

Georgia

Agriculture Modernization, Market Access and Resilience Project Supervision Report

Main report and appendices

Mission Dates: 3-14 June 2019
Document Date 05/08/2019
Project No. 1100001760
Report No. 5131-GE

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

ACD	Accountancy Division
AM	Aide-Mémoire
AMMAR	Agriculture Modernization, Market Access and Resilience project
APMA	Agriculture Projects Management Agency
AWPB	Annual Work Plan and Budget
BDSP	Business Development Service Provider
CSA	Climate Smart Agriculture
DA	Designated Account
DP	Demonstration Plot
DiMMA	Dairy Modernization and Market Access Programme
EFA	Economic and Financial Analysis
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
EU	European Union
FMDB	Financial Management Dashboard
FY	Fiscal Year
GA	Georgia Amelioration company
GAU	Georgia Agrarian University
GEF	Global Environment Fund
GEL	Georgian Lari
GFA	Georgian Farmers' Association
GILMDP	Georgia's Irrigation and Land Market Development Project
GIS	Geographic Information System
GoG	Government of Georgia
Ha	Hectare
HH	Household
ICC	Information and Consulting Center
ICP	IFAD Client Portal
IFAD	International Fund for Agriculture Development
IFR	Interim Financial Reports
IRD	International Relations Department
IU	Irrigation Unit
KM	Knowledge Management
LF	Lead Farmer
LR	Landscape Restoration
M&E	Monitoring and Evaluation
MEPA	Ministry of Environment Protection and Agriculture
MFI	Micro Finance Institution
MoF	Ministry of Finance
MS	Marketing Specialist
MSP	Multi-Stakeholder Process

MTR	Mid Term Review
CCNAP	Climate Change National Adaptation Plan
NGO	Non-Governmental Organization
O&M	Operation and Maintenance
PBAS	Performance-Based Allocation System
PDR	Project Design Report
PDO	Protected Designation of Origin
PGI	Protected Geographic Indication
PIM	Project Implementation Manual
PO	Procurement Officer
PPMD	Projects Planning and Management Department
RECC	Regional Environmental Center for the Caucasus
RIA	Regulatory Impact assessment
RIMS	Results and Impact Management System
SCADA	Supervisory <i>Control</i> And Data Acquisition
SDR	Special Drawing Rights
SOE	Statement Of Expenditures
SP	Service Provider
TOR	Terms of Reference
ToT	Training of Trainers
USAID	United States Agency for International Development
VAT	Value Added Tax
VC	Value Chain
WA	Withdrawal Application
WUO	Water Users Organization
W1	Window 1 grant
W2	Window 2 grant
YTD	Year To Date

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Georgia	Environmental and Social Category:	B
Project Name:	Agriculture Modernization, Market Access and Resilience Project	Climate Risk Classification:	not available yet
Project ID:	1100001760	Executing Institution:	Ministry of Agriculture
Project Type:	Rural Development	Implementing Institutions:	Ministry of Agriculture
CPM:	Vrej Jijyan		
Project Director:	Lali Durmishidze		
Project Area:	Nation wide		

Approval Date:	01/09/2014	Last audit receipt:	07/06/2019
Signing Date:	17/02/2015	Date of Last SIS Mission:	14/06/2019
Entry into Force Date:	28/05/2015	Number of SIS Missions:	7
Available for Disbursement Date:	15/07/2015	Number of extensions:	1
First Disbursement Date:	21/07/2015	Effectiveness lag:	8 months
MTR Date:	10/09/2017		
Original Completion Date:	30/06/2019		
Current Completion Date:	31/10/2020		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$13,300,000
Domestic Financing breakdown	Beneficiaries	\$9,760,800
	National Government	\$2,457,600
Co-financing breakdown,	Denmark	\$4,187,000
	Global Environmental Facility	\$5,300,000
Project total financing:		\$35,005,400

Current Mission

Mission Dates:	3-14 June 2019
Days in the field:	5
Mission composition:	Vrej Jijyan, Country Programme Manager, NEN; Isabelle Lagaillarde, Team Leader and Value Chain Specialist, IFAD Consultant; Samvel Ghazaryan Infrastructure Specialist, FAO/DPIC; Sengul James, Financial Management Specialist, IFAD Consultant; Alisia Sansoni, M&E Specialist, IFAD Consultant; Renaud Colmant, Environment and Climate Change Specialist IFAD consultant; Olga Tomilova, Rural Finance Specialist, IFAD consultant; Beatrice Gerli, Gender and Targeting Specialist, ECG.
Field sites visited:	Shida Kartli, Racha-Leshkhumi, Imereti, Mtskheta-Mtianeti and Kakheti regions

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		5

Effectiveness and Developmental Focus	4	Project Management	5
Effectiveness	5	Quality of Project Management	5
Targeting and Outreach	4	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	5
Agricultural Productivity	5	Coherence between AWPB and Implementation	4
Nutrition	4	Performance of M&E System	5
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	5
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	4
Partnership-building	5	Quality of Financial Management	5
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	6
Quality of Beneficiary Participation	4	Counterparts Funds	5
Responsiveness of Service Providers	5	Compliance with Loan Covenants	5
Environment and Natural Resource Management	4	Procurement	5
Exit Strategy	4		
Potential for Scaling-up	5		

Relevance	5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The International Fund for Agriculture Development (IFAD) undertook the supervision mission in June 2019 to review the physical and financial progress of the Agriculture Modernization, Market Access and Resilience Project (AMMAR). The project was approved in September 2014, with a loan amounting to US\$13.3 million. Counterpart funding amounts to US\$1.8 million. The financial package is complemented by grants - US\$ 5.3 million (Global Environment Facility - GEF), US\$ 5 million (DANIDA) and US\$ 0.5 million (IFAD). It is expected that private farmers and agribusinesses will contribute an estimated US\$ 9.8 million. The project has been designed as a 4-year project, and entered into force in May 2015. The project has been extended in March 2019 for additional 16 months.

The main purpose of the mission was to review the implementation progress of the various components and to assess the performance of implementation partners, as well as the financial management, procurement, monitoring, evaluation and knowledge management systems. The mission focused its attention on the coherence and overall coordination of project's interventions in the field of rural infrastructures, landscape restoration, climate smart agricultural extension services, agricultural investments (with the support of matching grants) and market access, to ensure that the project tackles critical constraints along the value chains, from primary production through processing, value addition and backward/forward market linkages. This will lay the foundations of AMMAR exit strategy meant to enhance the sustainability prospects of all project investments and interventions.

The mission met with H.E. Levan Davitashvili Minister of Environmental Protection and Agriculture and Mr Giorgi Khanishvili First Deputy Minister of Environmental Protection and Agriculture. The mission had also conducted detailed meetings with AMMAR team implementing the project at the Projects Planning and Management Department (PPMD) of the Ministry of Environment Protection and Agriculture (MEPA), and with the Agriculture Projects Management Agency (APMA).

The mission met target project beneficiaries for their feedback on identified challenges and investment needs at the different levels of their respective value chains (primary production, post-harvest handling, processing, marketing). To this effect, field visits were organized in Racha-Leshkhumi, Imereti, Shida-Kartli, Mtskheta-Mtianeti and Kakheti regions. The mission also interacted with the two major service providers (ELKANA and the Regional Environmental Centre for the Caucasus – REC-Caucasus), who provide technical assistance and other services under the project, and met with the Bank of Georgia – one of the main providers of matching loans to the project grant beneficiaries.

This report summarises the mission's main findings and recommendations. The key issues and recommendations were discussed with AMMAR team during several debriefing sessions and formally presented to Mr Giorgi Khanishvili, First Deputy Minister, at a wrap-up meeting on 14 June 2019. The issues agreed are documented in the relevant sections of the report.

Key Mission Agreements and Conclusions

The mission is able to confirm the steady, continuous progress observed since Mid-Term. The project has been particularly performant over the past 12 months, both in terms of physical and financial execution. The overall number of persons receiving services promoted or supported by the project currently stands at 75% of target, and is effectively reaching all Georgian regions, including vulnerable areas such as mountains and border zones. All grants, including the DANIDA grants for young rural entrepreneurs, are committed and the project has now closed the application process in all windows. Irrigation works are completed for 3,289 ha (69% of appraisal target of 4,750 ha), but are expected to reach 6,486 ha or about 136% of target by project end.

The 16-month extension that was granted to AMMAR will be instrumental to complete strategic interventions already engaged with beneficiaries, partners and Government institutions, and thus ensure sustainability of the project investments as well as optimal impact among beneficiaries. The PPMD should thus keep the momentum, ensure timely completion of all activities with related disbursements, and focus its attention on delivering at outcome and impact levels.

Key mission agreements can be summarized as follows:

a) Completion of irrigation and small infrastructure works: (i) cover the funding gap of about USD 0.5 million for works completion from the GEF fund civil works category; (ii) set up realistic completion dates for the ongoing works contracts (three irrigation rehabilitation and two roads rehabilitation contracts); and (iii) scheduling activities for the last three planned irrigation rehabilitation activities.

b) Rehabilitation of Iakublo Reservoir: Given that works in Iakublo Reservoir cannot be financed under GEF grant because of the dam's size, (i) finance the works of Iakublo reservoir under IFAD loan and (ii) use GEF grant to finance rehabilitation of on-farm tertiary irrigation canals (2 schemes) under AMMAR Component 1: On-farm efficient irrigation, and soil and water conservation for sustainable agriculture production.

c) Windbreak management plans support. Building on the extensive support made by the project to establish a legal framework for windbreaks in Georgia, (i) follow up the progress of the enforcement of the law on windbreaks in Parliament, and (ii) further support in making law amendments if needed.

d) Capitalizing on Climate Smart Agriculture (CSA) demonstration plots (DPs). (i) install two more vermicompost DPs, one in Kakheti and one in Imereti as the demand is high in those regions, with both traditional system and a more suitable and affordable system that is adapted to Georgia's conditions (those DPs will strengthen the continuity between the present AMMAR project and the future DiMMA project in Georgia, especially in the target region of Imereti); and (ii) promote the technologies developed on all existing DPs through exchange visits, that are always well received by farmers. This will expand the project's outreach and increase the value for money of CSA interventions.

e) Improving projects' Monitoring and Evaluation (M&E). Building up on the comprehensive M&E system set in place by AMMAR team, (i) invest in a M&E software to further increase data quality and reporting (this software will then be very useful to monitor the implementation of the upcoming DiMMA project); and (ii) identify and monitor outreach and outcomes of different target sub-groups, clustering them by income, landholding size and

D. Overview and Project Progress

As at 31 May 2019, the current disbursement rate for IFAD loan, GEF grant and DANIDA grant is respectively 87%, 59% and 55% on IFAD auto calculated disbursement data. In March 2019, the project's completion dates have been extended by 16 months from June 2019 to October 2020 for IFAD loan and from March to July 2020 for GEF grant. Key achievements across the different sub-components are summarized below:

Irrigation and value chain infrastructures. In general, the mission had positive impressions from its site visits and discussions held, and was satisfied with the overall capacity of technical supervisors and contractors. The quality of works implemented is adequate for the kind of infrastructure under consideration. Good quality of irrigation canal lining and pipeline placement with required ancillary structures for water management and distribution, stabilized gravel feeder roads, side ditches, culverts, road drainage facilities and bridge structures were observed by the mission. Currently, the main identified issue is slow progress of works under some of the contracts due to inadequate weather conditions and irrigation season. Consequently, completion date for some of the contracts need to be extended.

Ten civil works contracts have been completed so far in three project area regions of Shida Kartli, Samegrelo and Kakheti. They consist of three irrigation schemes with total command area of 3,289 ha and seven contracts for rehabilitation of 5 roads (including 4 bridges) with total length of about 17.2 km. The aggregate cost of these investments is about GEL 6.6 million, equivalent to about USD 2.9 million. As per the PPMD database, these investments directly benefit over 4,640 households.

Works under five contracts are still ongoing. They consist of three irrigation works with total command area of 2,547 ha and two contracts for rehabilitation of two roads (including a bridge) with total length of about 7.6 km. These investments are valued at GEL 10.1 million or about USD 3.7 million equivalent. Number of reported direct benefitting households under these contracts is over 3,120.

The last three contracts planned to be implemented consist of rehabilitation of irrigation network in two schemes with total command area of about 650 ha and improvement of upstream slope of Iakublo dam in Kvemo Kartli region that provides water to four irrigation schemes with a command area of about 8,486 ha. Development of engineering designs for two irrigation schemes is at completion stage. Bids for works implementation will be announced by 15.08.2019. Estimated completion of works is end of April 2020, i.e. before the start of irrigation season 2020. Bid for works implementation in Iakublo dam has been conducted and contract will be signed by 15.06.2019. Estimated completion of works under this contract is 31.03.2020. These investments are valued at GEL 5.3 million, equivalent to about USD 2.0 million. Number of reported direct benefitting households under these contracts is over 7,490.

In addition to the above activities the PPMD conducted feasibility studies and development of engineering designs for rehabilitation of most deteriorated sections of the Saltvisi, Skra Kareli and Tashiskari irrigation systems (total 3,981 ha) in Shida Kartli region. Due to lack of funding resources these schemes will not be implemented in the framework of AMMAR and design documents are provided to GA for further consideration.

Estimated required funds to complete ongoing and planned contracts is about GEL 10.5 million including Government and beneficiary contribution of 20%. Thus, the required amount of project funds for works completion is about GEL 8.4 million, equivalent to some USD 3.1 million^[1]. The available remaining IFAD Loan funds as of 31.05.2019 is USD 2.6 million, i.e. there is a gap of about USD 0.5 million. It was recommended and agreed to cover the gap from the GEF grant funds (still available under the GEF funding civil works category) for investments in irrigation distribution (tertiary) network.

Landscape Restoration (LR). LR activities include the implementation of windbreaks and river restoration measures; 21 landscape restoration plans were produced.

Three restoration measures were foreseen in the previous supervision mission: Two river-bank protection interventions and one catchment integrated flood risk and contamination reduction intervention were agreed. The river-bank protection interventions were completed in Kakheti. The Chumlaki river-bank protection presented some deficiencies, with erosion still observed at one end of the structure. Agreed action was presented at the previous supervision mission, recommendation was considered by the PMU and correction works were done by contractor under supervision of AMMAR engineers and design company on November 2018.

As previously underlined in the previous supervision report, although locally useful for farmers, those interventions cannot be labelled as proper LR interventions (as no environmental improvement has been obtained, to the opposite, some environmental impact has been generated) and should not be considered as models to be replicated. Also, it should be highlighted that in Chumlaki the use of the water body to dispose of urban wastes continues, despite the promise of the municipality to prevent waste deposition in the river as a pre-condition for the rehabilitation. The PPMD did take action and requested the Ministry of Agriculture to send a letter to the Municipality to observe the agreement but no improvement has been seen so far, deposits mainly come from upstream through floods and municipality has little control on it.

The Charebula catchment integrated flood risk and contamination reduction, in the Gori municipality was abandoned. Tender for the design of Land Restoration works in Charebula River failed twice due to no interest among design companies to provide design services for the captured works. The Rehabilitation of Iakublo reservoir that was supposed to

replace the Charebula project cannot be financed under GEF grant. Indeed, the updated policy on environmental and social safeguards of the GEF states in its “Minimum Standard : Community Health, Safety and Security” that: “Agencies do not propose for or implement with GEF funding projects or programs that would involve the construction or rehabilitation of Large or Complex Dams”. Even though the work is a rehabilitation of the upstream dam, the reservoir of Iakublo is considered as a Large Dam by the GEF because of its 10.8 million cubic meters: “Large Dam means a dam with a height of 15 meters or greater from the lowest foundation to crest, or a dam between 5 meters and 15 meters impounding more than 3 million cubic meters”. The mission thus advises the PPMD to finance the work of Iakublo reservoir under IFAD loan and to use GEF grant to finance rehabilitation of on-farm tertiary irrigation canals (2 schemes) under its Component 1: On-farm efficient irrigation, and soil and water conservation for sustainable agriculture production.

Windbreak management plans support. The project support the elaboration of the windbreak management plans based on international best practices and an enforcement package in the existing policy framework.

The windbreak construction project entitled “Land restoration measures to prevent land erosion and to maintain the fertility of about 650 ha of arable land in vulnerable municipalities of Shida Kartli region” was implemented by the Regional Environmental Center for the Caucasus in Gori and Kareli municipalities. A total of 18 windbreak management plans (5 in Kartli, 13 in Gori, based on international best practices) were prepared for 26 km of windbreak lines. A total of 26.3 km (16.4 ha) of windbreaks is already planted in Gori and Kareli municipalities of Shida Kartli region, with a total of 514 beneficiaries.

The second windbreak construction project entitled “Land Restoration Measures to Prevent Land Erosion and to Maintain the Fertility of Agricultural Land in Kakheti Region” is still to be implemented in Kakheti region, with 25 km foreseen to be planted in the vulnerable municipalities of Sagarejo, Gurjaani, Dedoplistskaro.

In addition, two nurseries run by women have been installed by the project to support the demand of the project in seedlings for windbreak plantation in Shida-Kartli region.

Facilitating private investment in agricultural VC; IFAD-funded grants. As of 30 April 2019, the project received 665 grant applications for Window 1 (W1) grants for primary production and Window 2 (W2) grants for agribusiness. Of these, agreements were signed for 525 applications (including 32% of women and youth). By this date grants had already been disbursed to 419 beneficiaries (410 under W1 and 9 under W2), for a total amount of about USD 2.8 million. This represents 66% disbursement rate, with about USD 1.4 million balance left to disburse. All of these funds have been committed, and the project has stopped accepting new applications. It is expected that all funds will be disbursed by the end of 2020.

As of 30 April 2019 the cumulative disbursement under W1 had already surpassed the appraisal targets at 186%, while that under W2 lags at the level of 23%. Considering much higher demand for grants under W1, it is recommended to use the funds remaining under W2 for W1 grants.

Additionally, the mission acknowledges the indirect benefit of investments in small to medium enterprises (e.g. transformation of non-timber forest products). Indeed, 2,987 individuals (among them 1,747 women or 58%) became indirect beneficiaries of the project as seasonal or fixed employees with AMMAR grantees.

Support to rural young entrepreneurs; DANIDA-funded grants. The project received grant applications from 831 youth entrepreneurs, including 301 women (36%). Of these, 232 applications were approved, and agreements were signed for 153 applications. Grants have already been disbursed to 115 beneficiaries for the amount of USD 2.46 million. This represents 69% disbursement rate, leaving a balance of USD 1.1 million. Similar to the other W1 and W2 grant windows, the funding has been committed and no further applications are accepted by the project. The beneficiaries of this grant window work in 11 regions of Georgia and provide employment to 1,063 individuals.

The implementation of investment activities under both grant facilities has been overall successful; there have been no cases of business failures – though all of the investments are still new, with the oldest ones being less than 2 years old, and presently it is too early to fully assess the success rate. One of the early warning indicators of issues in business is the indicator of beneficiaries’ ability to repay loans that they used to co-finance the investments. The project should monitor whether grant beneficiaries are on time with their loan repayment, to be able to help address any issues (e.g. with post-financing services) and document any lessons learnt.

The project conducts regular monitoring of the beneficiaries’ progress, in addition to APMA’s monitoring of the targeted use of the grant funds. The project should adopt a systematic monitoring framework allowing to ensure the representativeness of the sample of the beneficiaries monitored.

Access to Finance. The grant interventions have contributed to higher access to finance among the project beneficiaries as compared to the population of Georgia, in terms of bank account ownership^[2] and the use of loans from formal sources:

	Financial institution account	Borrowed from financial institution in the past year
Population (age15+) [3]	61.2%	27.4%
W1 and W2 beneficiaries	100%	42%
DANIDA beneficiaries	100%	40%

According to the Bank of Georgia, loan applicants who have access to the grant facilities, have 20 to 30% higher loan approval rates as compared to other loan applicants.

Demonstration plots. The promotion of Climate Smart Agriculture (CSA) practices continued through the establishment of demo plots (DPs) and use of selected lead farmers. In accordance with previous recommendations, 4 DPs on landscape restoration (2 windbreaks, 1 vermicompost, 1 effective microorganisms) were established by ELKANA to the 10 DPs initially planned. Furthermore, 2 additional DPs on organic apiculture were established in 2 vulnerable mountainous areas (Racha and Kazbegi). The mission notes with satisfaction that access to DP processing equipment is granted to all beekeepers in the area.

The vermicompost system was well received by farmers and there seems to be a demand for additional vermicompost DPs. The project has involved the Georgian Agrarian University, 15 students of Georgian Agrarian University visited the existing DP, received training, and prepared relevant reports and three presentations to the Dean of the faculty. This was well received by the mission. Cheap alternatives were included in the replication manual developed by ELKANA. It was agreed that ELKANA will install two more vermicompost DPs, one in Kakheti and one in Imereti as the demand is high in those regions. Those DPs will present the traditional vermicompost system already set in the other DPs, together with a more suitable and affordable system (i.e. tower system with boxes presented in the technical paper of the previous supervision mission) that is adapted to Georgia's conditions. Those DPs will strengthen the continuity between the present AMMAR project and the future DiMMA project in Georgia, especially in the target region of Imereti.

The mission confirms the improvement of the project in informing farmers on the selected technologies. Indeed, informative replication manuals have been developed by ELKANA for each of the DPs in Georgian and English languages, and are available in printed version and on their website. Furthermore as agreed in the previous supervision mission, ELKANA together with lead farmers is carrying out data-reporting on monthly basis that is subject to analysis by ELKANA marketing specialist. Relevant reports are submitted to AMMAR team and retrofitted to lead farmers.

CSA Training. Since the previous supervision mission, training sessions were conducted at a very high speed. In total 2,803 farmers attended, 59 training in four regions of Georgia (29% of mentioned farmers were females). As stated in the previous supervision mission, the training curriculum continues to be promoting environmentally friendly and CSA practices including use of bio-fertilisers and proper soil health management practices, drip irrigation, integrated pest management, use of adapted varieties, etc. Furthermore, ELKANA included awareness-raising messages on the important of diet diversification in all activities related to gender, crop farming diversification and market linkages in their replication manuals. The curriculum content was also improved in consultation with the Marketing Specialist to include aspects of marketing, economic analysis, and cost-benefit analysis. It was shared with and approved by MEPA. Teaching videos were produced by ELKANA and are available on their website together with replication manuals. As agreed during the previous supervision mission, 4 workshops were held in 4 regions to sensitize farmers on the optimum use of pesticides and fertilizers.

The project as exceeded its target on training by more than 200% and should now promote the technologies developed on demonstration plots through exchange visits, that are very well received by farmers. This will increase the value for money, working on the existing DPs. So far 6 exchange visits were conducted with nearly half of women participants and the PPMD should prepare a plan to continue and expand the promotion of exchange visits between farmers across the country. Target of Training of Trainers (ToT) activities were also reached with more than 50 ToTs trained. During previous supervision mission, additional ToT training were foreseen with facilitation training by international expert. However, it was agreed with IFAD that the use of existing/trained ToTs would be more effective for the project and the agreed action was dropped.

More details on project management, Monitoring and Evaluation (M&E), gender and targeting, Knowledge Management (KM) and financial management are provided in the other sections of this report.

Irrigation and small infrastructure

Actions	Responsibility	Deadline	Status
Works Implementation (1) Completion of works in Alternatiuli and Dzlevijvari canals and networks.	PPMD Engineers	March /2020	Agreed
Works Implementation (2) Completion of works in G-32 canal and network.	PPMD Engineers	November /2019	Agreed
Works Implementation (3) Completion of works in G-35 canal and network.	PPMD Engineers	August /2019	Agreed
Works Implementation (4) Completion of works for rehabilitation of road and a bridge in Bredza village, Kareli municipality.	PPMD Engineers	June /2019	Agreed
Works Implementation (5) Completion of works for rehabilitation of road in Akhalsopeli village, Khobi municipality.	PPMD Engineers	July /2019	Agreed
Works Implementation (6) Contract signed and works initiated for rehabilitation of upstream slope in Iakublo reservoir.	PPMD Management	June /2019	Agreed
Bids announcement Bids are announced for rehabilitation of irrigation network under the G-3 secondary canal and G-3-2-1 secondary with its distribution network in Tirifoni irrigation scheme, Gori municipality.	PPMD Management	August /2019	Agreed
Development of Engineering Design Completion of engineering design for rehabilitation of G-2 secondary canal and its distribution network in Saltvisi irrigation scheme, Gori and Kareli municipalities.	PPMD Engineers	March /2020	Agreed

Facilitating private investment in agricultural value chains

Actions	Responsibility	Deadline	Status
Funds reallocation from W2 to W1 Funds remaining for W2 should be used for the purpose of W1 grant facility	PPMD	July /2019	Agreed
Beneficiaries monitoring: Methodology Develop justification for the monitoring of beneficiaries' progress to ensure the representativeness of the sample.	PPMD grant manager, APMA	July /2019	Agreed

Beneficiaries monitoring: Progress tracking Include question(s) on beneficiaries' loan repayment (whether they are on track or delay repayments) in the list of questions for monitoring visits.	PPMD grant managers	July /2019	Agreed
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Climate smart agricultural technology transfer

Actions	Responsibility	Deadline	Status
Reorganization of works The PPMD should revise the budget and finance the work of lakublo reservoir under IFAD loan and use GEF grant to finance rehabilitation/installation of on-farm tertiary irrigation canals (2 schemes) under its Component 1: On-farm efficient irrigation, and soil and water conservation for sustainable agriculture production	PPMD / Engineers	June /2019	Agreed
Support to policy enforcement The PPMD should continue to follow the progress of the enforcement of the law on windbreaks in Parliament and support in making amendments if needed	PPMD / GEF Coordinator		Agreed
Sustainability of nurseries The PPMD with the support of RECC should insure the sustainability of installed nurseries by creating relation between the nurseries and private farmers and other privates interested in installing windbreak in the future (e.g. contact numbers).	PPMD / GEF Coordinator / RECC	July /2019	Agreed
DP and exchange visits ELKANA should provide a proposal plan and 2019/20 agenda for DP and exchange visits activities and the PPMD should revise it with the support of IFAD.	ELKANA/ PPMD / GEF Coordinator / IFAD	June /2019	Agreed

[1] Current exchange rate of USD1.0=GEL2.74 is used for estimation.

[2] According to the World Bank, being able to have access to a transaction account is a first step toward broader financial inclusion since a transaction account allows people to store money, and send and receive payments. A transaction account serves as a gateway to other financial services.

[3] Source: World Bank Global Findex 2018.

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 5	Previous rating: 4

Justification of rating

The project activities currently being implemented have been effective in achieving the intended outputs. The overall outreach target achievement stands at about 130% in terms of households (HH) reached, with 12,989 HH having received project services, out of the 10,000 planned. Direct beneficiaries are 30,173 people, calculated as grant beneficiaries, people receiving training, people benefitting from the construction or rehabilitation of small infrastructures. Some outputs have already surpassed the project targets and the majority are on track. Output 1.1 (productive infrastructure rehabilitated/constructed) is the only one slightly lagging behind due to some delays in identification, tendering and construction works for irrigation infrastructure.

Log-Frame Analysis & Main Issues of Effectiveness

Output 1.1: as of May 2019, the project has achieved 3,289 ha of farmland under water-related infrastructure (69% of target); 1,647 ha of land under improved management practices (82% of target) and 10 small productive infrastructure constructed/rehabilitated (100% of target). No target is set for the newly added CI 2.1.5 Number of kilometres of roads constructed, rehabilitated or upgraded, that is currently standing at 17.2 km. More details on the progress made in irrigation and small infrastructure are provided in Appendix 4.

Output 1.2: target for the proportion of small grants made to women and young farmers have been surpassed (32% versus a target of 30%), and for the total number of grants to smallholder farmers the project has achieved 197% (434 against a target of 220).

Output 1.3: with reference to the activities supported by DANIDA, 94 grants were given to young entrepreneurs.

Output 1.4: 1429 people received pre-financing support in the form of business management training.

Output 1.5: 91 young entrepreneurs received post-financing support to link them to the relevant agribusinesses.

Component 2

Output 2.1: the project has developed 10 marketing assessment and operational strategies for Value Chains, thus surpassing the project target of 6.

Output 2.2: the project has held 103 value chain facilitation events involving different value chain actors, surpassing the project target of 25 and reaching 412% of realisation.

Output 2.3 and 2.4: the project targets for training of beneficiaries on production practices and technologies, and extension staff trained has been surpassed (230% and 218% respectively).

Output 2.5: Two policy documents were prepared, which is twice the appraisal target.

Output 2.6: The total number of people receiving grants, including DANIDA beneficiaries, amounts to 520 people, surpassing the initial planned target of 220 (236% realisation).

Outcomes/impacts

In January-April 2019, in line with last mission's recommendations, an Outcome Survey was conducted to monitor the effect generated by three types of project activities: small infrastructure works, irrigation schemes and matching grants. The sampling size was determined by the project: 496 households were interviewed, including both target (230 HH) and control group (266 HH).

Key conclusions related to irrigation infrastructure show that:

- 73% of beneficiaries believe that the irrigation infrastructure and services have improved since the 2016 farming season against 20% in control group.

As regards to Outcome 2, the value of private investment in inclusive value chain for farmers and agribusinesses (total investment W1 and W2 investments, plus beneficiaries contribution, calculated according to GEL/USD exchange rate of June 10, 2019) amounts to 7 896 633 USD or 87% of appraisal target. Moreover, 44% beneficiaries registered an average

of 35% income increase as a consequence of receiving grants, highly surpassing the 8% income increase planned at design.

In terms of impact, the Adoption Survey followed by a Validation Survey realised in June 2018 to understand how many farmers who received trainings correctly adopted the new technologies, revealed that 66% of trained smallholder farmers adopted climate smart agricultural production practices. The other relevant impact results, such as the % of supported households reporting an increase in real net household farm income, or the households with improved asset ownership index will be provided in the Impact Survey.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Impact Survey Finalise the TORs for AMMAR's Impact Survey, prepared during the mission	PPMD/IFAD	07/2019

Development Focus

Targeting and Outreach

Rating: 4

Previous rating: 3

Justification of rating

AMMAR has now successfully reached 12,989 households, against the target 10,000. Geographical targeting is being implemented as per project design, with a particular effort to intervene in vulnerable areas (mountains, border zones). 2,987 individuals are indirect beneficiaries of the grant component (52.6% women) who found seasonal or permanent employment with AMMAR grantees. As noted by previous missions, interventions are mostly benefitting the economically active strata of the rural population but this is in line with the targeting set at project design (see below). M&E data is being analysed by sex and age to allow for tracking of women and youth participation; yet there is room for improvement in the identification and analysis of different target groups of beneficiaries.

Main issues

Poverty outreach. Overall AMMAR beneficiaries seem in line with the target groups foreseen at project design: “*priority will be given to the poor rural populations in areas where there is agricultural and irrigation development potential. The primary target groups are smallholder farmers, including active poor farmers, in targeted value chains, while secondary target groups are other value chain actors (agribusinesses, cooperatives, service providers). Targeting of direct beneficiaries’ households, agribusinesses and other value chain participants will be on the basis of their active involvement in the prioritized value chains and their interest in participating in the project activities*”. (see also Technical Annex 2 – Appendix 4 for definition of active poor farmers).

The mission however observes that in Component 1.2 the share of counterpart funds required to access the grants (60%) is too high to allow access of the poorest rural farmers. Yet it is worth noting that the average grants provided under W1 are GEL 15,479 equivalent to about USD 5,600 which is way below the ceiling of USD 15,000 that was set for W1. This indicates that AMMAR has still strived to include the smallest economically active farmers among its beneficiaries.

There is no particular corrective action suggested in this final year of AMMAR to improve the targeting of grant beneficiaries. It is however **recommended** to;

1. Keep on tracking the employment generated by the farmers grantees, which represents an indirect positive effect on poorer labourers. See related recommendation under M&E section
2. Draw lessons learned from the project on how to improve poor farmers' access to matching grants, synergies with other donors' programmes, eligibility criteria and other enablers. These lessons learned can be elaborated from an analysis of beneficiaries' database and monitoring visit; lessons learned should inform the upcoming DiMMA implementation arrangements, particularly on how to design the matching grant system. Lessons should also encompass the gender and age perspective, identifying innovative ways for women (and youth) to provide counterpart funds or access financial services, overcoming issues such as lack of collaterals or credit history.

No clear mechanism is in place to monitor how the project interventions are reaching to the intended targeting categories, as noted by previous mission. Classification of different poverty sub-groups should be made based on income deriving from different sources in the household (agriculture production, livestock non-agriculture, remittances, etc.), landholding size and other economic characteristics of beneficiaries. Since the M&E system currently captures agriculture revenues only, the impact assessment will have to consider all these additional variables to properly classify project beneficiaries in poverty sub-groups (see technical annex for more details).

As per design, the DANIDA grant facility doesn't set specific poverty criteria for the selection of beneficiaries, rather focussing eligibility criteria on their maximum age (36 for men and 40 for women) and whether the activity to be financed is set in rural areas, with a maximum of 20% grants for non-agricultural activities. The target group are rural urban/peri urban entrepreneurs that used this opportunity to accelerate the implementation of a business idea, therefore displaying the relevance of this facility for their needs. So far, only 33 (16%) of 206 grants approved are non-agricultural, therefore addressing the recommendation of the previous supervision mission to not exceed the 20% ceiling.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Identify, characterize poverty groups identify and characterize different target sub-groups among the beneficiaries, based on the annual outcome survey findings and the beneficiaries' database. These groups will be further analysed through the impact survey to understand different patterns of results of project activities.	M&E officer, Gender specialist	09/2019

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

Women represent 46% of overall number of project beneficiaries reached. When unpacking this number among different project components, women's share of grantees is quite low in the IFAD-funded ones (15.7%), while reaching the target in the DANIDA ones. Women are active part of family farming activities, but they often lack conditions to engage in bigger and commercially-oriented businesses. Such challenges have not been systematically addressed by the project and no dedicated action in favor of women's empowerment was identified. However, the project tried to better understand women's bottlenecks in accessing and benefitting from programme's activities through a series of meetings with beneficiaries. It is recommended to take stock of these insights to inform the upcoming DiMMA project.

Main issues

The key issue is the lack of vision on what the project is expected to deliver from a gender perspective, which translates into the lack of dedicated actions in support to women's empowerment, beyond measuring women's access to project activities. Key challenges women seem to be confronted with are: lack of voice in the family farming management, technical knowledge of specific value chains, ability to scale up businesses to become commercial, and barrier at the entrance to access financial services such as lack of collaterals.

For the latter, female-owned businesses tend to be of smaller size and operate in sectors that require less financing than those owned by men. Therefore the AMMAR grant/contribution ratio becomes too onerous. There is limited use of venture and equity capital within women-owned enterprises. Moreover, women often engage in off farm types of businesses, not covered by the scope of the grants, except for 20% share allowed under DANIDA grants.

A specific demand of on-the-job training has been identified among female grantees, to become more confident in engaging in AMMAR value chains.

These considerations, as well as additional opportunities and challenges of women's economic empowerment should be further investigated by the PPMD under the leadership of the gender specialist, so as to provide concrete recommendations for DiMMA project and orient its implementation arrangements. Most recommendations should focus on taking stock of AMMAR good and bad results on gender to inform DiMMA gender strategy.

Comp. 1Gender. Out of 394 individuals who obtained a grant in W1, 62 (15.7%) were women. In W2, 10 were led by men and 3 (23%) by women. In the 14 cooperatives grantees, there are 43% women members; this suggests that reaching out to cooperatives can be a good strategy to include women farmers as grantees. The average loan size of women is smaller than men: GEL 47,421.32 (USD 17,383) vs. GEL 58,117.60 (USD 21,104).

The most popular VCs for women grantees are vegetables (31%); apple (22.6%) and walnuts (13%), quite similar to that of men: vegetables (25%), apples (25%) and peach (16%). This confirms that AMMAR made a wise choice in adding vegetables as an eligible value chain, in response to an overwhelming demand from its target group.

Under W2, out of the 9 enterprises that were awarded a grant, only one is owned by a woman, suggesting women limited involvement in agribusiness companies.

While the share of women headed HH in rural areas is between 25-30%, the sample beneficiary group studied by the

outcome survey noted that only 10% of target HHs for irrigation (C 1.1) are run by women and there isn't one HH run by women among grantees. This specific rural group might be under-represented among project beneficiaries.

Youth - The average age of woman and men grantees is 46.5 for both W1 and W2 grants. This reinforces the case for the presence of the DANIDA grant facility specifically dedicated to the youth.

DANIDA grant received applications from 831 youth entrepreneurs, including 301 women (36%). Of these, 232 applications were approved, and agreements have already been signed for 153 applications: 57 (37%) are for women, maintaining the same proportion found at application stage. DANIDA grants resonate very well with youth and works as an accelerator of new business ideas that they had in mind and couldn't (yet) realize. Youth are able to integrate innovative ideas and practices even in traditional sectors such as livestock and fodder production. It would be useful to structure a similar facility with a stronger pro-poor focus, involving more disadvantaged youth.

Comp. 2 - 25.4% of the participants in 103 VC facilitation events have been women, while they represented 29% of participants in the 59 DP training.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Take stock of AMMAR results on gender Prepare a document of lessons learned about women's opportunities and bottlenecks in accessing and benefiting from AMMAR project activities. This will be based on findings of the gender trainings as well as general observations of monitoring visits. Lessons learned should be clustered around key aspects and processes of the DiMMA project (e.g. grants' outreach, trainings outreach and adoption, value chain development steps, etc.) and will be used to feed into the Project implementation manual. Presentation Lessons learned will be presented by the PPMD gender specialist to the whole PMU	PPMD Gender Specialist	07/2019
Prepare a gender analysis of the dairy value chain in DIMMA target areas Prepare a gender analysis of the dairy value chain in DIMMA target areas, identifying women's role, benefits and challenges along different value chain nodes. Identify opportunities for women's economic empowerment, relevant networks and potential partners. The analysis should dig deeper in the milestones of the gender strategy included in the Project Document Report, so as to provide concrete recommendations for the PIM and the organization of activities. If needed, a specialized consultant can be hired to support the PMU gender specialist in this task.	PPMD Gender Specialist	08/2019
Lessons learned on Gender Provide inputs to the project's impact assessment, baseline for DiMMA and upcoming Programme Implementation Manual to ensure their ability mainstream gender considerations	PPMD Gender Specialist	08/2019

Agricultural Productivity

Rating: 5

Previous rating: 4

Justification of rating

As already noted during the last mission, field visits show that agricultural productivity is enhanced through AMMAR various interventions, including the availability of irrigation water through rehabilitation of irrigation canals, improved CSA practices, market linkage facilitation as well as targeted investments to develop on farm production (greenhouses, drip irrigation, mechanization, quality seedlings, etc.). These field observations tend to be confirmed by the recently conducted Outcome Survey, which justifies an increased rating to 5-satisfactory.

Main issues

The Outcome Survey conducted in January-April 2019 shows among others that 30% of target households in the irrigation component believe that the quality of harvest has improved over the last two farming seasons against only 6% in the control group. And as for grant beneficiaries, 48% of grantees reported that the quality of their harvest improved in 2018 compared to 2016, against only 6% in the control group.

The mission also notes with satisfaction that in line with last mission's recommendations:

- ELKANA has developed a simple, user friendly recording system to capture key data on changes observed in demo plots (e.g. increased productivity, quality enhancement, higher selling prices, access to new market channels, reduction in post-harvest losses, etc.). Together with lead farmers ELKANA is then carrying out data-reporting on a monthly basis, that is subject to analysis by ELKANA marketing specialist. Relevant reports are submitted to AMMAR team and back to lead farmers. However, the proposed use of tablets to record economic and productivity data through lead farmers proved to not be practically implementable

- ELKANA also included economic analysis training materials into their replication manual, and relevant training were conducted in all regions.

Nutrition	Rating: 4	Previous rating: 3
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Justification of rating

The project is not nutrition sensitive and no specific activity was foreseen on nutrition in project design. However, in line with last mission's recommendation, ELKANA included awareness-raising messages on the importance of diet diversification in its replication manuals and training was provided accordingly across all regions. For this reason the nutrition rating is raised from 3 to 4.

Main issues

The last mission recommended that nutritional aspects of the various value chains should also be highlighted not only for family diet but also within the framework of the marketing strategy (honey, berries, vegetables, etc). This was addressed by ELKANA through various publications that were distributed to project beneficiaries (and other stakeholders interested) through MEPA regional centers, and are also available on ELKANA's website as follows:

<http://www.elkana.org.ge/uploads/page/217/pdf/eng/publication/Berry.pdf>

<http://www.elkana.org.ge/uploads/page/217/pdf/eng/publication/Vegetables.pdf>

<http://www.elkana.org.ge/uploads/page/217/pdf/eng/publication/Beekeeping.pdf>

Adaptation to Climate Change	Rating: 4	Previous rating: 3
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Justification of rating

GEF activities aim to promote landscape restoration in areas prone to floods and wind erosion. Windbreak installation has taken off accompanied by full management plans and the demand is increasing. On-farm climate-resilient technologies demo plots have been installed successfully and training has been conducted, exceeding the initial target for both demo plots and training sessions. This is expected to stimulate farmers to apply for on-farm efficient irrigation and soil and water conservation grants and increase the number of such approved grants during the last year of the project. Additional exchange visits are foreseen during the last year of the project.

Main issues

Demonstration plots and landscape restoration should be part of a coherent, sustainable and climate resilient approach at wide scale, and presented as such to stakeholders. The impact and quality of demonstration plots has improved significantly since the last supervision mission, especially since data is being regularly recorded at the demo plots from the lead farmer and from ELKANA to determine the economic benefits and impact of these demonstrations. This data is critical to convince farmers – whether it is the lead farmer or all others visiting the demo plot - of the value of the technology and hence enhance its adoption which is the main objective of the demo plot. Adaptation to climate change could be enhanced by continuing the exchange visits on demo plots during the last year of the project.

As stated in the previous supervision mission report, the bank protection infrastructures have been installed without wider catchment scale approach for river planning and management to efficiently support resilience to climate change. The use of land in floodplains and related investments should be closely linked to river basin planning. These issues were raised in relation to LR actions, especially in Georgeti, but could not be properly taken into account, partly because the

identification of the interventions has been insufficiently demand-driven, but also due to insufficiently developed planning processes on these issues in the country. More interaction between different policies and responsible public bodies is needed on this.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Demo plot and exchange visits ELKANA should provide a proposal plan and 2019/20 agenda for DP and exchange visits activities and the PPMD should revise it with the support of IFAD.	ELKANA/ PPMD / GEF Coordinator / IFAD	06/2019

b. Sustainability and Scaling up

Institutions and Policy Engagement	Rating: 4	Previous rating: 4
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Justification of rating

From 2018, AMMAR supported through RECC the production of a bilingual document of “Regulatory Impact assessment (RIA) for the draft Law on windbreaks” that was finalised and presented to the representatives of the Parliament of Georgia and other stakeholders at the closing workshop in February 2019. Another RIA for the draft Law on Soil Protection has been launched at the inception workshop on May 22, 2019, attended by stakeholders, NGO community, representatives on embassies and donor community. These last two interventions are viewed by MEPA as major project’s contributions to current Government’s priorities in terms of environment and natural resources protection, and could justify a future rating increase to satisfactory level in the PCR.

Main issues

As stated in the previous supervision report, the first policy document supported by AMMAR, i.e. the “Climate Change National Adaptation Plan for Georgia’s Agriculture Sector” document that was produced in 2017, was the first one of this kind in Georgia. The mission comprehends that the Law on windbreaks was a priority for the GoG but the Climate Change National Adaptation Plan for Georgia’s Agriculture Sector document still needs updating to include a full analysis of the AMMAR VCs at country level. Waste and pesticide management issues should be raised and addressed. The PPMD should besides continue to follow the progress of the enforcement of the law on windbreaks in Parliament and support in making amendments if needed.

Moreover for future land restoration works, improving climate resilience of farming activities should include considerations related to spatial planning and river management in a context of climate change. For instance, the use of land in floodplains and related investments should be supported by knowledge on foreseen river changes in time, induced flood risk and cost benefit of potential protection measures at sufficiently wide scale. These issues were raised in relation to LR actions, especially in Georgeti, but could not be properly taken into account. More interaction between different policies and responsible public bodies is needed on this.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Support to policy enforcement The PPMD should continue to follow the progress of the enforcement of the law on windbreaks in Parliament and support in making amendments if needed	PPMD / GEF Coordinator	

Partnership-building	Rating: 5	Previous rating: 4
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Justification of rating

The cooperation with DANIDA proved to be successful as their grant window has been complementary to that funded by IFAD, and there has been no overlap between the two grant facilities. The involvement of APMA has also proven successful for the management and disbursement of all grants, with a dedicated unit of 6 people devoted to analyzing the applications, approving grants and exercising monitoring of the targeted use of funds. As of the date of the report, APMA

has closed the acceptance of new grant applications and all available funds have been committed. The still recent partnership with RECC shows very encouraging results within the perspective of windbreak development. However the project is still to engage durably private sector partners for the benefits of its target group .

Main issues

The windbreak management plans have been developed and enable proper assessment of the beneficiary participation in this type of landscape restoration activities.

Human and Social Capital and Empowerment	Rating: 4	Previous rating: 3
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Justification of rating

The project lacks a formal vision on how to empower its beneficiaries beyond providing them with access to "hardware" (C 1.1) or access to grants. The lack of proper Water Users Organisations, as well as traditional reluctance to unite under cooperatives or farmer groups, curtails farmers ability to develop social capital and speak with one voice vis-à-vis businesses and institutions. However, several project interventions are contributing to improve farmers' status. Demonstration plots are proving to be empowering for hosting farmers, besides being a very effective way to train beneficiaries thanks to the peer-to-peer practical approach and participatory method. Mobilization and technical training are also building farmers' capacities and confidence to seek out for other opportunities.

Main issues

The previous supervision recommended to develop "strategic" Value Chain platforms. In total, eight platform meetings were held (2 platforms for honey in the East & South, 2 for berries in the West & East, 1 for bay leaf in the West, 1 for flowers East and Central Georgia, 1 for potato in the South and 1 for apples in the East). Apple and honey meetings were not repeated due to poor interest of sector representatives and of participants respectively. It is not clear whether women or younger beneficiaries took part in these platforms meetings.

The project lacks a proper vision on how to empower its beneficiaries beyond providing them with access to project activities, which affects the most the poorest and more disadvantaged groups such as women and youth - particularly in the grant component, where the average age is 46 and women are under-represented. Measures such as mentorship, functional financial literacy and specific eligibility measures could have supported progressive confidence building of these groups.

It is interesting to note that the highest share of women's grant beneficiaries was found in cooperatives grantees, suggesting the relevance of using them as empowerment strategy and entry point to reach out to women. It is recommended to engage the few cooperatives active in the livestock sector to increase women beneficiaries and their ability to take advantage of programme opportunities. Even if there is a historical resistance to these types of groups, a positive example could possibly motivate others to either join existing cooperative or found a new one.

The presence of several donors active in agriculture support, including a number of relevant government programmes, provided rural farmers with a variety of opportunities to choose from. While in some cases it might have reduced the attractiveness of AMMAR opportunities, it also represented a package of multiple interventions that beneficiaries could mix together, mutually reinforcing each other. For instance; all AMMAR grant beneficiaries met regarded as highly beneficial the subsidized interest rates offered by another government programme (Cheap Agro-Loans); AMMAR households benefiting from restored irrigation schemes benefitted from different value chain grants schemes provided by other donors. These interventions, even if combined unintendedly, contributed to greater results in terms of agriculture productivity and production – even if placing a question mark on how to design AMMAR's own exit strategy.

DANIDA beneficiaries seem to be quite well-off, confident, entrepreneurs that took advantage of the grant opportunity to accelerate the implementation of a business idea they already had. This grant is proving to be a very good opportunity for them to change the traditional ways of doing agriculture (e.g. improved techniques for livestock production) or entering in a new niche market (e.g. high-end wines). The application process goes quite fast and helps to keep the momentum of enthusiasm of the young people. The project is starting to link up beneficiaries with complementary businesses (e.g. fodder for the livestock), which seems to be highly appreciated by them and useful. It is recommended to continue such targeted exchanges among grantees.

Quality of Beneficiary Participation	Rating: 4	Previous rating: 3
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Justification of rating

As highlighted by previous mission AMMAR has proactively selected additional VCs, such as vegetables, that meets the demand of large numbers of grant applicants, esp. women, often in lower economic segments or working on limited land

area. The eligibility of small-scale wineries to DANIDA grants has met the expectations of youth country-wide. The 66% adoption rate of CSA technologies indicates that these activities respond well to the specific needs of project beneficiaries. 73% of beneficiaries believe that the irrigation infrastructure and services have improved since the 2016 farming season against 20% in control group. Last but not least, private investments in inclusive value chains (Outcome 2) have now reached USD 7.87 million, or 87% of appraisal target.

Main issues

The windbreak management plans have been developed and enable proper assessment of the beneficiary participation in this type of landscape restoration activities. Windbreak beneficiaries met in the field indicated their commitment to keep protecting and maintaining the windbreaks beyond project completion. They are well connected to local MEPA centers (since windbreaks are installed on state land adjacent to their land); yet it would be good to formalize the engagement of these MEPA centers to regularly monitor the installed windbreaks.

Responsiveness of Service Providers	Rating: 5	Previous rating: 4
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Justification of rating

With steady monitoring from PPMD, the overall performance of AMMAR service providers (SPs) has kept on improving along the years. In irrigation and small infrastructure activities, no major issue has been reported or identified so far in terms of SP responsiveness to recommendations and comments provided by PPMD or IFAD missions. Only one SP out of 6 failed to respond adequately for business plan development, and the other 5 have also performed satisfactorily in post-finance support for DANIDA grantees. ELKANA has done a good job in implementing the agreed tasks in a timely manner and in responding to most of the recommendations provided by previous missions. The quality of the demo plots and the training and training material has improved accordingly. Average rating is thus raised to 5.

Main issues

Irrigation and small infrastructure – rating satisfactory. Service providers involved in infrastructure investment activities include consulting companies and individual consultants for feasibility studies and cost-benefit analysis of pre-qualified investment proposals, development of engineering designs, contractors and author and technical supervision of works, all selected on competitive basis. No main issue. See above the justification.

Facilitating private investment in agricultural value chains – rating satisfactory. The project has been using the service of one service provider for pre-financing services, 6 service providers for business plan development, and 5 service providers for post-financing services. The services provided have been satisfactory.

Demonstration plots and CSA training – rating satisfactory: ELKANA is now ensuring data recording of interventions in demo plots and with lead farmers as well as training of farmers on record keeping and economic analysis. ELKANA is trying to find and provide alternative forms, scales and sizes of technologies to be demonstrated that are more adapted to smallholders (vermiculture, hail nets, etc) in their informative manuals but should also demonstrated on the pilots. All of these aspects have been discussed at length during the course of this mission, duly taken on board by ELKANA

Environment and Natural Resource Management	Rating: 4	Previous rating: 4
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Justification of rating

The number of on-farm climate-resilient technologies demonstration plots has exceeded initial objective. 17 windbreak development plans have been developed by RECC under LR interventions and the RIA law on windbreak has been presented to the representatives of the Parliament of Georgia and the law should be enforced in a near future to support LR windbreak future implementation in Georgia. Awareness-raising events of good practices (i.e. appropriate use of pesticides) and technologies (i.e. vermicomposting) are contributing to the reduction of water and soil pollution and farmers showed lively interest.

Main issues

The promotion of CSA production practices continued through the establishment of demo plots and use of selected lead farmers. In accordance with previous recommendations, 4 DPs on landscape restoration were established by ELKANA in addition to the 10 VCs demo plots initially planned (2 windbreaks, 1 vermicompost, 1 effective microorganisms). Furthermore, 2 additional organic apiculture DPs were established in 2 vulnerable mountainous areas (Racha and Kazbegi).

The vermicompost system was well received by farmers and there seems to be a demand in installing additional demonstration plots. The project has involved the Georgian Agrarian University, 15 students of Georgian Agrarian

University visited vermicomposting DP, received training, and prepared relevant reports and three presentations to the Dean of the faculty. This was well received by the mission.

As per the recommendations of the MTR and subsequent supervision missions, efforts have been made to make the demonstration technologies better adapted to smallholder farmers in terms of scale and affordability, while trying to keep them as efficient as possible. Cheap alternatives were included in replication manual by ELKANA.

ELKANA under the supervision of AMMAR should install two more vermicompost demonstration plots, one in Kakheti and one in Imereti as the demand is high in those regions. Those demonstration plots will present the traditional vermicompost system already presented in the 2 other demonstration plots together with a more suitable and affordable systems (i.e. tower system with boxes to be included in technical paper of the previous supervision mission) and adapted to Georgia's conditions. Those demonstration plots will strengthen the continuity between the present AMMAR project and the future DiMMA project in Georgia.

The mission confirms the improvement of the project in informing farmers on the selected technologies. Indeed, informative replication manuals have been developed by ELKANA for each of the demonstration plot, in Georgian and in English languages, and are available in printed version and on their website. Furthermore as agreed in the previous supervision mission, ELKANA together with lead farmers is carrying out data-reporting on monthly basis that is subject to analysis by ELKANA marketing specialist. Relevant reports are submitted to AMMAR team and back to lead farmers.

River-bank protection interventions were completed in the Kakheti region, in November 2017 in Chumlaki and in March 2018 in Giorgeti. During previous supervision mission, comments were made on the Chumlaki river-bank protection which presented some deficiencies after the completion of the works at the third river-bank protection wall, erosion was still observed at one end of the structure. The PPMD checked with the contractor, designer and local municipality for the cause of erosion and took corrective measures.

As underlined during previous missions, although locally useful for farmers, the river-bank interventions cannot be labelled as proper LR interventions (as no environmental improvement has been obtained, to the opposite, some environmental impact has been generated) and have been implemented with insufficiently integrated evaluation and planning. The long-term sustainability of the interventions is not properly clarified, as it is not specified whether agreements on the maintenance of the foreseen protection works would be ensured. Also, it should be highlighted that in Chumlaki the water body is still used to dispose of urban, despite the promise of the municipality to prevent waste deposition in the river as a pre-condition for the rehabilitation. The PPMD took action and requested the MEPA to send a letter to the Municipality asking them to abide by the agreement.

Exit Strategy	Rating: 4	Previous rating: 3
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Justification of rating

An exit strategy is clearly built into infrastructure investment-related activities and there is a high degree of beneficiary commitment to operate and maintain the investments made under the project. As for grants, the exit strategy is built into the design of the investments by leveraging 60% of the beneficiary contribution. This is further enhanced by the post-finance support provided to young entrepreneurs who received DANIDA grants. Lead farmers in DPs were not only selected for their technical capacity, but also for their representativeness of AMMAR target group and willingness to share experience, which is a positive element in AMMAR exit strategy. The project team now needs to develop a project-wide exit strategy that addresses all interventions in a detailed manner.

Main issues

Irrigation and small infrastructure – rating moderately satisfactory. Operation and maintenance of irrigation systems down to the farmgate level is under the responsibility of Georgia Amelioration (GA), the owner of the system assets. Individual contracts with each farmer are signed for water supply on an annual basis. Unified irrigation service fee of 75 GEL per year per hectare is established for farmers to pay. Though the collection rate is high (reported 85-90%) the service fee is not reflecting the actual cost required for adequate operation and maintenance of the system. Significant subsidy is provided to GA from the government budget. No activity in this regard is considered under AMMAR. However, to ensure the sustainability of investments, the AMMAR schemes are considered for support through the Water User Organisations (WUO) Service Unit of the GA established under the World Bank funded GILMD project.

Maintenance of rural feeder roads and bridges is typically the responsibility of municipalities. The municipality budget is mainly formed from the local taxes and subsidy from the central government budget; and usually there is a lack of funds to cover all the necessary activities. Nevertheless, the roads and bridges improved under the AMMAR are serving mainly farmers farm areas who have particular economic interests to keep these roads in proper conditions. It is therefore the mission's assessment that because of the adequate quality of works implemented, relatively cheap maintenance cost (mainly in kind, i.e. cleaning of drainage ditches and filling of potholes) and the particular economic interests of benefitting farmers the sustainability of the roads' investments would most likely be ensured. It was reported that feeder roads rehabilitated under previous IFAD interventions are fully operational and reasonably maintained.

Facilitating private investment in agricultural value chains – rating moderately satisfactory. Over 40% of the beneficiaries have used bank loans to provide this contribution; however, almost all of these loans are those provided at subsidized terms within special government programs, and there are only very few beneficiaries (with very small loan amounts) who have used commercial loans.

Landscape restoration works – rating moderately satisfactory. AMMAR exit strategy in this intervention will mostly rely on the enforcement of the draft Laws on Windbreaks and Soil Protection to which the project has actively contributed. As earlier noted in section ii. of this report, the PPMD should continue to follow the progress of the enforcement of the law on windbreaks in Parliament and support in making amendments if needed.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Finalize project-wide exit strategy Finalize AMMAR exit strategy based on achievements so far, remaining bottlenecks, potential for scaling up and sustainability prospects of each interventions	PPMD (all team)	09/2019

Potential for Scaling-up

Rating: 5

Previous rating: 4

Justification of rating

Potential for scaling up is now satisfactory not only on irrigation works, but also on other key interventions such as value chain investments and CSA practices and technologies. It is still limited in LR works due to original investments costs, but could quickly pick up if the government embarks in a nation-wide campaign for windbreaks and soil protection, as initiated through the draft laws supported by AMMAR. Average rating in terms of potential for scaling up is satisfactory (see details below).

Main issues

Irrigation and small infrastructure – rating satisfactory. Under the AMMAR improvement and modernization of secondary and below level irrigation network was introduced, including regulating structures, outlets and replacement of some of the open canal networks with pipelines. This allowed to improve water distribution practice and efficiency of systems. Particularly it is proven by increased areas with new orchards established and, what is even more important, the number of modern irrigation equipment (drip systems) installed and used by farmers. With regard to improved feeder roads, it allowed reduction in product transportation losses from the fields and machinery maintenance cost. In the opinion of mission, these could be considered as adequate approach in providing farmers with minimum level of public productive infrastructure and has potential for scaling-up and replication elsewhere in the rural areas in Georgia.

Facilitating private investment in agricultural value chains – rating satisfactory. There is potential in scaling up grant interventions for youth, under the DANIDA grant window, as currently the demand far exceeds the supply of available funding (831 applications, with only 232 approved for funding). This is explained by low entry barriers and a straightforward application procedure. There is also unmet demand for the IFAD-funded W1 grant window, with over 100 extra applications that the project won't be able to fund. Both grant windows provide an opportunity for leveraging additional resources to increase investment in agriculture.

CSA practices and technologies – rating satisfactory. In line with last mission's recommendations, the CSA training has been scaled up by making a more extensive use of the demo plots established by the project, so as to include systematically a cost-benefit analysis for potential adoption. Besides, ELKANA has already organized 6 exchange visits for farmers between Samegrelo, Shida Kartli, Kakheti, Adjara, Racha and Kazbegi regions. These visits based on demo plots for 4 VCs (bay leaf, apple, honey and berry) as well as vermicompost and windbreaks have raised a great interest from participants (average 15 per visit), and as "seeing is believing", such visits have the potential to actively contribute to larger adoption of CSA practices and technologies promoted by AMMAR, and this for a minimal investment. This is why the mission recommends to further organize such visits before project completion. Last but not least, the expansion of vermicomposting DPs will strengthen the continuity between the present AMMAR project and the future DiMMA project (non-extractive livelihoods activities, manure management).

Landscape Restoration works – rating moderately satisfactory. As highlighted in the exit strategy section, scaling up in these interventions intervention will mostly rely on the enforcement of the draft Laws on Windbreaks and Soil Protection to which the project has actively contributed. The potential for scaling up is very large, but remains constrained by the investment costs that are often beyond the financial capacity of AMMAR target groups if there is no external subsidy.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling up		
Document evidence of this potential of scaling up in view of project completion Document evidence of this potential of scaling up in view of the imminent project completion and to describe what supportive Knowledge Management framework has been put in place to learn lessons and share experiences for the design of new projects.	PPMD	09/2019

c. Project Management

Quality of Project Management

Rating: 5

Previous rating: 5

Justification of rating

The mission is able to confirm the steady capacity and commitment of AMMAR team to implement previous missions' recommendations and fast-track project execution. All key positions are filled with competent staff who work together in a harmonious, efficient manner aimed at meeting the project's development objective. They have also been instrumental in guiding and monitoring AMMAR service providers and partners in order to ensure the delivery of timely and quality services. Notwithstanding this satisfactory rating, the PPMD should keep the momentum, ensure that all infrastructure planned in 2019 are constructed, and focus its attention on delivering at outcome and impact levels.

Main issues

Status of actions agreed in previous mission – rating satisfactory. Out of a total of 48 actions agreed upon during last mission (May 2018), 41 (85%) have been fully or partially executed (35 or 73% fully executed and 6 or 12% partially executed). Only 7 actions were not executed (15%), mostly because 4 of them had to be abandoned due to lack of time or not being implementable (case of Charebula riverbank restoration). Most actions were executed on time or with limited delays, which contributed to the high disbursement rate in AWPB 2018 (85%).

See detailed status of agreed actions in Appendix 4.

Irrigation and small infrastructure – rating satisfactory. Overall the management of activities is efficient, as evidenced by the overall success in all aspects of implementation including selection, design, construction and supervision. The PPMD staff involved in infrastructure implementation are experienced in all phases of proposals selection and civil works execution, contract management, and problem resolution. Given the positive impression from the site visits and discussions held the overall capacity of technical consultants, consulting and design companies as well as contractors reveals to be generally satisfactory for the kind of investments under consideration.

Knowledge Management

Rating: 5

Previous rating: 5

Justification of rating

Responsibilities are assigned for KM implementation, data from project M&E are used to inform KM initiatives, and information management is satisfactory. Communication efforts are not planned in a formal manner, but nevertheless, AMMAR has run extensive awareness campaigns about the benefits of the programme, which are translated into success stories, training manuals, booklets, promotional/informational videos. Information is disseminated through the 55 MEPA information centres spread countrywide, as well as ELKANA and RECC's websites and AMMAR's Facebook page. These tools proved to be very effective in raising farmers' interest towards project. KM activities developed so far are adequate to influence policy, increase project visibility, and inform new project designs.

Main issues

The project does not have a communication strategy or a yearly KM Action Plan with concrete targets and expected outputs, therefore even if the performance on KM is satisfactory, there is still room for improvement. KM activities are implemented on an ad hoc basis by AMMAR's service providers, ELKANA and RECC, through GEF funds.

ELKANA has created promotional material necessary to inform farmers about the project, which have contributed to raise of interest about grant application and participation to training. On its website, ELKANA has a dedicated page to AMMAR activities where it published so far:

- 9 videos about greenhouse seedling, planting and maintenance of apple orchards, berry, peach and bay leaf gardens, how to arrange a windbreak strip, how to set-up of a compost and vermicompost farm and the advantages of conservation agriculture.

- A training package (in English and Georgian), made of 7 booklets, about planting and maintenance of bay leaf and berries gardens and peach orchards (3 books), conservation agriculture, bio humus and windbreaks (1 book), social marketing basics (1 book), main issues of vegetables planting (1 book) and basics of beekeeping (1 book). The training package was printed in 500 copies and distributed to the MEPA information centres located all around Georgia.

- Information about the implementation of 16 demo plots in Adjara, Kakheti, Samegrelo, Shida Kartli, Racha and Kazbegi regions: who are the farmers who host them, what equipment has s/he received, what training was provided etc.

- Full list of trainings conducted since 2016: topic, location and number of participants (men and women)

Like ELKANA, REC-Caucasus has a dedicated page about AMMAR activities on its website. Project objective and successes are described in a clear and captivating manner, showing current results on land restoration activities, such as number of men and women benefitting from land restoration, hectares of land protected from wind erosion, km and area (ha) of windbreakers planted and number of nurseries restored. Photos showing the progress results are also uploaded on the website, contributing to raise awareness on AMMAR's activities and achievements. Moreover, RECC contributed to the writing of the second RIA for the draft Law on Soil Protection, launched on May 22, 2019. The workshop was attended by stakeholders, NGO community, embassies staff and members of the donor community.

It is also worth noting that AMMAR team is using GIS for monitoring some indicators. With the help of this system the PPMD collects, displays, manages and analyses geographical information about project activities, such as: infrastructure sites, LR sites, small infrastructure sites, demo plots and grant beneficiaries.

The gender training conducted in 2018 generated some important insights on women's opportunities and bottlenecks in accessing and benefitting from programme's activities. It is recommended to take stock of those to inform the Project Implementation Manual (PIM) and interventions of the upcoming DiMMA project.

Agreed Action	Responsibility	Agreed Date
Project Management		
Link up to IFAD- headquarter initiatives Share KM materials (stories of change, videos and others) particularly on women, to link up with initiatives at corporate level such as IFAD gender newsletter, real ground breakers campaign etc.	PPMD and IFAD	07/2019
KM plan Prepare a KM plan including the second half of 2019 and the first half of 2020. Specify responsibility (supervision and implementation), money to be allocated and results expected in terms of activities implemented and beneficiaries reached.	PPMD and IFAD	08/2019
Report on KM activities implemented Prepare a report on the effect of the KM activities towards completion. (Example of topics to analyse in the report: How many beneficiaries were reached? Where the measures put in place effective? Have those activities raised awareness on project's achievements, and strengthen farmers 'interest in participating to more activities? Has knowledge acquired during project implementation been spread and lessons learned used to improve such performance?)	PPMD	08/2020

Value for Money

Rating: 5

Previous rating: 4

Justification of rating

The Economic and Financial Analysis (EFA) carried out at MTR concluded that the use of resources in AMMAR is efficient and the project rate of return of 24% despite the delayed start of the project. In addition, evidences based on the available information showed a cost-effective use of project resource in all major activities. The previous missions highlighted the need to fast-track project execution, and this was effectively done from 2018, as evidenced by the 85% execution of

AWPB 2018 and encouraging results observed in AWPB 2019. Generally speaking the project has already surpassed most of its targets using fewer financial resources than anticipated.

Main issues

Irrigation and small infrastructure – rating satisfactory. A general review of the actual construction cost of completed and ongoing works so far reveals an overall cost-effective use of project resources. Particularly, average per hectare investments in irrigation systems rehabilitation is about GEL 2,279, equivalent to about USD 835 against USD 1,000-1,500 estimated in the project design document. Average per kilometer cost for rehabilitation of roads and ancillary structures is about GEL 126,818, varying from GEL 73,500 to 224,250 depending on the complexity of structures and original condition of roads. On average this is equivalent to about USD 45,000 per kilometre that is coinciding with current market prices in Georgia and similar investments in the region. The cost of feasibility studies and engineering designs for irrigation schemes is about 9.5% of total investment cost, and for roads and bridges is about 6.9% of investment costs that is within the limit of international standards. The overall cost of works supervision is below 1.5% of total investment cost.

Facilitating private investment in agricultural value chains – rating satisfactory. The project has strived to address the needs of economically active smallholder farmers through its W1 grants. Unlike in other grant facilities implemented in Georgia by other development agencies, there was no minimum threshold to apply for a grant, and therefore the project managed to attract even small investors. As a result, the average amount for grants remained well below the ceiling of USD 15,000, and the project has already managed to reach almost twice the target number of beneficiaries (434 against target of 220). Using APMA as a grant management agency has also proved to be very good value for money, even though the project contributed to the salaries of 6 of its dedicated staff, since APMA has not charged any grant management fee.

CSA practices and technologies – rating satisfactory. While staying within the budget set at appraisal for this type of activity, the project has already managed to establish 16 demo plots instead of the 10 initially planned. Careful consideration was given to the type and amount of investment required for demo plots, and having cheaper demo plots is also increasing the potential replication/adoption by target farmers beyond project completion. As earlier mentioned in this report, the PPMD should now focus on working on the existing during the last year of the project, and further improve the value for money by increasing the number of exchange visits on the demonstration plots, as it has proved to be a very good avenue for adoption of CSA technologies through peer-learning.

Coherence between AWPB and Implementation	Rating: 4	Previous rating: 3
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Justification of rating

AMMAR has increased its pace of implementation in 2019, and project is effectively completing activities that were not fully executed by 31 December 2018. After the first 4 months (i.e. as of 30 April 2019), financial execution of the current AWPB 2019 stands at 23% (USD 2.24 million), and will sharply increase by mid-year with ELKANA's latest invoice and DANIDA WA3 submitted during this mission.

As for AWPB 2018, budget execution was 85% (USD 6.80 million vs. USD 7.96 million planned), disaggregated as follows: IFAD loan 85%, GoG 57%, GEF grant 79% and DANIDA grant 111%.

AWPB Inputs and Outputs Review and Implementation Progress

Almost all activities planned for 2019 have been implemented. If all activities are given the same weight, the total average physical realisation of Component 1 is 173% in Component 1 and 93% in Component 2 (see full details in Appendix 1).

In Component 1, the number of civil works dedicated to land restoration and the hectares of land brought under improved management practices has already exceeded the target, with a percentage of realisation of 567% (17 civil works completed out of 3 originally planned) and 135% (677 ha covered out of the 500 planned) respectively. Irrigation works are lagging behind as no construction works have yet been completed in this current year (works have to be interrupted during the irrigation season).

In terms of pre-financing support, DANIDA has reached a much higher number of beneficiaries than those originally considered this year, (231 people instead of 40), and although only 19 grants have been disbursed so far (20% of yearly target), the overall appraisal target of 150 DANIDA is already 100% committed since they have already been approved and are now at different implementation stage (beneficiaries have to first disburse their own contribution before receiving the grants). Post-finance support has reached 43% of yearly targets, but the share of women is still pretty low (30% of target), being aligned with the total number of grants disbursed so far to women (29 out of a target of 45).

As for W1 grants for smallholder farmers, the annual target has already been surpassed (105 grants disbursed against 100 planned). On the other hand, larger W2 grants for agribusiness are still lagging behind (33% of yearly target).

In Component 2, the target on national policy processes on climate issues has been achieved at 100%, and the two planned demo plots have been realised. The project is also on track with the delivery of training in crop production and

technologies (63% of planned beneficiaries have been reached so far).

AMMAR team is committed to meet its annual work plan for 2019 and the expenditures against the AWPB 2019 have the potential to reach the annual targets and thus further improve the overall project's disbursement rate.

Performance of M&E System	Rating: 5	Previous rating: 4
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Justification of rating

The M&E system has produced adequate and reliable information to monitor project implementation performance and measure project outputs and outcomes. M&E data are collected periodically and data quality is considered accurate and adequate. M&E reports, such as the annual report, the quarterly report and the Project Dashboard are available, clear and submitted on time. In line with last mission's recommendations, an Outcome Survey was conducted in January-April 2019 to appraise the project impact on grant recipients and households benefitting from the small infrastructures constructed and rehabilitated (small, bridges and irrigation schemes). The full project impact will be measured in 2020 through the Impact Survey, whose TORs have been drafted during the mission.

M&E System Review

The M&E system consists of an excel database composed of three main files, reporting achievements on grants distribution (W1 and W2), land restoration, construction/rehabilitation of small infrastructures and training provided. Information on DANIDA grants are collected by the grant specialist of the PPMD, and shared with the M&E officer.

Information reported in the database allows to monitor implementation of project activities, and results at all Output and Outcome level; measures have been taken to collect information on the partial impact generated by the project until May 2019, through an adoption survey and a validation survey. The adoption survey measured the level of adoption of smart agricultural techniques taught during trainings provided in 2016 and 2017 by the farmers who received them. The validation survey's objective was to validate those information and really understand if the new knowledge acquired by the farmers was not only adopted but correctly implemented.

Indirect beneficiaries are measured as employment generated by grantees, including both seasonal workers and fixed term ones. This number is provided during the submission of the grant application, hence corresponding to the plan of the farmers' rather than being fact-based. It is recommended to calculate the number of employees during the impact survey, making a clear distinction between seasonal and fixed workers, as well as age and sex disaggregation.

The M&E Officer has participated to the first session of the PRIME training on M&E basics organised by CLEAR and IFAD, therefore she is properly trained to generate M&E data and analysis aggregated by gender, age group, municipality and other characteristics of the target group such as number of employees, contribution to the investment done through IFAD grants, in the case of W1 and W2 grant recipients. An example of successful M&E practice that it is worth mentioning is the registration of the coordinates of all training and grant beneficiaries, and small infrastructures (roads and bridges) build or rehabilitated, in the Google Earth system. This allows to have a snapshot of AMMAR's outreach not only geographically, but also in terms of services provided (what and when), as all beneficiaries pinned on the map report information about their relation to the project.

Since the performance of the M&E database is already positive, it is recommended to buy a M&E software, either from an international or a national company, to further increase data quality and reporting. This software will then be very useful to monitor the implementation of the upcoming DiMMA project.

Draft ToRs for the AMMAR Impact Survey are provided in Technical Annex 3 of Appendix 4.

Agreed Action	Responsibility	Agreed Date
Project Management		
Prepare a small report on AMMAR's M&E approach Think of a monitoring approach for every category of project activity (grants, land restoration, training and small infrastructures construction): what do you want to achieve with this activity? Have we reached the expected results? If not, how is the project planning to fill the gap? Prepare a small document (in word or in excel) to summarize the approach.	PPMD & M&E office	08/2019
Calculate actual number of indirect beneficiaries Calculate the number of employees hired by grantees during the impact survey, making a clear distinction between seasonal and fixed workers, as well as age and sex disaggregation.	PPMD & M&E officer	07/2020

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Previous rating: 3

Justification of rating

The project design was undergone before December 2014 and does not include a SECAP note. The approach used to assess the environmental risks and the potentially negative environmental effects of project actions has improved as progress has been noted already since previous supervision mission and a consultant has been hired to work on environmental and social assessment for infrastructure interventions, producing relevant reports for each site. The mission had positive impressions from visited grant recipients, the investment having positive impact on vulnerable people, especially young and women, and on natural resources (i.e. Non timber forest products collection and management).

SECAP Review

Given the scale of the interventions related to landscape restoration, some negative environmental impacts could be expected regarding the river-bank interventions. As mentioned in the previous supervision report, these interventions have been implemented with insufficiently integrated evaluation and planning of the river catchments and issues of erosion were identified. The mission acknowledge that action was taken by the PMU to rectify the works.

All approved proposals/designs are required to meet requirements of the environmental legislation of Georgia and feasibility studies are undertaken, considering environmental and social aspects. Service providers involved in infrastructure investment activities include consulting companies and individual consultants for feasibility studies. Maintenance of rural feeder roads and bridges is typically the responsibility of municipalities. The municipality budget is mainly formed from the local taxes and subsidy from the central government budget; and usually there is a lack of funds to cover all the necessary activities. Nevertheless, the roads and bridges improved under the AMMAR are serving mainly farmers farm areas who have particular economic interests to keep these roads in proper conditions. It was reported that feeder roads rehabilitated under previous IFAD interventions are fully operational and reasonably maintained.

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$9,760,800		
	National Government	\$2,457,600		
Co-financing breakdown,	Denmark	\$4,187,000	\$3,208,586	78.1%
	Global Environmental Facility	\$5,300,000	\$3,820,521	72.1%

Acceptable Disbursement Rate**Rating: 4****Previous rating: 3****Justification of rating**

Disbursement rate for IFAD loan, GEF grant and DANIDA grant is respectively 87%, 59% and 55% on IFAD auto calculated disbursement data.

Main issues

The project is funded by an IFAD Loan of SDR 8,6 million, GEF Grant of a UDS5.3 million and DANIDA Grant of USD4.11M million.

Project rolled out ICP in 2018 and regular request of funds are submitted. The project is submitting WAs regularly in order to avoid cash shortages. As of 31 May 2019, disbursement rate at project's level for IFAD loan, GEF grant and DANIDA grant is respectively 62%, 44% and 18%. AMMAR is the only project in disbursable status under Georgia portfolio and the project is in line with their prorated disbursement target (YTD May).

In March 2019, the completion date of IFAD loan has been extended to October 2020 and in May 2019, the authorized allocation threshold increased in line with approved 2019 AWPB for IFAD Loan account, GEF Grant and Danish Grant account to enable project faster implementation. The new ceiling amounts are \$3,000,00.00 for IFAD Loan, \$800,000.00 for the GEF account and \$1,500,000.00 for the Danish Grant account. Since the Authorized Allocation increased, the project is ready and committed to further improve the disbursement rates in the second half of the year and through the project life cycle.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Quarterly WAs for DANIDA Grant. Quarterly WAs for DANIDA Grant. Request APMA to provide regular reports (in GEL and equivalent USD), at least quarterly, on actual grant provided to them, expenses and the balance of non-disbursed amount received from the IRD to improve frequency of DANIDA grant's WA submissions.	Finance Team/ Project Director	

Fiduciary aspects**Quality of Financial Management****Rating: 5****Previous rating: 5****Justification of rating**

All activities of the Financial Management section of the AMMAR PMU in compliance with provisions of the GoG Act on Accounting and Financial Reporting at State Organisations (2014)

Main issues

Overall fiduciary risk is assessed as low. Financial operations are carried out by very experienced and responsive team. The accounting system/software is well established and integrated. Value of in-kind contributions has been captured and included in the IFRs. All financial processes and activities of AMMAR are in line with IFAD and GoG requirements.

All activities of the Financial Management section of the AMMAR PMU in compliance with provisions of the GoG Act on Accounting and Financial Reporting at State Organisations (2014). Adequate internal controls are maintained by PMU . Segregation of duties and internal control system are effective at project's level. The project is subject to the review of the internal audit unit of MoA/MoF and no deficiencies in on-going payment authorisation, flow of funds and record keeping practices of PIU have been identified. Ministry of Finance, on behalf of the borrower, maintains the designated accounts for each financing source in the State Treasury Single FX account and project didn't face any issues with flow of funds.

The team administers all project-related payment requests through the MOF Treasury Payment Processing portal, and mirrors them in COPPER, a bespoke accounting system developed specifically by MOA for managing government accounts on international donor-financed projects.

In line with last mission's recommendations, the consultants' cost related to technical components from recurrent costs category were reclassified to the right category of expenditure, and the project informed ACD accordingly, the elements of in-kind contributions identified and included in the IFRs, Authorised Allocation has been increased . Automatization of budget preparation and monitoring through an integrated module in COPPER is under revision of IT. It will not be ready

for AMMAR project but project is committed to complete the software design to use it for the new project DIMMA.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Quarterly submission of Interim financial reporting Regular submission of IFRs with respected deadlines (Quarterly). 1ST period to be covered will be the first 6 months of FY19.	Finance Team/ Project Director	08/2019
Re-allocation of DANIDA grant Re-allocation between categories will be done for DANIDA grant. DANIDA agreement was signed by Ministry of Environmental Protection and Agriculture of Georgia, the official request for the re-allocation will be sent by Ministry to IFAD shortly.	Finance Team/ MEPA	09/2019

Quality and Timeliness of Audit

Rating: 6

Previous rating: 6

Justification of rating

Auditors works fully complied with International Standards and IFAD Handbook on Auditing..

Main issues

Audited Financial Statements are submitted within the deadline of 30 June 2019 and the auditor's works were conducted in accordance to respective International Standards of Auditing and IFAD handbook for Financial Reporting and Auditing.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
In-Kind Contribution details to be added to next annual financial statements. Disclosure of in-kind contributions in the Annual Financial Statements to be submitted to the external auditors for their review as notes to the financial statements.	Project Director and Finance Manager	06/2020

Counterparts Funds

Rating: 5

Previous rating: 4

Justification of rating

The Government is on track in meeting their overall counterpart contribution and the project didn't experience any shortages of Government cash contribution

Main issues

The counterpart fund rating assessed as satisfactory. As of 31 December 2018, the total government support to the project is amounted to \$841,529.00 which is 34% of the total allocated amount.

The project receives counterpart financing from Government of Georgia in form of VAT exemptions, taxes and custom duties for PMU suppliers and use of services and facilities such as office spaces, IT equipment. The government counterpart funds are budgeted on an annual basis.

The Government is on track in meeting their overall counterpart contribution and the project didn't experience any shortages of Government cash contribution. Also, the project was responsive to last mission recommendation of measurement and disclosure of in-kind contributions.

Compliance with Loan Covenants

Rating: 5

Previous rating: 5

Justification of rating

Compliance with loan covenants is rated as satisfactory. Loan covenants are duly implemented by the project.

Main issues

See Appendix 3 for details on compliance with loan covenants.

Procurement

Procurement

Rating: 5

Previous rating: 5

Justification of rating

Like in previous mission, the procurement performance of the PPMD is assessed to be satisfactory. The project procurement is performed by an experienced Procurement Officer (PO) employed on a part-time basis. Procurement is carried out in accordance with IFAD Guidelines. The procurement processes and contract administration are of generally good quality, reliability and transparency. The PO maintains almost complete records for each procurement activity. The 2019 procurement plan has been submitted to IFAD together with AWPB 2019. Project procurement is carried out in compliance with the approved 2019 AWPB and procurement plan.

Procurement Review

Overall the procurement and contracting procedures and processes are in compliance with the IFAD's general guiding principles of economy, efficiency, equal opportunity, transparency and value for money. The Project Procurement Officer maintains the approved annual procurement plan and AWPB to make sure that AMMAR procurement is carried out in compliance with these two reference documents. The Procurement Officer has demonstrated adequate capacity in handling procurement efficiently and has adequate institutional arrangements in place for procurement planning, implementation and monitoring and for records keeping. Payments are made for goods and services which have been delivered and correctly certified. IFAD envisages to conduct an implementation support mission on procurement in October 2019.

F. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Development Effectiveness		
Demo plot and exchange visits ELKANA should provide a proposal plan and 2019/20 agenda for DP and exchange visits activities and the PPMD should revise it with the support of IFAD.	ELKANA/ PPMD / GEF Coordinator / IFAD	06/2019
Impact Survey Finalise the TORs for AMMAR's Impact Survey, prepared during the mission	PPMD/IFAD	07/2019

<p>Take stock of AMMAR results on gender</p> <p>Prepare a document of lessons learned about women's opportunities and bottlenecks in accessing and benefitting from AMMAR project activities. This will be based on findings of the gender trainings as well as general observations of monitoring visits.</p> <p>Lessons learned should be clustered around key aspects and processes of the DiMMA project (e.g. grants' outreach, trainings outreach and adoption, value chain development steps, etc.) and will be used to feed into the Project implementation manual.</p> <p>Presentation</p> <p>Lessons learned will be presented by the PPMD gender specialist to the whole PMU</p>	PPMD Gender Specialist	07/2019
<p>Prepare a gender analysis of the dairy value chain in DIMMA target areas</p> <p>Prepare a gender analysis of the dairy value chain in DIMMA target areas, identifying women's role, benefits and challenges along different value chain nodes. Identify opportunities for women's economic empowerment, relevant networks and potential partners. The analysis should dig deeper in the milestones of the gender strategy included in the Project Document Report, so as to provide concrete recommendations for the PIM and the organization of activities.</p> <p>If needed, a specialized consultant can be hired to support the PMU gender specialist in this task.</p>	PPMD Gender Specialist	08/2019
<p>Lessons learned on Gender</p> <p>Provide inputs to the project's impact assessment, baseline for DiMMA and upcoming Programme Implementation Manual to ensure their ability mainstream gender considerations</p>	PPMD Gender Specialist	08/2019
<p>Identify, characterize poverty groups</p> <p>identify and characterize different target sub-groups among the beneficiaries, based on the annual outcome survey findings and the beneficiaries' database. These groups will be further analysed through the impact survey to understand different patterns of results of project activities.</p>	M&E officer, Gender specialist	09/2019
Sustainability and Scaling up		
<p>Finalize project-wide exit strategy</p> <p>Finalize AMMAR exit strategy based on achievements so far, remaining bottlenecks, potential for scaling up and sustainability prospects of each interventions</p>	PPMD (all team)	09/2019
<p>Document evidence of this potential of scaling up in view of project completion</p> <p>Document evidence of this potential of scaling up in view of the imminent project completion and to describe what supportive Knowledge Management framework has been put in place to learn lessons and share experiences for the design of new projects.</p>	PPMD	09/2019

Support to policy enforcement The PPMD should continue to follow the progress of the enforcement of the law on windbreaks in Parliament and support in making amendments if needed	PPMD / GEF Coordinator	
Project Management		
Link up to IFAD- headquarter initiatives Share KM materials (stories of change, videos and others) particularly on women, to link up with initiatives at corporate level such as IFAD gender newsletter, real ground breakers campaign etc.	PPMD and IFAD	07/2019
KM plan Prepare a KM plan including the second half of 2019 and the first half of 2020. Specify responsibility (supervision and implementation), money to be allocated and results expected in terms of activities implemented and beneficiaries reached.	PPMD and IFAD	08/2019
Prepare a small report on AMMAR's M&E approach Think of a monitoring approach for every category of project activity (grants, land restoration, training and small infrastructures construction): what do you want to achieve with this activity? Have we reached the expected results? If not, how is the project planning to fill the gap? Prepare a small document (in word or in excel) to summarize the approach.	PPMD & M&E office	08/2019
Calculate actual number of indirect beneficiaries Calculate the number of employees hired by grantees during the impact survey, making a clear distinction between seasonal and fixed workers, as well as age and sex disaggregation.	PPMD & M&E officer	07/2020
Report on KM activities implemented Prepare a report on the effect of the KM activities towards completion. (Example of topics to analyse in the report: How many beneficiaries were reached? Where the measures put in place effective? Have those activities raised awareness on project's achievements, and strengthen farmers 'interest in participating to more activities? Has knowledge acquired during project implementation been spread and lessons learned used to improve such performance?)	PPMD	08/2020
Financial Management & Execution		
Quarterly submission of Interim financial reporting Regular submission of IFRs with respected deadlines (Quarterly). 1ST period to be covered will be the first 6 months of FY19.	Finance Team/ Project Director	08/2019
Re-allocation of DANIDA grant Re-allocation between categories will be done for DANIDA grant. DANIDA agreement was signed by Ministry of Environmental Protection and Agriculture of Georgia, the official request for the re-allocation will be sent by Ministry to IFAD shortly.	Finance Team/ MEPA	09/2019

<p>In-Kind Contribution details to be added to next annual financial statements.</p> <p>Disclosure of in-kind contributions in the Annual Financial Statements to be submitted to the external auditors for their review as notes to the financial statements.</p>	<p>Project Director and Finance Manager</p>	<p>06/2020</p>
<p>Quarterly WAs for DANIDA Grant.</p> <p>Quarterly WAs for DANIDA Grant. Request APMA to provide regular reports (in GEL and equivalent USD), at least quarterly, on actual grant provided to them, expenses and the balance of non-disbursed amount received from the IRD to improve frequency of DANIDA grant's WA submissions.</p>	<p>Finance Team/ Project Director</p>	

Agriculture Modernization, Market Access and Resilience Project

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members										
	Household members			40 000	6 000	51 956	129.9				
	1.a Corresponding number of households reached										
	Households			10 000	1 500	12 989	129.9				
	1 Persons receiving services promoted or supported by the project										
	Females			20 800	1 650	13 985	67.2				
	Males			19 200	1 896	16 188	84.3				
	Total number of persons receiving services			40 000	3 546	30 173	75.4				
Project Goal Sustainably increase incomes and reduce poverty for women and men in rural Georgia	Households with improved asset ownership index							Baseline survey & Impact Assessment; Project completion	Baseline and completion	AMMAR Team	"Continued political stability (A); Marco-economic conditions remain stable or improve to promote investment(A); Global prices for agricultural commodities and food do not decline significantly; Fluctuating exchange rate (R)"
	HHs with improved asset ownership index	0	0	10							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Development Objective Stimulate private investment in climate smart agricultural value chains to increase incomes and strengthen resilience of smallholder farmers in selected project areas	% of supported households with real net household farm income increased by average of 20%.							Baseline survey and impact assessment; Project completion	Baseline and completion	AMMAR Team	"Policies and programmes for agricultural development and rural finance allow to operate efficiently (A) Sufficient numbers of farmers are willing to be involved in value chain development activities (A)" "Policies and programmes for agricultural development and rural finance allow to operate efficiently (A) Sufficient numbers of farmers are willing to be involved in value chain development activities (A)" "Policies and programmes for agricultural development and rural finance allow to operate efficiently (A) Sufficient numbers of farmers are willing to be involved in value chain development activities (A)"
	Percentage	0		80							
	% of trained smallholder farmers adopting Climate smart agricultural production practices							Baseline survey and impact assessment; Project completion	Baseline and completion	AMMAR Team	
	Percentage	0		50	0	66	132				
	Number of Climate Smart Agriculture Value Chain fully operational and maintaining sustainability.							Baseline survey and impact assessment; Project completion	Baseline and completion	AMMAR Team	
	CSAVC	0	2	4							

Results Hierarchy	Indicators							Means of Verification		Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outcome "Outcome n.1: Rural population agricultural livelihoods improved and their resilience to climate- change enhanced"	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices										"Smallholders are willing to engage in value chain development activities (A) Farmers are willing to engage in efficient water/ land management techniques (A) Aging farming population (R) Climatic changes are in line with current predictions (A)"
	Households	0	30	50							
Output output 1.1: Productive infrastructure rehabilitated/constructed	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							Infrastructure completion/ status reports	Quarterly	Engineer	
	Hectares of land	0	1 985	4 750	0	3 289	69.2				
	Other productive infrastructure constructed/rehabilitated							Infrastructure completion/ status reports	Quarterly	"Engineer, VC coordinator"	
	Other VC	0	3	10	2	10	100				
	3.1.4 Land brought under climate-resilient practices							Infrastructure completion/ status reports	Quarterly		
	Hectares of land			2 000	677	1 647	82.4				
	2.1.5 Roads constructed, rehabilitated or upgraded										
	Length of roads				4.3	17.18					

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Output output 1.2: Management and operation arrangements for the rehabilitated infrastructure set-up	Small grants made to farmers							ELKANA reports, APMA reports	Quarterly	"GEF coordinator and VC coordinator"	"Lack of funding to operate and maintain productive public rural infrastructure (R) Agricultural products are competitive (A)" "Lack of funding to operate and maintain productive public rural infrastructure (R) Agricultural products are competitive (A)"
	Small grant	0	75	220	105	434	197.3				
	Proportion of small grants made to farmers to women and young farmers							ELKANA reports, APMA reports	Quarterly	"GEF coordinator and VC coordinator"	
	Percentage			30	32	32	106.7				
	Grants made to agribusinesses and processors in target value chains							ELKANA reports, APMA reports	Quarterly	"GEF coordinator and VC coordinator"	
	Grant	0	20	40	2	9	22.5				
Output output 1.3: Enterprises owned by young entrepreneurs supported by matching grants	Matching grants to young entrepreneurs (DANIDA)										
	Males				15	65					
	Females				4	29					
Output output 1.4: Business Management training programs designed and delivered to young entrepreneurs	Young entrepreneurs provided with business linkage advice as part of pre-financing support (DANIDA)										
	Females				148	851					
	Males				83	578					
Output output 1.5: facilitated commercial linkages between young entrepreneurs and agro-producers	Young entrepreneurs accessed post-finance services and integrated into the value chain (DANIDA)										
	Females				62	62					
	Males				29	29					
Output output 1.6: Landscape restoration (LR) plans developed and implemented where needed for rehabilitated irrigation schemes.	Environmental management plans formulated							ELKANA reports, APMA reports	Quarterly	"GEF coordinator and VC coordinator"	
	Plan	0	6	8	1	21	262.5				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Outcome Outcome n.2: Inclusive climate smart VC are expanded providing improved market opportunities for smallholders	Value of private investment in inclusive value chain for farmers and agribusinesses							MTR evaluation; Project completion	Mid-term and completion	AMMAR TEAM, M&E specialist	"Market options foster profitable partnership between farmers and contractors (A) Different parties are willing to invest in VCs (A)" "Market options foster profitable partnership between farmers and contractors (A) Different parties are willing to invest in VCs (A)" "Market options foster profitable partnership between farmers and contractors (A) Different parties are willing to invest in VCs (A)"
	Value	0		9 000	1 975 773	7 869 633	87 440.4				
	Matching grant beneficiaries who increase their income by an average of 8%							MTR evaluation; Project completion	MTR and completion	AMMAR TEAM, M&E specialist	
	Percentage	0		50	44	44	88				
Output output 2.1: Climate smart value chain screening and prioritization conducted	Number of marketing assessment and operational strategies developed for Value Chains							ELKANA reports	Quarterly	GEF coordinator and VC coordinator	Lack of qualified service provider to act as intermediaries for the project (R) The quality of agriculture practices and output meet minimum GAP standards (A)."
	Assessment/strategy	0	4	6	0	10	166.7				
Output output 2.2: Strengthen commercial linkages facilitated between smallholders and agribusinesses.	Number of Value chain facilitation events held involving different value chain actors							ELKANA reports	Quarterly	GEF coordinator and VC coordinator	
	Events	0		25	0	103	412				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
Output output 2.3: Training programmes on CSA designed and delivered to farmers and farmer groups.	1.1.4 Persons trained in production practices and/or technologies										
	Women trained in crop	0		300	118	627	209				
	Men trained in crop	0		700	329	1 677	239.6				
	Total persons trained in crop			1 000	447	2 304	230.4				
Output output 2.4: On-farm demonstration sites set-up where efficient irrigation and CSA production systems are validated and promoted.	Government Officials and staff trained							ELKANA reports	Quarterly	GEF coordinator and VC coordinator	
	Males	0		35	0	80	228.6				
	Females	0		15	0	29	193.3				
Output output 2.5: Climate change adaptation	Number of nationals and international policy processes on climate issues to which the project is contributing										
	No. of policies	0		1	1	2	200				
Output output 2.6: Access to financial services	Number of people receiving small grants										
	Males			154	142	426	276.6				
	Females			66	49	94	142.4				
	People who received small grants			220	191	520	236.4				

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Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

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Annex 1 - Financial: Actual financial performance by financier, by component and disbursement by category

AMMAR - FINANCIAL PERFORMANCE - Total Programme SUMMARY

Table 1A: Financial performance by FINANCIER (USD 000, as at 31 May 2019)

1.37762 SDR RATE 31.05.2019

FINANCIER:	Budget (USD 000)	Actual (USD 000)	%
IFAD loan	11 861 308	7 370 494	62%
IFAD grant	500 000	160 000	32%
IFAD- GEF Grant	5 300 000	2 345 986	44%
DANIDA Grant	4 110 000	750 000	18%
Government	2 457 000	1 121 634	46%
TOTAL	24 228 308	11 748 114	48%

Table 1B: Financial performance by COMPONENT (USD 000, as at 31 May 2019)

COMPONENT:	IFAD loan			GEF IFAD grant			IFAD GRANT			Danida GRANT			Government			TOTAL		
	Budget (USD 000)	Actual (USD 000)	%	Budget (USD 000)	Actual (USD 000)	%	Budget (USD 000)	Actual (USD 000)	%	Budget (USD 000)	Actual (USD 000)	%	Budget (USD 000)	Actual (USD 000)	%	Budget (USD 000)	Actual (USD 000)	%
Irrigation and Agricultural Value Chain Investment		6 685 606.69								4 110 000	748 918	18.2%	2 359 000	808 397.65	34.27%		8 242 922.37	
Climate smart agricultural and value chain development	11 410 220	346 699.01	61.63%				500 000	119 000.00	23.8%				38 000	17 771.75	46.77%	18 417 220	483 470.76	47%
Project Management	451 088	338 188.40	74.97%	208 200	152 959.93	73%		41 000.00			1 082		60 000	24 332.10	40.55%	719 287.89	557 562.40	78%
Effective Irrigation, Soil and Water Conservation for provision sustainable agricultural production					759 222	14.9%								2 465			761 687	
Landscape restoration to prevent climate risks					632 042	12.4%								121 023			753 065	
Enabling environment for climate-risk reduction in agricultu				5 091 800	801 762	15.7%								147 645		5 091 800	949 407	48%
sub-total	11 861 308	7 370 494	62.14%	5 300 000	2 345 986	44.26%	500 000	160 000	32%	4 110 000	750 000	18.25%	2 457 000	1 121 634	46%	24 228 308	11 748 114	48%
Oustanding advance		3 000 000			800 000						1 500 000						5 300 000	
TOTAL	11 861 308	10 370 494	87%	5 300 000	3 145 986	59%	500 000	160 000	32%	4 110 000	2 250 000	55%	2 457 000	1 121 634	45.7%	24 228 308	17 048 114	70%

Table 1C: IFAD Loan - 2000000778 disbursement (XDR 000, as at 31 May 2019)

CATEGORY:	Original Allocation (XDR 000)	Disbursement (XDR 000)	Balance (XDR 000)	% Disbursed*
Works	5 070 000	3 146 975	1 923 025	62%
Consultancies	60 000	40 752	19 248	68%
Grants and Subsidies	3 040 000	2 072 982	967 018	68%
Operating costs	440 000	99 599	340 401	23%
Unallocated	0	0	0	
Initial Allocation DA	0	2 167 526	-2 167 526	
TOTAL	8 610 000	7 527 834	1 082 167	87%

Table 1C: IFAD-GEF Grant - 2000000827 disbursement (USD 000, as at 31 May 2019)

CATEGORY:	Original Allocation <i>(USD 000)</i>	Disbursement <i>(USD 000)</i>	Balance <i>(USD 000)</i>	% Disbursed*
Works	1 586 000	606 464	979 536	38%
Consultancies	1 138 000	739 470	398 530	65%
Grants and Subsidies	2 076 000	840 613	1 235 387	40%
Operating costs	500 000	159 440	340 560	32%
Unallocated	0	0	0	
Initial deposit		800 000	-800 000	
TOTAL	5 300 000	3 145 987	2 154 013	59%

Table 1D: DANIDA Grant- 2000001739 disbursement (USD 000, as at 31 May 2019)

After Re-allocation				
CATEGORY:	Original Allocation <i>(USD 000)</i>	Disbursement <i>(USD 000)</i>	Balance <i>(USD 000)</i>	% Disbursed*
Consultancies	274 097	61 533	212 564	22%
Grants and subsidies	3 583 948	627 842	2 956 106	18%
Training	251 954	60 674	191 280	24%
Unallocated	0	0	0	
Initial deposit		1 500 000	-1 500 000	
TOTAL	4 110 000	2 250 049	1 859 951	55%

Before Re-allocation				
CATEGORY:	Original Allocation <i>(USD 000)</i>	Disbursement <i>(USD 000)</i>	Balance <i>(USD 000)</i>	% Disbursed*
Consultancies	154 098	38 226	115 872	25%
Grants and subsidies	3 372 948	627 842	2 745 106	19%
Training	171 954	83 981	87 973	49%
Unallocated	411 000	0	411 000	
Initial deposit		1 500 000	-1 500 000	
TOTAL	4 110 000	2 250 049	1 859 951	55%

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Appendix 2: Physical progress measured against AWP&B

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Appendix 2: Physical progress measured against AWP&B (1 January – 31 May 2019)

Project component/Activity	Unit	Total for period			Cumulative to date		
		AWPB	Actual	% of AWPB	Appraisal	Actual	% of appraisal
Component 1 -Irrigation and Agricultural Value Chain Investment							
Sub-component 1.1: Irrigation and value chain infrastructure							
Land under irrigation rehabilitation works	Ha	3896	0	0%	4750	3289	69%
Other productive infrastructure constructed/rehabilitated	Number	6	2	33%	10	10	100%
Landscape Restoration plans	Number	3	1	33%	8	21	263%
Civil works of the landscape Restoration	Number	3	17	567%	8	20	250%
Land under improved management practices	Ha	500	677	135%	2000	1647	82%
Sub-component 1.2: Facilitating private investment in agricultural value chains							
Matching grants for smallholder farmers	Number	100	105	105%	220	434	197%
Matching grants for agribusinesses	Number	6	2	33%	40	9	23%
Matching grants to young entrepreneurs (DANIDA)	Men	65	15	23%	105	65	62%
	women	28	4	14%	45	29	64%
Pre-financing support (DANIDA)	Men	28	148	529%	350	851	243%
	women	12	83	692%	150	578	385%
Post-finance services (DANIDA)	Men	115	62	54%	105	62	59%
	women	95	29	31%	45	29	64%
Component 2: Climate smart agricultural and value chain development							
Sub-component 2.1: Value Chain development processes and support							
National policy processes on climate issues to which the project-is contributing	Number	1	1	100%	1	2	200%
Marketing Study (include a plan for VCs to access markets)	Number	0	0	0%	6	10	167%
Facilitated events	Number	0	0	0%	25	103	412%
People accessing advisory services facilitated by project (Events)	Male	0	0	0%	700	2070	296%
	Female	0	0	0%	300	705	235%
Sub-component 2.2: Climate-smart agricultural technology transfer							
Demonstration Plots	Number	2	2	100%	10	16	160%
People trained in crop production and technologies	Male	542	329	61%	700	1677	240%
	Female	163	118	72%	300	627	209%
Government officials and staff trained	Male	0	0	0%	35	80	229%
	Female	0	0	0%	15	29	193%

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Appendix 3: Compliance with legal covenants: status of implementation

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Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account in USD in National Bank of Georgia to make an initial deposit.	July 2015	Complied	The project has bank account in the State Treasury (National Bank of Georgia), there is only one account which is used by all government entities, and a 9 digit code has been assigned to individual funds for identification. All payment are entered to the software and they go through treasury account.
Section 4.02	To replenish Project Account quarterly in advance	Continuous	Complied	
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3	Continuous	Complied	
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	N/A	N/A	Assets are not financed by IFAD loan, GEF and DANIDA grant.
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.	30/06/2019	07/06/2019	Audit reports submitted well ahead deadline. Quality of Audit report is highly satisfactory
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.	Continuous	Complied	First IFRs for 2019 to be submitted by Aug 2019 and cover up to June 2019.
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments	October 2018	December 2018	
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.	N/A	N/A	Supervision mission took place in June and all reviews have been performed.
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	Continuous	Complied	No VAT payments from IFAD funds.