requesting allocation of funds for the community projects. This approach had the advantage that all funding was received from the ministry before the rehabilitation work started, but required that all design work and implementation be completed before the end of the calendar year. In most municipalities, the municipality would subdivide the work into individual projects, depending on the availability of municipal funds. Work was not always consecutive, and projects needed to be split or designed in a way that would not delay implementation or functionality of the infrastructure. In some remote communities (in Dusheti and Lenteki) where few contractors were willing to work, the municipality gave community groups the materials to conduct the rehabilitation work themselves. This was the least preferable method, because success depended on the skills and dedication of the residents.

**CAPACITY BUILDING OF MUNICIPAL OFFICIALS IS ESSENTIAL FOR CONTINUED SUSTAINABILITY.**

NEO trained officials in target municipalities in local economic development planning and HOA development and management. The local governments must lead and politically promote the EDP process, and the process needs to be tied to the local budget development cycle to ensure that priority projects listed in the plan are eventually included in the municipal budget. Until municipal officials are required to seek input from local communities for the municipal and regional economic development plans, they will have little incentive to take local EDPs into account when putting together their MDPs without additional international donor and other stakeholder support to fund community-level priorities. NEO also trained regional Ministry of Agriculture extension agents in NEO methodologies and new technologies, and similar ownership and promotion of these processes must be carried out.

Making the NEO-supported improvements to HOAs sustainable would require the support and coordination of relevant municipal officials and ministries, yet despite the Ministry of Refugees and Accommodation (MRA's) 2012 commitment to transfer ownership of rehabilitated apartments, only a few of the 2014 buildings were privatized during NEO's implementation. As of 2015, the status of the remaining rehabilitated buildings and settlements is unclear, which limits residents' motivation to act as homeowners. Moreover, the lack of coordination among MRA, MRDI, and MoED reflects their lack of interest or understanding of their responsibilities with respect to the resettled IDPs.

**EMERGENCY SUPPORT INTERVENTIONS MUST BE SELECTED APPROPRIATELY TO ADEQUATELY RESPOND TO DISASTERS.**

NEO provided emergency prevention and response assistance to communities affected by several emergencies. As detailed in Chapter 5, NEO's support came through a variety of interventions, including provision of agricultural inputs and infrastructure rehabilitation. Rehabilitating infrastructure proved to be difficult, due to the length of the procurement process and budget limitations. For example, working with the storm-affected Dusheti municipality required repairing collapsed bridges and flooded roads. Despite NEO's desire and ability to facilitate high quality infrastructure projects, municipal officials preferred to fund infrastructure rehabilitation with funding from the municipality and the Government of Georgia, because they could respond faster and with a more robust budget. A more effective rapid-response mechanism for NEO was to support the affected population by providing innovative agricultural inputs to offset financial damage caused by a given disaster, such as emergency feed blocks for livestock. Infrastructure rehabilitation, however, was highly rated by NEO-targeted communities and proved to be a more effective tool for prevention rather than immediate response to natural disasters. As a result, NEO rehabilitated a total of 11 flood protection gabions benefiting 667 rural households. Within a year of building a gabion in the Magaroskari village of the Dusheti municipality, strong floods affected the area, but the gabion successfully protected agricultural land and 150 households.

# ANNEXES

## ANNEX I. PERFORMANCE MONITORING PLAN: INDICATORS AND RESULTS

| NO.  | INDICATOR NAME  | TARGET      | ACTUAL      |
|--|---|-------------|-------------|
| <b>USAID PMP OUTCOME/OUTPUT INDICATORS</b> |   |             |             |
| 4.4.8                                      | Number of beneficiaries receiving improved infrastructure services due to US Government assistance  | 62,996      | 72,394      |
| 4.5.2-13                                   | Number of rural households benefiting directly from US Government interventions   | 75,247      | 81,208      |
| 4.5.2-5                                    | Number of farmers and others who have applied new technologies or management practices as a result of US Government assistance  | 16,031      | 19,140      |
| 4.5.2-2                                    | Number of hectares under improved technologies or management practices as a result of US Government assistance  | 9,997       | 10,082      |
| 4.5.2-7                                    | Number of individuals who have received US Government supported short-term agricultural sector productivity training  | 37,334      | 38,447      |
|  | Trainings in classroom and demonstration plots  | 4,837       | 4,950       |
|  | Training via magazines  | 2,707       | 2,707       |
|  | Trainings via multimedia  | 29,790      | 30,790      |
| 4.5.2                                      | Number of jobs attributed to NEO implementation   | 5,169       | 5,578       |
| 4.5.2-11                                   | Number of food security private enterprises (for profit), producer organizations, water users associations, women's groups, trade and business associations, and community based organizations, receiving US Government assistance. | 206         | 209         |
| 4.5.2-23                                   | Value of incremental sales (collected at farm-level) attributed to Feed the Future implementation   | \$1,424,250 | \$1,924,519 |
| 4.5.2-29                                   | Value of agricultural and rural loans   | \$360,513   | \$482,539   |
| 4.5.2-38                                   | Value of new private sector investment in the agriculture sector or food chain leveraged by Feed the Future implementation  | \$1,288,965 | \$1,523,612 |
| 4.5.2-42                                   | Number of private enterprises, producer organizations, water users associations, women's groups, trade and business associations, and community based organizations that applied new technologies or management practices.          | 728         | 756         |
| 4.6.3-2                                    | Number of people receiving new or better employment (including better self-employment) as a result of participation in US Government-funded workforce development project   | 1,063       | 1,190       |
| 4.6.3-4                                    | Number of persons completing US Government-funded workforce development programs  | 1,400       | 1,400       |
| 4.7.3-4                                    | Total number of enterprises receiving business development and management practice services from US Government assisted sources   | 6,374       | 6,538       |
| 4.7.5-11                                   | Number of sector assessments  | 96          | 96          |
| 4.6.2-7                                    | Number of SMEs receiving US Government assistance to access bank loans or private equity  | 923         | 944         |

| NO.                            | INDICATOR NAME   | TARGET | ACTUAL |
|--------------------------------|--|--------|--------|
| <b>NEO INTERNAL INDICATORS</b> |  |        |        |
| <b>COMPONENT I</b>             |  |        |        |
| 3.3.1.2                        | Number of EDPs developed/completed   | 85     | 85     |
|                                | Number of EDPs updated/revised   | 85     | 85     |
| 3.3.1.4                        | Number of local government staff and community members trained in EDP development/implementation                     | 516    | 516    |
| 3.3.1.5                        | Number of working groups formed/revitalized  | 85     | 85     |
| 3.3.1.6                        | Number of individuals who have received US Government supported short-term agricultural sector productivity training | 2,058  | 2,058  |
| 3.3.1.7                        | Number of monitoring groups formed   | 340    | 85     |
| 3.3.1.8                        | Number of community members involved in monitoring groups  | 85     | 340    |
| 3.3.2.1                        | Amount/percentage of funding leveraged from government /other donors/ private sector                                 | 15%    | 50%    |
| 3.3.2.2                        | Number of LED events held  | 108    | 108    |
| 3.3.2.3                        | Number of small-scale infrastructure projects implemented  | 106    | 107    |
| <b>COMPONENT 2 AND 3</b>       |  |        |        |
| 3.2.3.1                        | Number of grants/sub-awards awarded  | 6,393  | 6,279  |
| 3.2.3.3                        | Number of special funds/loans facilitated  | 679    | 690    |
| 3.2.2.5                        | Number of clients using the joint-use/extension center   | 2,000  | 2,848  |
| <b>COMPONENT 4</b>             |  |        |        |
| 3.3.2.5                        | Number of HOAs established   | 42     | 41     |
| 3.3.2.6                        | Number of Tenants Associations (TAs) established   | 11     | 11     |
| 3.3.2.7                        | Number of IDPs organized in HOAs   | 3,977  | 3,218  |
| 3.3.2.8                        | Number of IDPs organized in TAs  | 5,711  | 5,711  |
| 3.3.2.10                       | Number of local government officials trained in housing services   | 70     | 70     |

## ANNEX 2. CONTACT INFORMATION OF LOCAL PARTNERS

| LOCAL PARTNERS                                    |   |                            |           |
|---|---|----------------------------|-----------|
| ORGANIZATION.                                     | CONTACT PERSON                            | EMAIL                      | PHONE     |
| Association of Young Economists of Georgia (AYEG) | Mikheil Adeishvili,<br>Executive Director | misha@economists.ge        | 2922839   |
| Abkhazintercont (AIC)                             | Archil Elbakidze,<br>Director             | archil_elbakidze@yahoo.com | 599170805 |
| Civil Development Agency (CIDA)                   | Zviad Devdariani,<br>Executive Director   | l zviad@cida.ge            | 341258822 |
| Charity Humanitarian Center Abkhazeti (CHCA)      | Eka Gvalia,<br>Executive Director         | tbilisi@chca.org.ge        | 322944544 |

| VOCATIONAL TRAINING INSTITUTIONS                       |                     |                              |           |
|--|---------------------|------------------------------|-----------|
| ORGANIZATION.  | CONTACT PERSON      | EMAIL                        | PHONE     |
| Public College "Gantiadi" in Gori                      | Gia Manvelishvili   | g.manvelishvili@gantiadi.ge  | 577177997 |
| Public College "Erkvani" in Ambrolauri                 | Pridon Buadze       | fridon.buadze@erqvaniprof.ge | 555564131 |
| Public College "Iberia" in Kutaisi                     | Tinatin Losaberidze | tlosaberidze@iberias.ge      | 577788303 |
| Vocational university of Zugdid                        | Teona Khupenia      | teona.khupenia@zssu.ge       | 577419041 |
| Association of Women, IDPs and Invalids in Tsalenjikha | Lela Kakachia       |                              | 599540574 |
| Public College of "Lakada" in Jvari                    | Darejan Pipia       | darejani@lakada.edu.ge       | 595730325 |
| Vocational College Center in Tsageri                   | Mzia Chikovani      |                              | 598593117 |
| Akhali Talga in Kobuleti                               | David Mchedlishvili | mtchedlishvili@kpc.ge        | 577507979 |

| NURSERIES              |              |           |                         |
|------------------------|--------------|-----------|-------------------------|
| NAME                   | MUNICIPALITY | COMMUNITY | PHONE                   |
| <i>Berry Nurseries</i> |              |           |                         |
| Ioseb Pharekhelashvili | Gori         | Satemo    | 551303904               |
| Kakha Pajava           | Zugdidi      | Kakhati   | 599952890               |
| Elena Boguslavski      | Lentekhi     | Buleshi   | 598393083,<br>599231247 |

| <b>NURSERIES(CONT.)</b> |                     |                  |                         |
|-------------------------|---------------------|------------------|-------------------------|
| <b>NAME</b>             | <b>MUNICIPALITY</b> | <b>COMMUNITY</b> | <b>PHONE</b>            |
| <i>fruit Nurseries</i>  |                     |                  |                         |
| Levan Kechkhuashvili    | Gori                | Dzevera          | 591700895               |
| Tariel Munjishvili      | Gori                | Kvarkheti        | 551909220,<br>551773099 |
| Nugzar Papunashvili     | Gori                | Shindisi         | 599491001               |
| Mikheil Edilashvili     | Kareli              | Breti            | 596777877               |
| <i>Grape Nursery</i>    |                     |                  |                         |
| Beka Iachkebiani        | Tsageri             | Tvishi           | 577722172               |

| <b>RURAL ECONOMIC DEVELOPMENT PARTNERS, ASSOCIATIONS, AND COOPERATIVES</b> |                       |              |
|--|-----------------------|--------------|
| <b>ORGANIZATION</b>  | <b>CONTACT PERSON</b> | <b>PHONE</b> |
| Agricultural Resource Center<br>AgroHouse                                  | Maia Mikava, Director | 599348433    |
| AgroKartli Ltd,<br>Mtskheta-Mtianeti                                       | Goga Simonishvili     | 599564304    |
| Tsikara Ltd,<br>Mtskheta-Mtianeti  | Gia Lazagashvili      | 574747598    |
| Cooperative Alfalfa,<br>Mtskheta-Mtianeti                                  | Vladimer Kariauli     | 558442411    |
| Cooperative Kazbegi 2015,<br>Mtskheta-Mtianeti                             | Gela Papiashvili      | 591009992    |
| Cooperative Megobroba,<br>Shida Kartli                                     | Giorgi Shavadze       | 568177751    |
| Cooperative Liakhvi,<br>Shida Kartli                                       | Nodar Namoradze       | 593909860    |
| Cooperative Agro Avlevi,<br>Shida Kartli                                   | Kristo Kasiteridi     | 599443593    |
| Cooperative Sophlis Agordzineba,<br>Shida Kartli                           | Iuri Lomsadze         | 599565327    |
| Cooperative Agro+,<br>Shida Kartli   | Tamaz Mumladze        | 551343237    |
| Cooperative Momavali 2015,<br>Shida Kartli                                 | Ilia Mindiashvili     | 598339709    |
| Cooperative Avlevi,<br>Shida Kartli  | Natela Megrelishvili  | 591933223    |
| Cooperative ARTO,<br>Samegrelo   | Simon Pipia           | 568806020    |
| Fruit and Berry Culture Development<br>Association, Samegrelo              | Nana Pipia            | 571888877    |

**ANNEX 3.  
LIST OF COMMUNITIES**

| <b>SHIDA-KARTLI REGION</b> |               |                 |              |
|----------------------------|---------------|-----------------|--------------|
| <b>GORI</b>                | <b>KARELI</b> | <b>KHASHURI</b> | <b>KASPI</b> |
| Dzevera                    | Dvani         | Surami          | Lamiskana    |
| Tirdznisi                  | Avlevi        | Kvishkheti      | Kvemo Chala  |
| Nikozi                     | Dirbi         | Khtsisi         | Kodistskaro  |
| Akhalubani                 | Breti         | Tskhramukha     |              |
| Shindisi                   | Bredza        | Osiauri         |              |
| Variani                    | Giganti       | Tsromi          |              |
| Shavshvebi                 | Kekhijvari    | Gomi            |              |
| Zegduleti                  | Ftsa          | Tsagvli         |              |
| Mejvriskhevi               | Agara         | Flevi           |              |
| Tkviavi                    |               | Ali             |              |
| Mereti                     |               |                 |              |
| Kvakhvrel                  |               |                 |              |
| Ateni                      |               |                 |              |
| Khidistavi                 |               |                 |              |
| Berbuki                    |               |                 |              |
| Skra                       |               |                 |              |

| <b>SAMEGRELO-ZEMOSVANETI REGION</b> |                   |
|-------------------------------------|-------------------|
| <b>ZUGDIDI</b>                      | <b>TSALENJKHA</b> |
| Didinedzi                           | Stepantsminda     |
| Orulu                               | Sioni             |
| Tsaishi                             | Sno               |
| Oktomberi                           |                   |
| Ergeta                              |                   |
| Chkhor                              |                   |
| Kortskheli                          |                   |
| Narazeni                            |                   |
| Akhalabastumani                     |                   |
| Akhalsopeli                         |                   |
| Ingiri                              |                   |
| Kakhati                             |                   |
| Shamgona                            |                   |
| Chkaduashi                          |                   |
| Orsantia                            |                   |
| Koki                                |                   |
| Darcheli                            |                   |

| <b>RACHA-LECHKHUMI KVEMO SVANETI REGION</b> |                |                 |
|---|----------------|-----------------|
| <b>ONI</b>                                  | <b>TSAGERI</b> | <b>LENTEKHI</b> |
| Kvashkheti                                  | Tvishi         | Rtskhmeluri     |
| Ghari                                       | Lasuriashi     | Choluri         |
| Glola                                       | Lailashi       | Khopuri         |
| Utsera                                      | Chkumi         | Lentekhi        |
| Ghebi                                       | Ghvirishi      |                 |

| <b>MTSKHETA-MTIANETI REGION</b> |                |
|---------------------------------|----------------|
| <b>DUSHETI</b>                  | <b>KAZBEGI</b> |
| Mchadjvari                      | Stepantsminda  |
| Bazaleti                        | Sioni          |
| Ananuri                         | Sno            |
| Kvesheti                        |                |
| Choporti                        |                |
| Magarokari                      |                |
| Chonkadze                       |                |
| Shatili                         |                |
| Shatili                         |                |

**ANNEX 4.  
RESULTS BY MUNICIPALITY (INDIVIDUAL BENEFICIARIES)**

| <b>SHIDA-KARTLI REGION</b> |        |                        |      |                        |    |                        |       |
|----------------------------|--------|------------------------|------|------------------------|----|------------------------|-------|
| <b>GORI</b>                |        | <b>KARELI</b>          |      | <b>KHASHURI</b>        |    | <b>KASPI</b>           |       |
| Infrastructure Project     | 32,297 | Infrastructure Project | 9087 | Infrastructure Project | 56 | Infrastructure Project | 9,516 |
| Agriculture Training       | 881    | Agriculture Training   | 428  | Agriculture Training   | 77 | Agriculture Training   | 87    |
| Component 2                | 169    | Component 2 Grantee    | 97   | Component 2 Grantee    | 12 | Component 2 Grantee    | 13    |
| Emergency Assistance       | 58     | Livelihood Packages    | 168  | Livelihood Packages    | 27 | Livelihood Packages    | 36    |
| Livelihood Packages        | 173    | Vocational Training    | 62   | Vocational Training    | 16 | Vocational Training    | 27    |
| Vocational Training        | 119    | On-the-job Training    | 7    | HOA/TA                 | 28 | On-the-job Training    | 8     |
| On-the-job Training        | 40     | HOA/TA                 | 38   | No Interest Loans      | 24 | No Interest Loans      | 11    |
| No Interest Loans          | 289    | No Interest Loans      | 101  |                        |    |                        |       |

| <b>KVEMO KARTLI REGION</b> |    |                      |   |                      |   |                   |    |
|----------------------------|----|----------------------|---|----------------------|---|-------------------|----|
| <b>RUSTAVI</b>             |    | <b>BOLNISI</b>       |   | <b>GARDABANI</b>     |   | <b>MARNEULI</b>   |    |
| HOA/TA                     | 51 | Agriculture Training | 1 | Agriculture Training | 7 | HOA/TA            | 15 |
| No Interest Loans          | 7  |                      |   |                      |   | No Interest Loans | 4  |

| <b>MTSKHETA-MTIANETI REGION</b> |      |                        |      |                     |    |                      |      |
|---------------------------------|------|------------------------|------|---------------------|----|----------------------|------|
| <b>DUSHETI</b>                  |      | <b>KAZBEGI</b>         |      | <b>MTSKHETA</b>     |    | <b>TIANETI</b>       |      |
| Infrastructure Project          | 4525 | Infrastructure Project | 1502 | Livelihood Packages | 1  | Agriculture Training | 198  |
| Agriculture Training            | 433  | Agriculture Training   | 106  | Vocational Training | 4  | Emergency Assistance | 2789 |
| Component 2 Grantee             | 47   | Component 2 Grantee    | 37   | No Interest Loans   | 46 |                      |      |
| Emergency Assistance            | 542  | Livelihood Packages    | 21   |                     |    |                      |      |
| Livelihood Packages             | 75   | Vocational Training    | 26   |                     |    |                      |      |
| Vocational Training             | 26   | No Interest Loans      | 7    |                     |    |                      |      |
| On-the-job Training             | 43   |                        |      |                     |    |                      |      |
| No Interest Loans               | 3    |                        |      |                     |    |                      |      |

| SAMEGRELO-ZEMO SVANETI |      |                        |      |                      |    |                      |     |
|------------------------|------|------------------------|------|----------------------|----|----------------------|-----|
| ZUGDIDI                |      | TSALENJIKHAI           |      | SENAKI               |    | CHKHOROTSKHU         |     |
| Infrastructure Project | 4414 | Infrastructure Project | 3053 | Agriculture Training | 73 | Agriculture Training | 46  |
| Agriculture Training   | 1381 | Agriculture Training   | 536  | Component 2 Grantee  | 40 | Component 2 Grantee  | 3   |
| Component 2 Grantee    | 585  | Component 2 Grantee    | 103  | Vocational Training  | 45 | <b>KHOBI</b>         |     |
| Livelihood Packages    | 106  | Livelihood Packages    | 108  | HOA/TA               | 65 | Agriculture Training | 42  |
| Vocational Training    | 200  | Vocational Training    | 216  | No Interest Loans    | 26 | Component 2 Grantee  | 102 |
| On-the-job Training    | 39   | On-the-job Training    | 42   | <b>ABASHA</b>        |    | <b>MARTVILI</b>      |     |
| HOA/TA                 | 24   | No Interest Loans      | 32   | Agriculture Training | 14 | Agriculture Training | 93  |
| No Interest Loans      | 25   | No Interest Loans      | 101  | Component 2 Grantee  | 1  | Component 2 Grantee  | 2   |
|                        |      |                        |      | <b>POTI</b>          |    | <b>MESTIA</b>        |     |
|                        |      |                        |      | Agriculture Training | 2  | Agriculture Training | 2   |

| RACHA-LECHKHUMI KVEMO SVANETI REGION |     |                        |      |                        |      |                      |    |
|--------------------------------------|-----|------------------------|------|------------------------|------|----------------------|----|
| LENTEKHI                             |     | ONI                    |      | TSAGERI                |      | AMBROLAURI           |    |
| Infrastructure Project               | 925 | Infrastructure Project | 2305 | Infrastructure Project | 4714 | Agriculture Training | 36 |
| Agriculture Training                 | 152 | Agriculture Training   | 280  | Agriculture Training   | 313  | Component 2 Grantee  | 1  |
| Component 2 Grantee                  | 4   | Component 2 Grantee    | 13   | Component 2 Grantee    | 13   |                      |    |
| Livelihood Packages                  | 12  | Livelihood Packages    | 15   | Livelihood Packages    | 16   |                      |    |
| Vocational Training                  | 39  | Vocational Training    | 56   | Vocational Training    | 33   |                      |    |
| On-the-job Training                  | 3   | On-the-job Training    | 3    | On-the-job Training    | 16   |                      |    |

| ADJARA REGION        |    |                      |    |
|----------------------|----|----------------------|----|
| BATUMI               |    | KHELVACHAURI         |    |
| Agriculture Training | 99 | Agriculture Training | 35 |

| GURIA REGION      |    |                      |   |                      |   |
|-------------------|----|----------------------|---|----------------------|---|
| LANCHKHUTI        |    | OZURGETI             |   | CHOKHATAURI          |   |
| HOA/TA            | 51 | Agriculture Training | 1 | Agriculture Training | 7 |
| No Interest Loans | 7  |                      |   |                      |   |

| IMERETI REGION       |     |                      |     |                      |    |                      |    |
|----------------------|-----|----------------------|-----|----------------------|----|----------------------|----|
| KUTAISI              |     | TSKHALTUBO           |     | TERJOLA              |    | ZESTAPONI            |    |
| Agriculture Training | 15  | Component 2 Grantee  | 4   | Agriculture Training | 1  | Agriculture Training | 1  |
| Livelihood Packages  | 5   | Livelihood Packages  | 1   | HOA/TA               | 29 | Component 2 Grantee  | 3  |
| Vocational Training  | 34  | Vocational Training  | 4   | No Interest Loans    | 2  | HOA/TA               | 81 |
| HOA/TA               | 315 | HOA/TA               | 110 | <b>SAMTREDIA</b>     |    | No Interest Loans    | 6  |
| No Interest Loans    | 48  | No Interest Loans    | 16  | Agriculture Training | 2  |                      |    |
| <b>VANI</b>          |     | <b>KHONI</b>         |     | Livelihood Packages  | 1  |                      |    |
| HOA/TA               | 38  | Agriculture Training | 3   |                      |    |                      |    |
| No Interest Loans    | 11  | Component 2 Grantee  | 1   |                      |    |                      |    |

| SAMTSKHE JAVAKHETI REGION |    |
|---------------------------|----|
| BORJOMI                   |    |
| HOA/TA                    | 51 |
| No Interest Loans         | 7  |

| KAKHETI REGION       |   |                      |   |
|----------------------|---|----------------------|---|
| DEDOPLISCKARO        |   | GURJAANI             |   |
| Agriculture Training | 4 | Agriculture Training | 1 |

| TBILISI              |     |
|----------------------|-----|
| Agriculture Training | 106 |
| Vocational Training  | 4   |

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