



MARKET ANALYSIS AJARA

ALLIANCES LESSER CAUCASUS PROGRAMME



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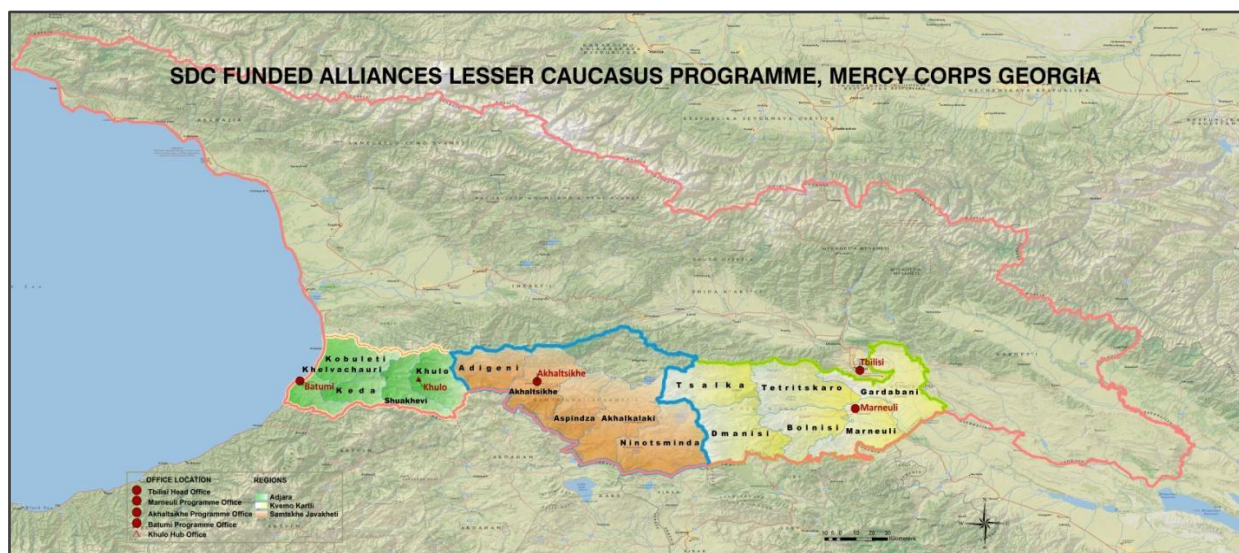


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INTRODUCTION

In February 2014, the Alliances Lesser Caucuses Programme was launched in Ajara Region (ALCPAJ), one of the three regions of the Alliances Lesser Caucuses Programme which includes Kvemo Kartli, Samtskhe-Javakheti and Ajara. See Figure 1 below. From February 2014, the AJ region will include five municipalities: Khulo, Shuakhevi, Keda, Khelvachauri and Kobuleti for 4 years with a year's standby phase for monitoring and support for sustainability, until February 2019. The following report contains the market analysis of the programme area.



SUMMARY MARKET ANALYSIS

The Poor and Their Context

The poor in Ajara are small scale livestock producers (SSLPs) owning up to 10 breeding female cows up to 5 bee colonies. They have access to up to 1ha of agricultural land and (46%) send their livestock to highland pastures, in amalgamated flocks. They are primarily livestock producers, but also grow citrus and persimmon, and cultivate crops including potatoes and maize and collect honey. They do not own tractors or implements but some do possess their own transport (car or minivan). They have limited access to more significant amounts of agricultural credit due to collateral restrictions and can access only micro loans. Generally they produce dairy products for home consumption and for sale selling mainly direct to consumers in small amounts in the towns and cities. Household income is 550 GEL per month¹. According to the key informants of this survey 70% of their suppliers or customers fall into this category (see key informant interview table).

The following tables contain the summary market analysis i.e. the summary outputs based on the analysis of the information contained within this report and which provides the diagnostic on which the strategic framework is based. The programme is committed to Women's Economic Empowerment and one of the main processes to ensure this in the programming is a gendered market analysis. The Roles and Responsibilities and Access and Control Matrixes Table summarize these findings.

¹ FIGURE FOR RURAL RESIDENT ACROSS GEORGIA. GEOSTAT 2013 (LATEST DATA). 28% OF THIS (153 GEL) IS SALARIED INCOME.

Table 1 Summary Market Analysis

	Relevance	Pro-Poor Potential	Intervention Potential
Meat			
Beef	High: the majority of SSLPs have cattle & may sell an animal into the beef market once per year	High: the beef sector is formalizing and demand is growing (especially from AJ mass tourism market) and is serviced mostly by SSLPs who sell calves into the supply chain to abattoirs and butchers.	High: focused on market-driven breed and nutrition improvements and improving efficiency of supply. Support existing ALCP KK programme client to expand to Ajara region.
Dairy			
Cows	High: the majority of SSLPs own cattle and consume, and sell dairy products; highly relevant to women.	High: Constant high demand. The market is differentiating and consumers (especially in the HoReCa ² sector) are increasingly aware of 'quality' which includes food, safety and hygiene and will pay for it. More supermarkets with outreach to smaller towns.	High: Interventions focused on existing cheese enterprises the scale up and improvement of compliance, efficiency and of existing cheese enterprises for improved market access for SSLP's. Support existing ALCP KK programme clients to expand to Ajara region. Work on stimulating consumer and HoReCa driver in terms of greater awareness and compliance to Food Safety and Hygiene standards.
Honey			
	High: SSLPs in the majority of villages own bee colonies. They collect honey once or twice a year & consume at home and sell the surplus legally in the local market or illegally to Turkish traders during the year.	High: high demand and export potential for honey especially in the neighboring countries (e.g. Turkey), where the price of honey is considerably higher compared to local market.	High: Interventions focused on facilitating access to supporting functions (input supply, packaging/labeling and laboratory) and removing constraints to market access in relation to rules regarding compliance for labeling, certification and export.

Table 2 Systemic Constraints, Drivers and Pro-Poor Opportunities

Systemic Constraints	Drivers & Pro-Poor Opportunities
Dairy Core Market	
<ul style="list-style-type: none"> - SSLP's have low access to raw milk markets due to the limited number of enterprises collecting raw milk. - SSLP's in remote areas have low access to agricultural markets due to the poor road conditions and related high transaction and transportation costs. - Batumi agricultural market is supplied with dairy products from other regions of Georgia especially during high tourism season (May-Sept) that creates a highly competitive environment for local SSLP's. - Cheese and dairy producers including House Hold's (HH's) and smaller factories are not linked to sources of information and advice on dairy hygiene, and there is a reluctance to pay for such services as they are relatively expensive and they have yet to be made aware of the significant changes in the law governing their practices. Hence farmers also lack awareness of good practice and 	<ul style="list-style-type: none"> - Better outreach of small and medium scale Milk Processors (MP's) in the region resulting in increased sales volume of raw milk. - High potential to support increase of local production of dairy produce. - Growing consumer awareness of 'quality' & the demand for safer and cleaner production, allied with growing outreach of supermarket chains in the smaller regional towns from which customers expect to receive 'quality' produce. Potential for growth in the supply of the HoReCa sector.

² HOTELS, RESTAURANTS AND CATERING SEGMENT

<p>are potentially vulnerable to changes in market conditions</p> <ul style="list-style-type: none"> - Patchy outreach and information delivery and enforcement, to businesses and cheese producers in the implementation of the Food Safety and Hygiene Codex, & Environmental laws. - Inaccessibility of investment capital (lack of collateral, startup venture, lack of credit history expensive or unavailable credit) means that small cheese factories are unable to expand, upgrade to higher standards, or diversify or invest in equipment and staff capacity building e.g. invest in appropriate transport 	<ul style="list-style-type: none"> - Better outreach of consultancy services to cheese businesses means increased market access opportunities for businesses and to S&MSLP's for the supply of better quality milk. - High potential for compliant, branded dairy products. - Growing need for 'safe' produce to bolster international tourist image of Ajara.
Systemic Constraints	Drivers & Pro-Poor Opportunities
Beef Core Market	
<ul style="list-style-type: none"> - Lack of enforcement over back yard slaughtering and sale of incompliant meat by roadside vendors and small scale meat shop owners with very small overheads thereby undercutting compliant enterprises. - Farmers have disadvantaged transactions due to lack of transparency and choice on pricing from intermediaries collecting from villagers and irregular and few sales channels, leaving the farmer in a poor bargaining position. Farmers from Khulo using Akhaltsikhe livestock market means high transaction costs and poor welfare due to lack of appropriate transport, weighing and handling facilities means that livestock suffer poor welfare, decreasing their quality at slaughter - The quality of the Ajaran Red cattle for beef would not lend itself to the demands of the growing and formalizing slaughterhouses and wholesale markets as the margins are too small to cover the costs of more sophisticated operations which require economies of scale for profit. 	<ul style="list-style-type: none"> - With rising demand for higher quality animals there is potential for the poor to upgrade their production through cross breeding with beef or dual purpose breeds e.g. Swiss Browns, leading to higher growth rates and animals with better finishing and better confirmation more valuable for the market. - The absence of a livestock market and the requirements of the HoReCa sector for quality beef supports the expansion of small regional abattoirs for slaughter to order and reduced transport costs and could potentially give the poor access to a higher quality market. - Whilst at present the poorer farmers lack housing for fattening animals, higher value animals and a strong demand might provide the incentive to invest in this and better feeding.
Honey Core Market	
<ul style="list-style-type: none"> - Uncertainty over export and general government support to the sector means a high risk climate for honey producers. - Nonexistent testing/certification laboratory. - Lack of regulation over quality control leading to widespread distrust in integrity of product limiting local sales i.e. people only buying from producers they know personally - Fragmented supply due to high dependence on Turkish traders - Lack of sorting/ packaging facilities and marketing activities 	<ul style="list-style-type: none"> - Georgian demand high and relatively underexploited in more formalized outlets due to lack of appropriate certification - Export demand for honey is high and Ajara region is well placed to engage in this market. There is a potential to diversify export markets

Table 3 Systemic Market Constraints in the Supporting Functions and Rules

Systemic Constraints Supporting Functions
<ul style="list-style-type: none"> - Media & information services without appropriate rural content means that farmers have little or no formal access to appropriate local information to aid decision making such as market prices, vendors of services and inputs, buyers and sellers of products and on new production techniques etc. - Patchy enforcement of FS&H codex preventing uncompliant products reaching market means businesses lack the driver to invest in business development and consultancy services. - An overall lack of awareness of incoming food-safety laws and their implications for dairy and beef value-chain actors stems from the lack of structured outreach of the NFA, and partly of private sector consulting firms. - Lack of access to and unawareness of type of information required in the form of technical consultancy to businesses. - Inaccessibility of financial services tailored to rural businesses constrains growth and efficient functioning of SME's sourcing from farmers. - Poor village road connections to some areas leave farmers cut off from some agricultural services and inputs . - Inadequate and expensive livestock transport gives rise to relatively high transaction costs for farmers and traders. High cost is partly related to poor infrastructure (long journey times; wear and tear). Inadequate quality of transport (trucks are not converted for livestock and do not have loading, or divisions to prevent injury). - Lack of trained vets constraining outreach of national input suppliers. There are no vet pharmacies or even inputs supply shops in most of the municipalities, farmers travel to Batumi. The selection, storage, embedded knowledge and advice are poor or non-existent, with consequent high transaction costs. - The breed is predominantly unimproved and low yielding adapted to a minimal inputs system. In Beekeeping there is inadequate knowledge concerning <i>Varroa</i> virus and the maintenance of breed stocks. - Lack of nutrition in the form of pasture, hay or inputs as a serious constraint to improved production. - The type of machinery suitable for the terrain of Ajara is unavailable and investment costs too high for new entrants. - Pasture lands are nonexistent in municipalities located on lower coastal zone (Khelvachauri and Kobuleti) and middle zone (Keda), while Khulo and Shuakhevi pasture lands are overgrazed. - Unpredictable weather conditions, inadequate and expensive transport gives raise to relatively high transaction costs for beekeepers that restrict the frequency of transhumance of the bee colonies. - Weak or non-existent trade associations with weak outreach leading to a lack of higher level support for business seeking to expand in areas such as export.
Systemic Weaknesses Rules
<ul style="list-style-type: none"> - A lack of transparency, outreach and enforcement by the National Food Agency on changes in the law and its impact on the dairy and meat sectors, is damaging to the industry in that it is forming a barrier to the entry of SME's as they are forced to compete with incompliant traders with low overheads whilst they invest in equipment, infrastructure and systems in accordance with the law. SME's who need to be made aware and plan and implement changes to their businesses currently only have patchy information to go on and are not preparing adequately. - Lack of credible or accessible certification system or standards or facility for honey testing is severely limiting for supply to both domestic and international markets. - National tagging of cattle has not resulted in a credible livestock registration system which places limitations on traceability of meat products. In addition the NFA has little capacity to conduct veterinary inspections of cattle prior to sale. - No management system is in place for pasture management. - Monopolies, oligopolies and rent-seeking is a feature of the livestock and dairy sectors, but has recently emerged more strongly with developments in the rules around slaughter. - A lack of women's access to community and municipal decision making restricts the input of women into key livelihoods related decision making.

Table 4 ALCP Ajara Sustainability Matrix

Market Function	Who Performs?	Who Pays?
Core Market		
Milk, Meat & Honey Production	Private Sector	Private Sector
Milk Collection	PS	PS
Dairy Processing	PS	PS
Animal Slaughter	PS	PS
Meat Butchering and Wholesale	PS	PS
Retail	PS	PS
Supporting Functions		
Agricultural Credit	PS (Banks and MFI's)	PS & Gov't
Food Safety Consulting	Gov't	PS
Artificial Insemination Services	Gov't	Gov't & Donors (EU ENPARD)
Machinery Services	PS	PS & Gov't
Media	PS and Gov't	PS, Gov't & Donors
Veterinary services e.g. vaccination	PS and Gov't	PS & Gov't
Financial Services	PS	PS
Road Infrastructure	PS	Gov't
Business Services	NGOs & Gov't	PS & Donors & Gov't
Rules		
Food Safety and Hygiene Inspections	NFA	PS & Gov't
Livestock Registration	NFA (Gov't) for the system	Gov't
Disease Notification and Controls	Local Gov't, NFA, some Private vets	Gov't
Monopolies, Oligarchies & Cartels	PS	Gov't & PS

Table 5 Gender Division of Roles and Responsibilities

Activities	Women	Men
Veterinary		
Cleaning and feeding the animals	X	
Milking	X	
Note the incidence of disease, detail the symptoms and request drugs for treatment	X	
Vaccine and medical treatment		X
Go to town to buy vet drugs	X ³	X
Breeding		
Heat detection	X	
Take cow for insemination		X
Control reproduction cycle of cow	X	
Communication with vet		X
Nutrition		
Feeding cattle with hay and bran	X	X
Purchasing hay & bran		X
Scything		X
Collecting hay by rake	X	X
Collect hay by hand	X	X
Information		
Gathering in public on the street to chat		X
Pass on information to their friends and neighbours	X	X

³ GENERALLY, WOMEN LIVING IN REMOTE AREAS HAVE LIMITED ACCESS TO VET PHARMACIES LOCATED IN TOWNS (BATUMI AND KOBULETI), WHILE WOMAN FROM CLOSER SETTLEMENTS VISIT VET PHARMACIES MORE OFTEN.

Dairy Sector		
Timely milking and processing dairy products	X	
Selling dairy products	X	
Ensure clean milk	X	
Meat sector		
Selling adult animals to traders from home		X
Selling calves to traders from home	X	X
Honey		
Collecting honey		X
Selling honey ⁴	X	X
Taking bees colonies to pasture		X
Buying beekeeping materials		X

Table 6 Gender Division of Access and Control over Resources

	Access		Control	
Resources	Women	Men	Women	Men
Vet pharmacy	X	X		X
Vet	X	X		X
Bulls	X	X		X
Pastures	X	X	X	X
Hay	X	X		X
Combined feed	X	X		X
Newspaper	X	X	X	X
TV channel	X	X		X
Online news agency	X	X	X	
Milk (food & informal)	X	X	X	
Cheese (as above)	X	X	X	
Income from selling milk and cheese	X	X	X	X
Cheese producing company	X	X		X
Income from selling livestock	X	X	X	X
Sale of honey to agro market	X	X	X	X
Sale of honey to intermediary	X	X	X	X

⁴ AMOUNTS UNDER 10KG ARE SOLD BY WOMEN AND OVER ARE SOLD BY MEN

THE KEY CHARACTERISTICS OF THE ALCP AJ PROGRAMME AREA

Agriculture plays a significant role in the economy of Ajara (AJ). Its share in the Gross Value Added (GVA)⁵ of the region is 7% and is growing. In 2012⁶ the GVA of agriculture in the region was 118.5 million GEL, 25% more than in 2011 (94.8 million GEL) and 25% more than 2010 (75.7 million GEL). 61% of the population of the municipalities of Ajara (233,255 people) are engaged in agriculture of whom 86% (200,334) of them are rural residents rather than peri-urban residents. Their predominant form of livelihood is livestock production with small scale crop production mainly for livestock or household consumption. Honey is an important secondary source of income and HH supply in the majority of municipalities. Depending on the altitude at which the small scale livestock producer (SSLP) lives the crops themselves may vary and include citrus, maize and beans cultivated in the lower reaches changing to tobacco, wheat, barley and potatoes as altitude increases. A significant share of citrus production is concentrated in Ajara region, where 74.8% of the country's citrus plantations are located (GeoStat 2012). Poor infrastructure hampers growth, the main trade and access road from Batumi through Shuakhevi and Khulo to the Goderzi Pass, summer pastures and to neighbouring Samstkhe Javakheti is still in very bad condition, some road rehabilitation of small sections is underway, however the upper reaches are unlikely to be renewed soon.⁷ The steep sided wooded topography of the Ajaran valleys means limited access to local grazing and land for crop production and feed for livestock. Where pastures are more easily accessible in mid and lower zones they are overgrazed. In contrast to the rest of Georgia Ajara region has something more akin to a formal⁸ agricultural extension service which has been in place since 2011. The MOAA established the Agro Service Centre as an entity of agricultural extension with a central office in Batumi and an office in each municipality with a mandate to provide information and consultations regarding all aspects of animal husbandry and from 2012 it has provided AI services from its offices. The Agro Service Centre is currently the partner of the UNDP EUENPARD programme running from 2013 which in the livestock sector is focussing on improving the AI services on offer and in forming breeding related farmers' cooperatives (please see a full description of the service in the rules section).

THE PROGRAMME AREA

Programme Area: The programme area comprises all municipalities in Ajara both the highland and lowland areas of Ajara. Please see below for a description of the municipalities of AJ Region:

Khulo municipality: is located at an altitude of between 400 – 3007 meters (Mount Kanli) above sea level. Spanning from the top of the Goderdzi Pass to the border with Shuakhevi, people mostly live where some cultivable land is available. Because of the cold winter and mountainous terrain the main crops are: potatoes, maize with some hay production. Average precipitation per year is 1000-1200 mm. The winter is quite severe, during which almost all roads are closed for about a month, due to snowfalls. The winter/ski resort Kedlebi (1700m from sea level) is being developed by the Government, while Beshumi (1900m) is noted for its fresh air and coniferous forests. The Beshumi resorts functions from mid-June till early September.

Shuakhevi municipality: is located at an altitude between 420 – 2812 meters (Mount Kheva) above sea level. Shuakhevi is typical mountainous municipality with an annual precipitation of 1500mm. Villages are surrounded with mountains covered with diverse forests. There are numerous local natural resources

⁵ GVA IS USED IN THE ESTIMATION OF GROSS DOMESTIC PRODUCT (GDP). IT MEASURES THE CONTRIBUTION TO THE ECONOMY OF EACH INDIVIDUAL PRODUCER, INDUSTRY OR SECTOR.

⁶ THE MOST UP TO DATE FIGURES ON GVA AVAILABLE ON GEOSTAT.

⁷ THE BATUMI-AKHALTSIKHE CENTRAL ROAD SECTION IN KHULO (FROM 70TH KM TO 80TH KM, I.E. 10 KM OF ROAD) IS BEING REHABILITATED (2 MILLION GEL - FINANCED BY ROADS DEPARTMENT OF GEORGIA) AND WILL BE COMPLETED BY THE END OF JULY, 2014. AKHALTSIKHE- GODERDZI- KHULO ROAD WILL NOT BE REHABILITATED YET DUE TO INSUFFICIENT FINANCE. THE REHABILITATION PROJECT HAS BEEN WORKED OUT BY THE ROADS DEPARTMENT OF GEORGIA AND COST IS ESTIMATED AS 100 MILLION GEL. THE DEPARTMENT IS LOOKING FOR DONOR FUNDING TO START THE PROJECT.

⁸ I.E. FULLY COMPREHENSIVE NATIONAL EXTENSION SYSTEM.

as well as mineral waters and thermal springs. Potatoes are the main crop and with livestock husbandry (cattle) and bee keeping are the main livelihoods. Popular activities are wood plaiting, wood work, making musical instruments, spinning and knitting. Several rural guest houses are currently operational and Gomarduli ski resort is located at (1650m).

Keda municipality: is located at an altitude between 200 – 2441 meters (Mount Goma), above sea level. The average precipitation per year is 1500 mm, however in summer a period of drought is characteristic. The main livelihoods apart from livestock husbandry are grapes, potato, bee keeping, fish farming and tourism. Livestock numbers are relatively low in the municipality due to severe restrictions of pasture and fodder. With no official resort, potential for rural tourism lies in historical sites, unspoiled environment, mineral waters and Makhuntseti waterfall. There is some gold and copper mining.

Khelvachauri municipality: is located at an altitude between 500 - 1200 meters above sea level. The average precipitation per year is 1500 mm. Citrus, maize, tomato and tea are main crops in addition to cattle production. Guest houses, hotels and restaurants try to promote the rural tourism market with bird-watching, cultural-religious tourism, Majakhela Gorge with its forest-park with hiking trails.

Kobuleti municipality: is located on the Black Sea Coast and encompasses mountains beyond lying at an altitude of between 0 m to 2996 meters (Mount Kamli) above sea level, with an annual precipitation of 2500 - 3000 mm with maximum rainfall in September and the minimum in May. Kobuleti is distinguished by particular microclimate among other coastal climatic resorts of Ajara. Tourism, citrus and increasingly tea are main crops however livestock husbandry, maize, potato are prevalent in remoter villages. Kobuleti municipality is rich in historical monuments and sightseeing.

SUMMARY MAIN LIVELIHOODS OF SSLP'S IN AJ

Table 7 Summary Main Livelihoods

Main Livelihood	Relevant Municipalities
Livestock Related Income	
Dairy (beef)	All municipalities
Hay	Khulo, Shuakhevi
Honey	Keda, Khelvachauri, Kobuleti
Crops	
Potatoes	Khulo, Shuakhevi, Keda
Horticulture (tomatoes, tea and citrus)	Keda, Khelvachauri, Kobuleti
Maize	Keda, Khelvachauri, Kobuleti
Tobacco	Keda, Shuakhevi

Livestock numbers as shown in the table below for the ALCP AJ programme area support the fact that dairy remains the mainstay of the majority of livelihoods, where its contribution to food security and a reduction in household expenditure on food is notable in relation to the amount of dairy produced for home consumption. The figures for Keda reflect the severe restrictions of pastures and fodder, whilst those of Khulo are noticeably high, lending support to the high relevance of dairy. Changes in territorial arrangement of self-governing city Batumi (70% of territory of Khelvachauri municipality became the territory of Batumi during 2009-2011) influenced the figures for Khelvachauri.

Table 8 Livestock Numbers & Estimated Bee Colonies per Municipality 2013

Municipalities	Cattle (head)	Bee colonies	Estimation ¹⁰ of Bee Colonies from
		Agro Service Centre Data ⁹	FG Survey and Key Informant interviews
Khulo	33850	1660	1621
Shuakhevi	20695	372	1024
Keda	10550	5919	2014
Khelvachauri	10736	7367	3952,2694
Kobuleti	18974	6910	12706
Total	94805	22228	24011

SUMMARY OF THE POPULATION

The table below shows the population of Ajara with a breakdown according to ethnicity.

Table 9 Population by Ethnicity per Municipality 2013

Municipality	Number of Households	Total Population	Number of Communities	Ethnicity %			
				Georgians	Armenians	Greeks	Other
Ajara							
Khulo	8700	36600	13	100			
Shuakhevi	5469	20283	13	100			
Keda	5045	21244	10	99.1	0.1		0.8
Khelvachauri	16551	63528	11	98.6	0.1	0.1	1.2
Kobuleti	25282	91600	20	96.7	0.2	2.3	0.8
Total AJ	61047	233255	67	98.88	0.08	0.48	0.56

NOTE: Ethnic composition of target population is not very diverse, and consequently trends in livestock husbandry are not overly influenced by ethnicity. Differences can however be observed across religion. However for the moment there is no official statistical source reporting on religion composition of municipalities separately, only data obtainable is on regional level and figures are: 63% are Georgian Orthodox Christians, and 30% Muslim. The remaining are Armenian Christians (2.3%), Roman Catholics (0.2%), and others (6%).

⁹ BOTH SETS OF FIGURES ARE ESTIMATIONS. THESE ARE TAKEN FROM A RAPID SURVEY CONDUCTED BY THE MOAA AGRO SERVICE CENTRE AND IS NOT COMPLETE E.G. MAJAKHELA GORGE A KEY HONEY PRODUCING AREA WAS NOT INCLUDED IN THE SURVEY.

¹⁰ THE PROGRAMME ESTIMATE BASED ON OUR INFORMATION FROM FGS AND KEY INFORMANT INTERVIEWS.

CORE MARKET SYSTEMS

All market players mentioned in the following section can be found in **The Directory of Players Annex 1**.

TOURISM IN AJARA AND DOWNSTREAM DEMAND

Ajara is a tourist destination, with a booming tourism sector in Batumi (and other coastal cities) mainly focused on summer tourism and hotel facilities used for local, regional and international conferences throughout the year. The number of tourists has been increasing every year. In 2013, Ajara received 5,365,356 visitors a 21.2% increase from 2012. Following the success of the development of mass tourism the Department of Tourism has also been focusing since 2013 on the development of rural tourism in Ajara with the intended aims of attracting different categories of tourist and lengthening the tourist season. The potential for the supply of safe quality livestock products to the mass market lies in the growing scale of the market and the need for quality food for the HoReCa segment which bolsters the image of a quality tourist destination. It signifies considerable downstream demand and the potential for the supply of quality livestock products from local producers.

DAIRY: COWS

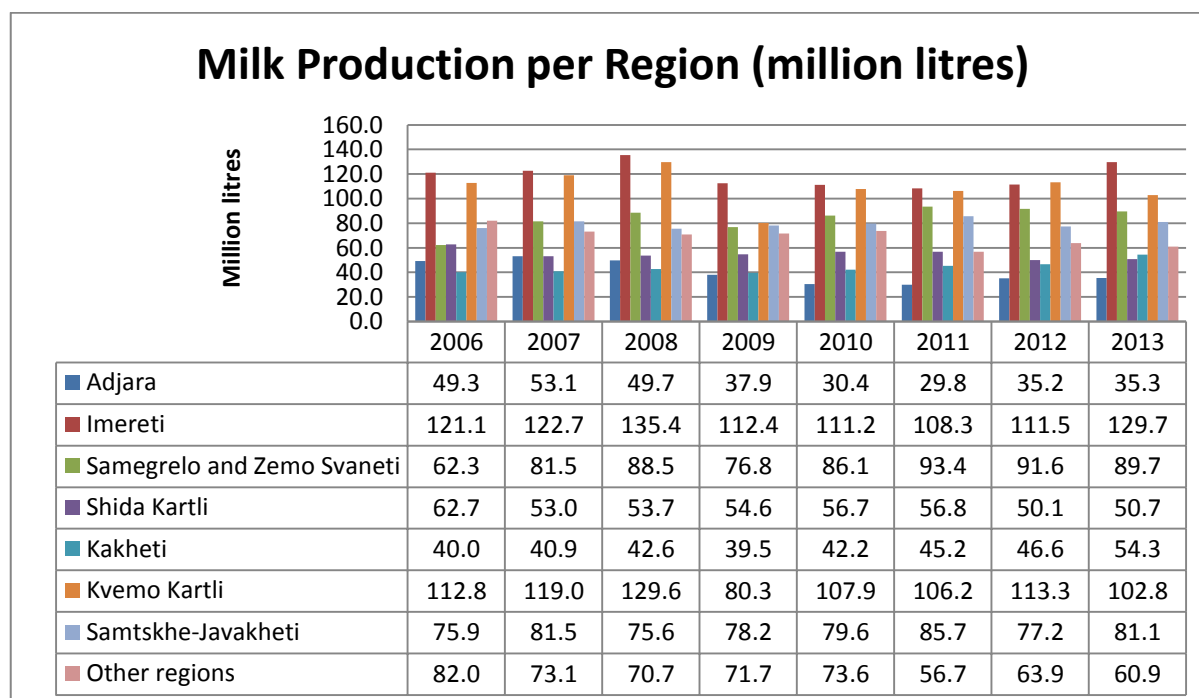


Figure 1 Milk Production per Region (2013 GeoStat)

SUMMARY

Since 2009, the Ajara region has been the seventh largest milk producer in Georgia. However considered within the context of the size of Ajara (the smallest region among above listed regions), the agro ecological restrictions on pasture due to the steep wooded mountains prone to landslides and the comparative size of the population, the sector is significant.¹¹ The mass tourism market is a source of huge demand for dairy products. However in comparison to Kvemo Kartli and Samtskhe-Javakheti, the local regional dairy production system in Ajara region is thin e.g. with only two small operational dairy producing enterprises found during the course of this market analysis and a considerable proportion of

¹¹ 58% OF CATTLE ARE PRESENT IN KHULO AND SHUAKHEVI MUNICIPALITIES AS SSLP'S HAVE MORE ACCESS TO PASTURE LANDS COMPARED TO OTHER MUNICIPALITIES AND LIVESTOCK PRODUCTION IS THE PRIMARY SOURCE OF INCOME WITH MORE THAN 50% OF THE DAIRY PRODUCTS IN AJARA ARE PRODUCED IN THESE TWO MUNICIPALITIES (ACCORDING TO KEY INFORMANT INTERVIEWS AND FGS).

demand is met by dairy products produced from outside the region. *Imeruli* and *Sulguni* cheeses come mainly from Samegrelo, Imereti, Guria and Samtskhe-Javakheti and Kvemo Kartli regions. The dairy product market (excluding cheese) in Ajara is dominated by the produce of the three large dairies in Tbilisi (Eco Food, Sante and Soplis Nobati) although there is growing competition in this sphere from imported dairy products from companies such as Danone. Dairy products are sold in small kiosks and shops, in supermarkets and in agricultural markets. There are 3 agricultural markets in Ajara region, two in Batumi and one in Kobuleti. There are essentially three destinations for milk produced by SSLP's in Ajara region:

- ❖ Home consumption.
- ❖ Sale to cheese traders in the agricultural markets of region.
- ❖ Sale of small amounts of liquid milk to local cheese enterprises.

GENDER ROLES IN THE DAIRY SECTOR

Women are involved in all elements of livestock husbandry generally and women are responsible for milking, processing and selling of dairy products. Cheese is processed by women in the home mainly for home consumption and sometimes for sale. The cleanliness and safety of milk as well as equipment used for milk processing is the responsibility of women as well. The owners of the two currently operational milk processing companies in Ajara region are men. Women and men are employed to process the milk and plait the smoked cheese in one enterprise and men are employed to collect milk among milk suppliers in neighbouring villages and to take dairy products to Batumi market.

THE DAIRY MARKET SYSTEM IN THE PROGRAMME AREA

CHEESE INTERMEDIARIES: Market Traders, Distributors and Wholesalers

Given the relative absence of cheese producers outside the HH and the importance of cheese brought in from other areas of Georgia, intermediaries are the means by which Sulguni is brought in from a variety of cheese processors and Imeruli cheese mostly produced within the HH, is bulked up and supplied to the HoReCa sector, shops and direct to consumers. Cheese intermediaries in Ajara include; market traders: i.e. permanent stall holders within the agrarian markets, formal and informal distributors i.e. those who buy and sell on (some of whom possess their own transport and are registered companies), and there is one example of a wholesaler: those who bring in cheese in bulk from a single source and sell on to distributors from a wholesale point. In addition another main channel of sale by farmers is to use *Marshutka* (local transport) drivers to take cheese to other members of the family who will sell it on. Some cheese distributors and market traders focus on buying direct from local farmers or farmers from other regions who bring their cheese to the agricultural market to sell, whilst other cheese traders rent transport and buy cheese in agricultural markets outside of Ajara in Samtredia, Imereti region. Distributors who bring cheese in from outside of Ajara often then sell on to permanent stall holders i.e. market traders in the agrarian markets of Batumi and Kobuleti and to their customers in the HoReCa sector. Examples of the types of intermediaries are listed below:

- There are up to 20 market traders in the agricultural markets of Batumi and Kobuleti, who buy about 200-250kg of Imeruli cheese and 100kg of Sulguni per week from farmers in Ajara¹², and different regions of Georgia direct from farmers who bring their cheese to the markets. Their clients are mainly direct consumers, local distributors and the HoReCa sector.
- There are up to 10 market traders in the agricultural markets of Batumi and Kobuleti, who rent transport once a week and go to agricultural markets in Samtredia, Imereti to buy different sorts of cheese. Each cheese trader buys about 150kg Imeruli cheese, 60-70kg Sulguni, 40kg Smoked

¹² DIDAJARA AND GHORJOMI VILLAGES, KHULO MUNICIPALITY

sulguni per trip. The transportation costs are about 40-45 GEL/ trip. Their clients are mainly direct consumers, local distributors and HoReCa sector.

- 2 cheese distributors from AJ collect Imeruli cheese (1.5tonnes/week), Sulguni and Chechili cheese (1-2.5 tonnes/week) seasonally from May to Sept (when the Goderdzi pass is open) from farmers in Adigeni and Aspindza municipalities. They sell on to 20-30 different cheese traders in agricultural market of Batumi (one of them who rents a storage facility in Batumi with max capacity of 5 tonnes).
- Wholesaler: 1 wholesaler selling cheese from a compliant factory in Tsalka, KK selling from 300-400kg of Sulguni, 70-100 kg of Smoked Sulguni and 30-40kg Braided Smoked Sulguni daily to Batumi. He deals mainly with distribution companies that supply hotels and restaurants and 3-4 cheese traders in Batumi agricultural market.

Local distributors with their own transport and who buy cheese from the abovementioned cheese traders then also sell cheese on mainly to restaurants, hotels, *Khajapuri* bakeries and small cafes.

- 1 cheese distributor buys 50kg/day in high milking period and 30-40kg/day in low milking period Imeruli and Sulguni from 2 to 4 cheese traders in agricultural market of Batumi and sells on to the Sheraton Hotel and the Theological Seminary. She owns a small storage facility in Batumi (22sq.m.) where she stores cheese max for 2 days before the cheese is delivered to the clients. She rents a taxi for cheese delivery.
- 1 cheese distributor, who buys 100-150kg Imeruli cheese/day and 70-90kg Sulguni/day in high milking period, 50-70 kg Imeruli cheese/day and 30kg Sulguni/day in low milking period. His main clients are hotels (Radisson Blu hotel Batumi, 2 small hotels in Chakvi), restaurants (Kazlovich, Wine House) and small cafes (totally 24 clients). He distributes cheese by his own transport (Renault cargo). He does not use a warehouse facility, as he gets orders one day earlier, buys cheese in the morning and delivers at the same day.

MILK COLLECTION CENTRES (MCC's)

Surveys revealed that in the ALCP expanded programme area in Ajara region (Khelvachauri, Keda, Shuakhevi, Khulo and Kobuleti municipalities) there are no milk collection centres (MCC's), neither private MCC's nor MCC's established by INGOs and donors. This can be considered as one of the main constraints not only in dairy sector but in the whole livestock sector. As there are no MCC's or Local dairy producers in the municipalities households do not have the added choice and incentive of being able to produce liquid milk for sale.

CHEESE & DAIRY PROCESSORS

There is one operational cheese processor in the region processing around 1t milk/day. It sources milk directly from farmers in the AJ programme area. The main products manufactured are Sulguni, Smoked Sulguni and Braided Smoked Sulguni. Sulguni commands a higher price as it has higher production costs (boiling of the milk) It does not meet Food Safety and Hygiene requirements. Recently two dairy processors suspended operations in Ajara one with more structured facilities (Kobulehuri) moved its production to Tbilisi, Lagodekhi (Kakheti) and Terjola (Imereti); but continues to supply products (matsoni, sour-cream and cottage cheese) to shops in Kobuleti and Batumi via distributor.

PRODUCT DIFFERENTIATION

Production differentiation is limited to one dairy factory producing Matsoni, Cottage cheese and Sour Cream. The factory sources milk from 5 local farmers and processes 300-400 litres of milk/day, which is 10% of its capacity and one ice-cream producer is located in Khelvachauri municipality who makes ice cream using powdered milk and who plans to expand production to make Ayran from raw milk collected from nearby villages.

Table 10 Number of Milk Processor Centres

	Akhalshehi	Kakhaberi
Number of MPC	1	1
Max Capacity l/d	2000	4000
Current Utilization l/d	1500	400
% utilization	75	10
Number of suppliers	100	5

Table 11 Price per kg of Cheese

	Bought Direct from Producer	Bought from Wholesaler in Local Market
Imeruli	4.5-5 GEL/kg	6/7 GEL/kg
Sulguni	7/8 GEL/kg	9-10 GEL/kg ¹³
Smoked Sulguni	10/11 GEL/kg	12/14 GEL/kg

¹³ PRICES FOR JUNE, 2014.

MEAT

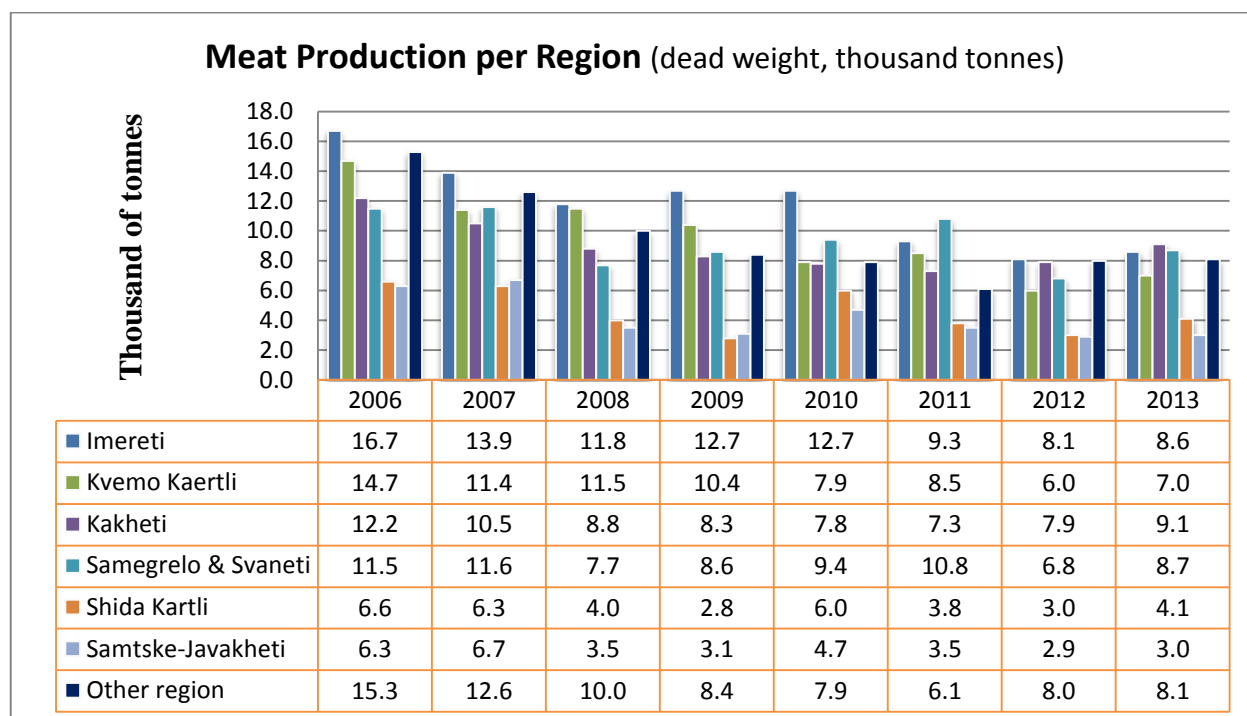


Figure 2 Meat Production per Region (2013 Geostat)

SUMMARY

Ajara region is one of the largest consumers of meat and meat products in Georgia (more than 30,000 tonnes¹⁴ per year) while the production of meat in the region remains one of the lowest at around 2.5 thousand tonnes (dead weight) per year. The dynamically growing mass tourism sector¹⁵ and the development of the urban centre of Batumi is opening opportunities for selling meat from the programme area. In terms of comparative advantage for the supply of cattle to the beef value chain, Khulo and Shuakhevi are better placed due to better access to pastures and subsequent larger number of livestock (see Table 12). There are at present around 79 licensed abattoirs operational in Georgia. Out of these 46 slaughterhouses were developed since 2010, driven by regulation to ensure that livestock would increasingly go through official channels, which should provide a relatively safe platform for the large investment required to open and operate these facilities and also a demand on beef in region. However the patchy outreach of the NFA which has allowed the continued unregulated operation of small scale butchers and meat shop owners to continue back yard slaughter on one hand and the sometimes unfair and monopolistic business practices of the larger and well-connected slaughterhouses means that risk in the sector is still high. In the programme area, the sector is dominated by a large number of small-medium intermediaries and small number of large traders/intermediaries buying cattle/meat in Ajara (25%- out of which 80% comes from Khulo) and other regions of Georgia (75% - Guria (15%), Samegrelo (35%) and Imereti (25%)) and selling on to other meat traders in Batumi agricultural market, meat shops, local distributors or directly to the HoReCa sector. Selling beef without a Form 2 (see Food Safety and Hygiene section for full discussion) is forbidden and carries a penalty of 1000 GEL and in Ajara key market players have shown themselves fully aware of this requirement. However there is still ample evidence of backyard slaughter and the supply of unregulated meat particularly to the agricultural market and other informal channels. See Table 16.

¹⁴ MINISTRY OF AGRICULTURE OF AJARA A.R. ESTIMATIONS

¹⁵ MORE THAN 390,000 TOURISTS WERE ACCOMMODATED IN HOTELS IN AJARA AND THE REGION HOSTED 5 MILLION DAY VISITORS IN 2013. DEPARTMENT OF TOURISM OF AJARA A.R.

GENDER ROLES IN THE MEAT SECTOR

The Meat sector is in the male sphere: men contact buyer intermediaries in order to sell livestock more frequently than women. Men sell livestock from houses as there is no livestock market in the region but if they are not at home, women are responsible for arranging the sale. The selling price of livestock is determined by both women and men. All meat shops and slaughterhouses are owned by men. Men are employed in the slaughterhouses, the only role women have is to clean meat shops and slaughterhouses.

THE MEAT MARKET SYSTEM IN THE PROGRAMME AREA

There are 4 licensed slaughterhouses in the programme area (one in each municipality except Keda) operating on a variety of business models please see Table 13. There are some differences between slaughterhouses in different municipalities. The slaughterhouses operating in Ghorjomi (Khulo) and Erge (Khelvachauri) mostly provide a slaughtering service. The slaughterhouse in Kveda Achkva (Kobuleti) has its own cattle farm and also buys calves from SSLP's in AJ and in other regions of Georgia and then supplies meat to the HoReCa sector and to its own shop. A slaughterhouse in Okropilauri (Shuakhevi) was recently opened (July, 2014) by a meat trader in Batumi Agricultural market, who buys cattle from the programme area SSLP's and sells meat in Batumi agricultural market. It also provides slaughtering services. Service prices in all slaughterhouses are similar, 30-40 GEL/cow depending on weight. All these slaughterhouses utilize only 13-20% of their capacity. The main clients of the slaughterhouses are meat traders/intermediaries selling on to other traders in Batumi agricultural market and to meat shops in Batumi, from where HoReCa sector is supplied. See Table 16. Some of the slaughterhouses directly sell meat to the HoReCa sector; however the number of such clients is fairly low.

Table 12 Meat Production in Ajara (live weight, thousand tonnes)¹⁶

	2011	2012	2013
Kobuleti	0,34	0,35	0,38
Khelvachauri	0,70	0,64	0,75
Keda	1,10	1,15	0,22
Shuakhevi	1,40	1,50	1,50
Khulo	1,60	1,62	1,22
Batumi	n/a	0,12	0,12
Ajara (total)	5,14	5,38	4,185

Table 13 Slaughterhouses in the Programme Area

	Khulo	Shuakhevi	Keda	Khelvachauri	Batumi	Kobuleti
Number of slaughterhouses	1	1	0	1	0	1
Max Capacity cows/day	30	25	0	200	0	15
Current Throughput cows/day	4	4	0	0	0	3
% utilization	13%	16%	0%	0%	0%	20%
Number of suppliers	20	n/a	0	n/a	0	n/a

SMALL MEAT SHOPS

There are about 35 small meat shops in Batumi and 4 in Kobuleti. Most of them purchase beef every day from meat traders in Batumi agricultural market or directly from a slaughterhouse. They sell on average 50 kg of beef daily buying at 9-9.5 GEL/kg and selling from 10-15 GEL/kg depending on the cut of meat or visual estimation.

¹⁶ MINISTRY OF AGRICULTURE OF AJARA A.R.

LIVESTOCK MARKET

The absence of a livestock market¹⁷ is one of the constraints to SSLP's for the access to a wider market for the sale of cattle for meat into the value chain in Ajara. SSLP's currently rely on intermediaries and slaughterhouse representatives in villages who SSLP's approach when they have cows to sell. As Table 13 shows Ajara is increasingly well served for slaughterhouses who seem to be increasingly willing to source from local SSLP's. However SSLP's complain that livestock markets offer more transparency and better sales prices.¹⁸ Transportation costs, poor road conditions, long distances to licensed slaughterhouses, absence of proper transport, the severe winter climate blocking roads in high mountain parts of the region and a highly seasonal demand are key constraints to development.

HONEY

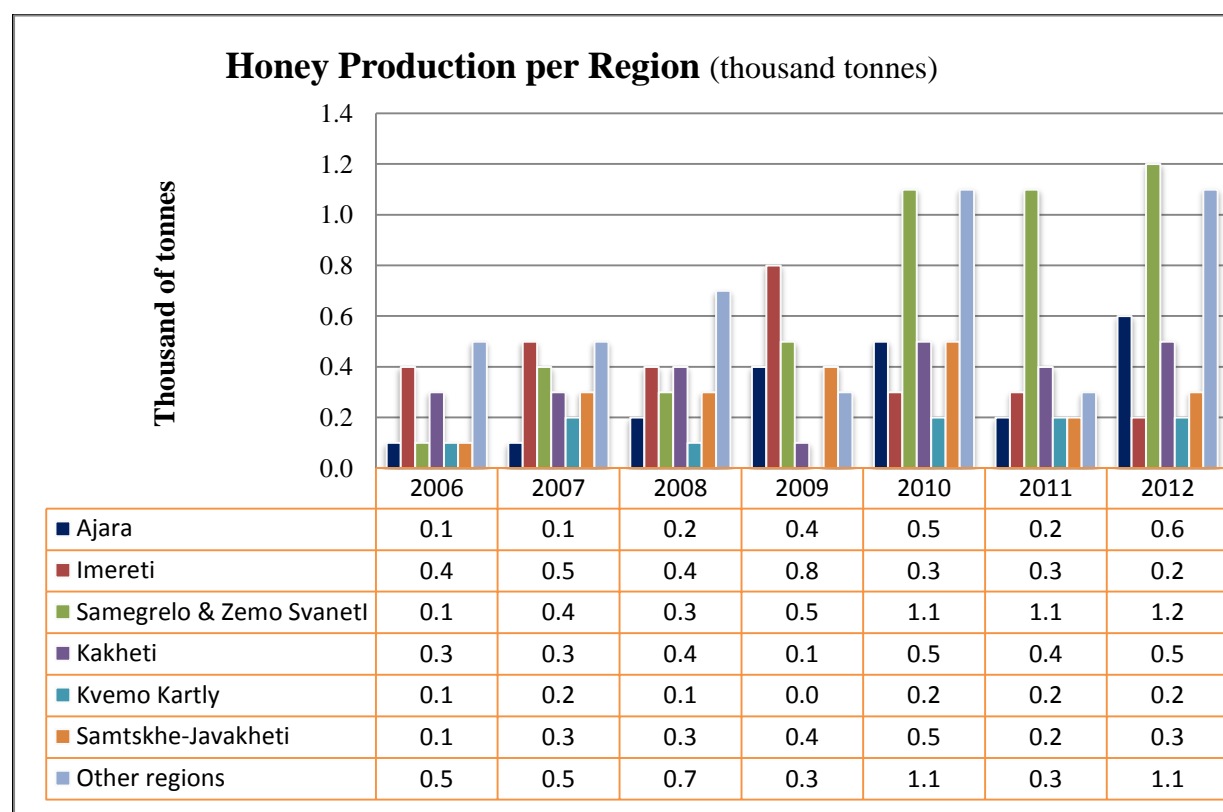


Figure 3 Honey Production per Region (2013 Geostat)

SUMMARY

Ajara is one of the largest producers of honey in Georgia. According to the National Statistics Office of Georgia in 2012 Ajara collected at around 600 tonnes of honey.¹⁹ Georgian honey is considered to be a product with high export potential. Currently, due to different reasons such as lack of specialist certification laboratories²⁰ for honey and certification bodies for the quality control of honey, Georgia

¹⁷ THERE ARE SOME UNREGULATED MARKETS WHICH ARE ALIGNED WITH RELIGIOUS FEASTS (FOR EXAMPLE KURBAN BAYRAM, "EID AL ADHA") FOR THE SALE OF SHEEP. ALSO THERE IS A SMALL LIVESTOCK (SHEEP AND GOAT) MARKET IN BATUMI WHICH MOSTLY SELLS SHEEP AND GOAT FROM IN OTHER REGIONS OF GEORGIA FOR FURTHER SALE IN BATUMI. AFTER A TIGHTENING OF RULES ON SLAUGHTERING AND ENFORCING RESTRICTION ON EXPORT IN TURKEY (2010) SALES WERE SERIOUSLY REDUCED.

¹⁸ MANY SSLP'S FROM KHULO (BORDER WITH SAMTSKHE-JAVAKHETI) TAKE THEIR CATTLE TO AKHALTSIKHE LIVESTOCK MARKET.

¹⁹ THE ACTUAL AMOUNT IS HARD TO VERIFY, AGRO SERVICE CENTRE DATA INDICATES 363 TONNES WHICH DOES NOT CONTAIN THE DATA FOR MAJAKHELA GORGE WHICH IS THE MAJOR HONEY PRODUCING AREA. ALCPAJ FOCUS GROUP DATA GAVE AN ESTIMATION OF 482 TONNES WHICH INCLUDES THE GORGE.

²⁰ THERE IS CURRENTLY NO SUCH LABORATORY IN AJARA OR IN GEORGIA AS A WHOLE ALTHOUGH RECENTLY THE MINISTER OF

cannot officially export honey to neighbouring countries nor to the EU despite the quotas they have according to international agreements. E.g. If Ajaran honey was certified according to the stipulations of Turkey,²¹ 200 tonnes of honey could be exported from Georgia to Turkey with no custom duty according to a Free Trade Agreement (FTA) between Turkey and Georgia. In 2013, the value of exported honey was around 120 thousand USD while Georgia annually produces more than 4,000 tonnes of honey (nearly 24 million USD). The Ajaran honey sector presently has a high dependence on Turkey. Despite the import ban on uncertified honey by Turkey, Ajaran honey is mostly bought by Turkish intermediaries who smuggle honey to Turkey where the price is much higher. Many beekeepers prefer to sell honey to Turkish intermediaries rather than sell it to local markets due to the higher price offered compared to the local market. Lack of quality control limits the market through the general climate of distrust in the integrity of local honey for sale, with consumers believing that most honey for sale in the market is adulterated with added sugar which affects the price local consumers are willing to pay. Consumers feel assured of quality only when they ‘know’ the supplier personally. In addition to the problems related with to market access beekeepers complain of lack of quality inputs including information and technical advice, lack of bee hive materials, the high prices of the equipment, the non-availability of comb making facilities and a high risk of the degeneration of the “Queen Bee”.²²

GENDER ROLES IN THE HONEY SECTOR

Beekeeping (excluding the sale of honey) is mostly in the male sphere including the movement of bees (transhumance), negotiations with intermediaries, purchasing inputs and determining the price of honey. All shops for beekeepers are owned by men but the salespeople in some of them are women. Women’s main role in this sector is in the sale of honey.

BEEKEEPING IN AJARA

Honey has always been a traditional sector of agriculture in Ajara. However according to key informants beekeeping in Ajara amongst rural households has considerably declined in recent years²³ mainly due to the impact of the *Varroa Virus* and the out-migration of men (traditionally responsible for beekeeping) away from villages to urban areas and to seasonal work in Turkey. However honey is still considered an important primary and secondary source of income to the target group offering ecologically appropriate opportunities for development and growth in rural households particularly in those municipalities more climatically suited to its production. (See Table 14 and Figure 4). In Ajara there are three zones for beekeeping: low, middle and high. Keda, Kobuleti and Khelvachauri municipalities are mostly located in low and middle zones so the distances to other zones are much less for them than for high mountain municipalities (Shuakhevi and Khulo). In Ajara it is possible to collect honey twice a year; in May (acacia, citrus, wild flower) and at the end of August (chestnut)

According to estimations made from the Alliances Ajara Focus Group Survey (FGS) around 1200 people are involved in beekeeping as a primary commercial enterprise with a substantial number of hives and keep an average of around 24 thousand bee colonies (figures for 2014). SSLP’s who produce honey for sale usually keep more than 5 bee colonies with an average of 19 according to the FGS. This does not however take into full account however those with a smaller number of hives who produce honey for home consumption and sell the excess, and which could offer a considerable area for growth should constraints be removed. Beekeeping is considered an important source of income by the majority of

AGRICULTURE ANNOUNCED (JULY) THAT EQUIPPING SUCH A LABORATORY WAS PLANNED. THE RELATIVELY SMALL AMOUNT OF HONEY THAT IS EXPORTED IS EXPORTED LEBANON AND SAUDI ARABIA UNDER SPECIAL CONDITIONS AFTER SENDING SAMPLES FOR TESTING.

²¹ THE FTA IS QUITE VAGUE BUT MENTIONS GENERAL FS&H WITH ISO 2200 AND ISSUES RELATED TO TRACEABILITY & CLASSIFICATION OF HONEY INTO TYPES I.E. WILDFLOWER, CHESTNUT, ACACIA

²² THE QUEEN BEE IS AN ADULT, MATED FEMALE THAT LIVES IN A HONEY BEE COLONY OR HIVE. SHE IS USUALLY THE MOTHER OF MOST, IF NOT ALL, THE BEES IN THE HIVE. THE QUEENS ARE DEVELOPED FROM LARVAE SELECTED BY WORKER BEES AND SPECIALLY FED IN ORDER TO BECOME SEXUALLY MATURE. THERE IS NORMALLY ONLY ONE ADULT MATED QUEEN IN A HIVE. WITHOUT A QUEEN BEE A BEE COLONY CAN’T SURVIVE FOR A LONG. EVERY 2-3 YEARS THE QUEEN BEES SHOULD BE BROUGHT IN FROM ANOTHER UNRELATED COLONY, OFTEN HOWEVER QUEENS ARE JUST TAKEN BY THE BEE KEEPERS FROM NEIGHBOURING HIVES IN THEIR OWN STOCK THUS WEAKENING THE STRAIN.

²³ KEY INFORMANT INTERVIEWS ESTIMATE THAT CURRENTLY UP TO 25% OF RURAL HH’S POSSESS AT LEAST ONE HIVE WHERE PREVIOUSLY THIS WAS UP TO 40%. THEY ALSO STATE THAT MANY NOW EXPRESS THEIR WILLINGNESS TO PRODUCE HONEY AGAIN.

SSLP's in Kobuleti, Khelvachauri and Keda municipalities due to climatic conditions²⁴ and better access to bee pasture where beekeepers keep on average between 30-50 bee colonies each.²⁵ Majakhela Gorge which is part of Khelvachauri Municipality is especially known for honey production and is thus reported separately in Table 14 below.

Table 14 Honey Sector in the Programme Area (data provided by Agro Service Centre (ASC) and FGS Estimations)²⁶

	Khulo	Shuakhevi	Keda	Khelvachauri ²⁷	Majakhela ²⁸	Kobuleti	Total
# of Beekeepers ²⁹	102	70	169	232	96	603	1272
# of Beekeepers(ASC)	73	26	176	130	N/A	213	618
# of Bee Colonies	1621	1024	2014	3952	2694	12706	24011
# of Bee Colonies (ASC)	1660	372	5919	7367	N/A	6910	22228
Honey production (tonnes)	31.6	20	39.3	77.1	66	247.8	482
Honey production (tonnes) (ASC)	32	20	39	77	N/A	248	363
FG Respondents considering honey a Main Income Generating activity in Community	13%	21%	60%	70%	100%	67%	46%
% of Beekeepers in Rural HH	1.2%	1.4%	3.7%	1.5%	13.5%	3.7%	4.2%

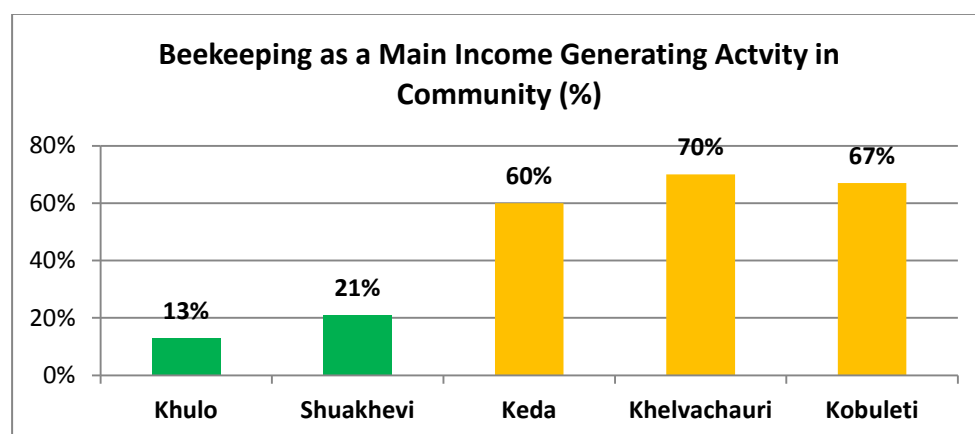


Figure 4: % of SSLP's considering Honey Production as a Main Income Generating Activity

Each bee colony yields an average of 15-20 kg of honey per year. Estimations of the amounts produced per municipality are provided in Figure 5 below. Most commercial beekeepers are engaged in transhumance, i.e. the transportation of the hives to different locations according to the season to benefit

²⁴ NECTAR IS COLLECTED ON TEMPERATURE OF 16-24 °C

²⁵ DUE TO SEVERE WINTER IN HIGH MOUNTAIN REGIONS AND THE DISTANCE TO LOWER ZONE PASTURES (HIGH RISKS AND TRANSPORT EXPENSES) IT IS DIFFICULT FOR FARMERS FROM KHULO AND SHUAKHEVI REGIONS TO COLLECT THE HONEY IN SPRING.

²⁶ NOTE: ACCORDING TO KEY INFORMANT INTERVIEWS WITH RESPONDENTS FROM THIS SECTOR, THE DATA IN THE TABLE IS NOT COMPLETE. FOR EXAMPLE A BETTER SURVEY IS REQUIRED IN THE MAJAKHELA GORGE WHERE IT IS BELIEVED THAT 40% OF HONEY COLLECTED IN AJARA IS FROM MAJAKHELA REGION. DURING THE MARKET ANALYSIS SEVERAL OTHER LARGE BEEKEEPERS WERE IDENTIFIED WHO WEREN'T IN THE LIST PROVIDED BY AGRO SERVICE CENTRE OR CAPTURED IN THE FGS.

²⁷ EXCLUDING VILLAGES OF MAJAKHELA COMMUNITY

²⁸ MAJAKHELA IS LOCATED IN KHELVAACHAURI MUNICIPALITY (ONE OF THE COMMUNITIES) AND IS WELL KNOWN BY ITS BEEKEEPING TRADITIONS

²⁹ THIS FIGURE REFLECTS LARGER BEEKEEPERS FOR WHOM THE SALE OF HONEY IS A SERIOUS COMMERCIAL ENTERPRISE. A ROUGH % OF SSLP'S FOR WHOM HONEY IS AN IMPORTANT COMMODITY FOR HOME CONSUMPTION AND FOR THE SALE OF EXCESS I.E. THOSE WHO OWN AT LEAST ONE HIVE IS ESTIMATED AT UP TO 25%.

from the natural flowering times of different flora.³⁰ Beekeepers usually use their own mini vans or hire transport. Honey is mainly collected twice yearly: early June (blossom honey) and late August (chestnut honey). Chestnut honey is prioritized because its price is much higher (15-20 GEL/ kg) than for blossom honey (10-15 GEL / kg). Some beekeepers collect only chestnut honey as the risk of bad weather in spring is high. Bad weather remains the biggest risk in beekeeping. The process of transportation itself is relatively risky particularly on bad roads. The majority of the beekeepers breed their own “Queen Bee” while others buy “Queen Bees” in Batumi, Imereti or Samegrelo. The Megrelian breed *Mukhuri* is the most popular. According to FGS estimation, each year up to 500³¹ tonnes of honey is collected in the region.

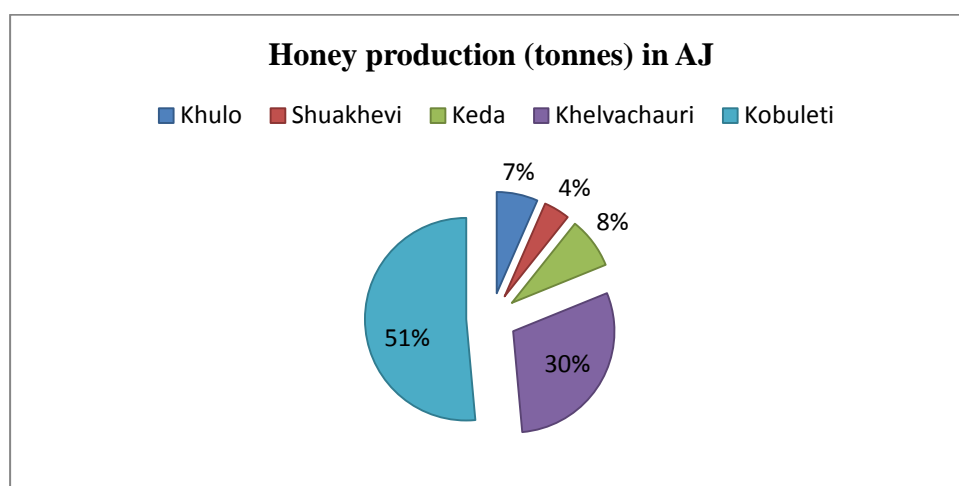


Figure 5 Estimated Honey Production in Ajara (FGS)

THE HONEY MARKET SYSTEM IN THE PROGRAMME AREA

The honey market system has a high dependence on Turkish intermediaries, who transfer honey to Turkey by smuggling (officially honey can't be exported to Turkey due to lack of certification). The price of honey is quite high in Turkey. Turkish intermediaries offer a higher price for Georgian honey (18-20 GEL/kg), than local intermediaries (traders) on the market (15 GEL/kg). Local intermediaries are also oriented towards Turkish intermediaries. However over the last 2 years honey export to Turkey has become more difficult and many beekeepers keep honey at home for further sale to Turkish intermediaries who despite the restriction on the import of honey by Turkey regularly appear in the villages during the honey collecting season (from the beginning of September). The local market prices for honey are considered too low for the majority of beekeepers. The absence of labs in the region for quality testing and certification and the lack of information surrounding legislation for honey quality control contributes to a widespread belief in the into abundance of falsified honey (i.e. adulterated with sugar) on the market which significantly constrains the local market for the sale of honey with a subsequent impact on the local .

INPUTS FOR BEEKEEPERS

There are 3 beekeeping input supply shops in Batumi. Some vet pharmacies in the AJ programme area also stock a small amount of materials and medicines as well. Shops mostly import beekeeping materials from Turkey. Beekeepers usually purchase materials in Batumi, Kutaisi and Tbilisi. Some of them also make purchases in Turkey.³²

³⁰ THE MOST COMMON LOCATIONS FOR TRANSHUMANCE IN AJARA REGION ARE KINTRISHI GORGE, KOBULETI (3 TIMES/YEAR) AND ACHARISTSKALI GORGE, KHELVACHAURI (5 TIMES/YEAR).

³¹ DUE TO BAD WEATHER IN THIS YEAR, BEEKEEPERS IN AJ EXPECT THAT THE AMOUNT OF COLLECTED HONEY WILL BE LESS.

³² KEMAL PASHA- COMMERCIAL POINT IN TURKEY CLOSE TO SARPI BORDER.

HONEY PROCESSING FACTORIES

In Ajara there are two companies dealing with the packaging/sorting of honey collected from local SSLP;s. “Majakhela” Ltd is located in Khelvachauri and was established in 2010 with USAID co-financing. The company collects honey mostly from SSLPs in Majakhela gorge. Currently, they pack/sort 2-3 tonnes of honey yearly with a maximum capacity to process is 20-30 tonnes. The key constraint that the company is currently facing is related to sales. The Association for Environmental Protection and Sustainable Development “Mta-Bari” is located in Chakvi (Kobuleti municipality). The Association was financed by international donor organizations.³³ The main goal of the association is the cultivation of and support to *Economically Important Species of Ajara Wild Flora in the Buffer Zone of Mtirala National Park*. The association has an exhibition house for honey where the honey from the buffer zone (Mtirala National Park) is presented. They buy, sort/pack (not mechanized) honey from local beekeepers and sell up to 2-3 tonnes of honey yearly to local and foreign visitors. They also link wholesale buyers with local honey suppliers.

FOOD SAFETY AND HYGIENE IN THE CORE MARKETS

In line with the development of Batumi and Ajara as an international resort, the GOA is aware of the importance of offering safe food to tourists through the HoReCa sector. In addition to the more general drive throughout Georgia towards greater enforcement noticeable in the last six months by the NFA, there has been an increase in focus on the issue in Ajara including the number of inspections of higher level HoReCa sector establishments by the National Food Agency in Ajara and in the Department of Tourism which includes the issue of food ‘quality’ in the trainings and awareness activities. However as elsewhere in Georgia local compliant suppliers of cheese and meat of any size are few and the greater part of the supply of livestock products from SSLP’s both from Ajara and that which is brought in to Ajara, is ad hoc and incompliant with Food Safety and Hygiene (FS and H) standards. This places players in the HoReCa sector particularly among the higher standard and higher profile establishments, where consumers assume that surroundings, service and price equal a concomitant quality in food, in a difficult position as often despite their best efforts they are simply unable to obtain compliant products as the value chain to supply them does not exist. Progress does seem to have been made in the meat sector where a Form 2 (see note below) is required by higher profile establishments in particular (as illustrated in Tables 15, 16, 17 below). However backyard slaughter is still common and informal chains of supply still abound it is unlikely that all meat in the agrarian market the source of supply for many outlets is completely compliant and the extent to which the use of the Form 2 is enforced and controlled and is successful in controlling all supply is unknown. In the cheese segment the production of Imeruli cheese³⁴, vital in the production of *Khajapuri*, is almost solely made in the HH and distributed into the market system through complex webs of intermediaries, informal trading relationships and agrarian markets (see note below on agrarian markets).

The rural guest house segment is at present small and unregulated with most utilizing home produced dairy products and meat bought either from neighbours or in small meat shops in Batumi. However the segment offers considerable opportunities for growth in demand with its potential for an increase in capacity and serving tourists throughout the year not only in the short high season on the coast. As the

³³ THE ASSOCIATION DEALS WITH THE BUFFER ZONE OF MTIRALA NATIONAL PARK. THEY WERE FINANCED BY THE NORWEGIAN GOVERNMENT (CO-FINANCED 30 000 EURO) AND THE POLISH GOVERNMENT (COMPLEMENTARY FUNDING 48 000 EURO). THEY ALSO GOT A GRANT (ECO-AWARD) FROM EURASIA PARTNERSHIP FUND (36 610 USD) IN 2009-2010. MTIRALA NATIONAL PARK IS UNDER THE SUPERVISION CAUCASUS NATURE FUND (AWARDED 210 000 EURO) DURING 2013-2015. THIS ORGANIZATION IS FINANCED BY GERMAN GOVERNMENT (BMZ), CONSERVATION INTERNATIONAL AND THE WORLD WILDLIFE FUND (WWF)

³⁴ THIS IS DUE TO THE CHEAPER PRICE OF IMERULI COMPARED TO SULGUNI, WHEN A CHEESE PRODUCER INVESTS IN A CHEESE MAKING ENTERPRISE THEY WILL AUTOMATICALLY PRODUCE SULGUNI AS THIS COMMANDS A HIGHER PRICES WHICH COVERS THE COST OF PRODUCTION AND PROVIDES A PROFIT MARGIN. DUE TO THE ACTIVITIES OF THE ALLIANCES PROGRAMME IN SJ AND KK THERE IS AMPLIFIED COMPLAINT SULGUNI COMING INTO BATUMI WHICH IS SOURCED BY A WIDE RANGE OF OUTLETS BY DISTRIBUTORS TO HIGHER END ESTABLISHMENTS OR BY BUYERS WHO COME TO THE MARKET. ONE SUPPLIER IN PARTICULAR WHO HAS A DISTRIBUTION OUTLET IN BATUMI SUPPLIES MANY OF THE OUTLETS AS SHOWN IN THE TABLES BELOW.

following tables illustrate the sector has attempted to formalize certain functions to better control quality, many use formal i.e. registered or informal distribution companies or individuals who source their products for them, and whose role is to source ‘quality’ produce. However appearances notwithstanding most still source supply at the Batumi Agrarian Market where despite initial efforts of the NFA³⁵ comprehensive controls are not in place. This results in a ‘veneer’ of food safety and hygiene compliance and a reluctance of key players to disclose real sourcing transparently due to a fear of negative publicity or punitive action by the NFA, adding to the lack of transparency more generally surrounding the issue.

FORM 2: Form 2 is an official confirmation document issued by an NFA veterinarian attached to a slaughterhouse and is signed by the veterinarian and person who distributes this meat. It confirms the health or incidence of disease of the slaughtered livestock. According to veterinary law, all slaughterhouses are obligated to have a NFA veterinarian who checks the slaughtered livestock for diseases visually and/or in the laboratory if needed. Where disease is identified in slaughtered livestock, the veterinarian decides whether the meat should be destroyed or used in production by meat processors (sausages etc.).

Form #2 provides information on:

- Health or diseases of the slaughtered livestock
- Place of slaughtering (name and ID number of the slaughterhouse)
- Dead weight
- Meat destination place (name and location of selling points)
- Transportation means (car / ref-truck)

FS&H CONTROLS IN THE BATUMI AND KOBULETI AGRARIAN MARKETS:

The agrarian markets of Ajara in particular the Batumi agrarian market is the confluence and source of supply for most of the HoReCa outlets, shops and kiosks selling livestock products in Batumi. Cheese, dairy and meat products from Ajara and other regions of Georgia are brought to the market by farmers, direct or by distributors³⁶ who then sell on to permanent traders in the market or to other distributors. Monitoring the safety and quality of these products remains a primary concern of market laboratories that are equipped by one or two microscopes. However control and checks on dairy products is restricted to visual checking, while on meat daily microbiological analysis are done.

FOOD SAFETY AND HYGIENE: DRIVERS AND FUNDAMENTAL CONSTRAINTS

Food Safety and Hygiene therefore remains the most important driver within the livestock market system and area of the most fundamental constraints to the core market.

These *constraints* include:

- Weak and patchy outreach in the meat and dairy value chains meaning that a large proportion of meat and dairy products sold are incompliant and potentially unsafe.
- Unsystematic outreach results in a weak driver for enterprises to invest in business related consultancy and a weakness in provision, as consultancy firms see that there is no market.
- Information provision is weak and insufficient from government and the private sector and enterprises are largely unaware of what type of information they need or where to get it.
- Small producers and unregulated producers who do not have to invest in Food Safety and Hygiene equipment or upgrade to comply, undermine enterprises seeking to invest and grow such as compliant slaughterhouses or dairy factories.³⁷
- Small producers in the event of FS&H enforcement and improving awareness driven by government as well as consumer drivers, risk being suddenly excluded from the market.

³⁵ E.G. CHECKING WITH SELLERS IN THE MARKET THAT THEIR SUPPLIERS ANIMALS ARE CHECKED BY A VET. THE SYSTEM TO VERIFY THIS HOWEVER IS NOT IN PLACE.

³⁶ THESE CAN BE FORMAL DISTRIBUTORS WITH BRANDED VANS AND REGISTERED COMPANIES OR INFORMAL DISTRIBUTORS INCLUDING EVEN MARSHUTKA DRIVERS WHO TAKE CHEESE FROM FARMERS IN VILLAGES TO THE MARKET.

³⁷ WHO ALSO BECOME THE MOST LIKELY TO ATTRACT INSPECTIONS.

- Animal disease means that the environment surrounding livestock production is highly risky with zoonoses such as anthrax and brucellosis endemic.
- Weak quarantine and government control over animal disease means difficulty for those seeking to invest in livestock particularly noticeable in sectors such as export.
- Lack of transparent rules or structured information provision surrounding certification and the means to certify means that in-country sales and export are restricted.
- Lack of transparency in the HoReCa sector generally concerning sourcing and procurement due to fear of negative consequences leading to a tendency to hide irregularities rather than improve systems.

In terms of a driver:

- On the consumer side the expansion in supermarkets has led to an awareness of and change in demand for 'quality' i.e. clean and safe products.
- Media attention has grown with TV programmes highlighting 'bad' food which they test, taken from supermarket shelves and Food Safety infringements in the HoReCa sector in Batumi (e.g. a high profile TV report was made on the unsavory food practices of one of Batumi's top hotels)
- A new EU programme with the Eurasia Foundation is seeing the role and strength of consumer lobby groups growing, recent reaction of these groups to the attempts of a minister to rescind the law banning backyard slaughtering showed the growth of capacity in this sector
- In Ajara increased NFA scheduled and unscheduled inspections incite businesses to pay more attention to Food Safety and Hygiene standards.
- Fear of negative consequences due to increasing awareness of the Food Safety and Hygiene issue should lead to greater uptake of consultation services and investment where those services are made available
- Growing need for "Safe" produce to bolster and maintain a modern international resort image of Ajara. The Department of Tourism includes some emphasis on quality food provision as important to the industry in trainings for the HoReCa sector.

CONSUMERS/ KEY TRENDS IN DEMAND

SUPERMARKETS

There are several small/medium scale supermarkets in the Ajara and some smaller branches of mainstream supermarkets such as Smart, Goodwill, Furshet and Foodmart in the region. They potentially provide a key driver for producers to upgrade their production and become food safety and hygiene compliant as people buying from these markets expect 'quality' which primarily means clean, safe products. The table below illustrates the level to which more formalized retail outlets attempt to control their FS&H standards.

Table 15 Overview of the Supermarkets in the ALCP AJ Program Area and their FS&H Practices and Standards in General and in Relation to Programme Clients

Names of Supermarkets	Official information				Feedback from suppliers	
	Attitude towards suppliers (main requirements on FS+H)	Inspection and checks	Average quantity of dairy products and Meat bought weekly	Buying Source for Dairy products and Meat	Attitude towards suppliers (main requirements on FS+H)	Inspection and checks
Goodwill (1 supermarket in Batumi)	The quality and hygiene of cheese is defined visually and based on taste properties. Meat is purchased based on document Form # 2.	They have a vet who does microbiological analysis of meat in mini laboratory per purchase.	60-80kg of Imeruli cheese/ week 250-300 kg of meat/week.	Cheese - Agricultural market of Batumi, from the same cheese trader. Meat from informal distributor.	N/A	Not yet

Smart (1 supermarket in Akhalsopeli)	Only cheese is sold in Akhalsopeli branch. Cheese is received from the Tbilisi warehouse, therefore, they do not have any local requirements toward suppliers in place.	N/A in place	10 - 15kg of Sulguni/ week	They receive cheese weekly from Tbilisi warehouse of JSC "Smart Retail"	N/A	Not yet
Willmart (3 supermarkets)	Visual inspection of cheese and meat is held from time to time. Meat has to be accompanied by a Form # 2.	N/A	100kg of Imeruli cheese/week; 100-140kg of Sulguni/week; 420-450kg of meat/week.	Imeruli Cheese – directly from farmers in Samtredia; Sulguni – Local cheese processor Meat- Agr. Market of Batumi	No microbiological analysis from laboratory and no site visit	Not yet
Furshet (1 supermarket in Batumi)	Cheese is inspected visually. Meat has to be accompanied by a Form # 2.	A vet does microbiological analysis of meat in mini laboratory per purchase.	100-130kg of Imeruli cheese/week; 30-40 kg of Sulguni; 300-350kg of meat/ week.	Cheese – informal distributor who buys Imeruli cheese and Sulguni in Samgrelo; Meat – informal distributor who buys cattle in Guria and slaughters them in a slaughterhouse.	N/A	Not yet
Absoluti (2 supermarkets in Batumi)	Cheese is inspected visually. Meat has to be accompanied by a Form # 2.	A vet does microbiological analysis of meat in mini laboratory per purchase.	40-50 kg of Imeruli cheese/week; 140-160kg of meat/week	Cheese –Imeruli cheese informal distributor from Samtredia;Sulguni – Tsezari Ltd. Meat- Agricultural market of Batumi.	N/A	Not yet
Yalcin Market (1 supermarket in Batumi)	Cheese is checked visually. Meat has to be accompanied with document Form2.	A vet does microbiological analysis of meat in mini laboratory per purchase.	80-100 kg of Sulguni/week; 50-70 kg of meat /week.	Meat – distribution company, which buys cattles from farmers and slaughters them in Chakvi slaughterhouse. Cheese – Local cheese processor	No microbiological analysis in laboratory and no site visit	Not yet
FoodMart	They sell neither meat nor Georgian cheese.					

HOTELS

There are up to 300 high, medium and lower standard hotels in Ajara. Hotels are one of the main markets of meat and dairy products especially during tourist season (Late June- Early September). Luxury, Five Star and Four Star hotels are supplied with meat and dairy products mainly by distribution companies, while medium class hotels purchase them direct in agricultural markets or big supermarkets located in the region. Lower class hotels consume less meat and dairy products, as they do not offer breakfast or dinner services to their customers. Procurement managers rely on their suppliers for the guarantee of quality and food safety, additional tests of food products are not made and the origin of products is very generalized with the specifics of their source generally unknown.³⁸

³⁸ E.G. WHEN ASKED THE MAJORITY OF ALL CHEESE SELLERS AND RESTAURANT OWNERS WILL STATE THAT THEIR IMERULI CHEESE IS SOURCED FROM 'THEIR SUPPLIERS' IN IMERETI USUALLY SOURCED THROUGH THEIR DISTRIBUTOR. THIS IS REGARDLESS OF WHETHER THE CHEESE WHICH IS USUALLY BOUGHT FROM SALES PEOPLE IN THE AGRARIAN MARKET OR DIRECT FROM FARM WOMEN OR MEN WHO HAVE BROUGHT IT FOR SALE TO THE MARKET HAS COME FROM AJARA, GURIA OR ELSEWHERE.

Table 16 Overview of the Hotels in the ALCP AJ Program Area and their FS&H Practices and Standards in General and in Relation to Programme Clients

Names of Hotels	Official information				Feedback from suppliers	
	Attitude towards suppliers (main requirements on FS+H)	Inspection and checks	Average quantity of dairy products and Meat bought weekly	Buying Source for Dairy products and Meat	Attitude towards suppliers (main requirements on FS+H)	Inspection and checks
Sheraton (5-star hotel)	Cheese is mainly used to make khajapuri. Taste properties of cheese are checked by a cook. Meat must be accompanied by a - Form # 2.	N/A	80-100kg of Imeruli cheese/ per week; 20-30kg of Sulguni; 120-150kg of meat/week.	Different sorts of cheese are supplied twice a week by a distribution company, Nino Ltd that buys Imeruli cheese in Agricultural Market of Batumi and Sulguni and Smoked Sulguni from wholesaler Tsezari Ltd, Meat is supplied by a distribution company that buys cattle and slaughters them in a slaughterhouse.	No microbiological analysis in laboratory and no site visit. Cheese must be soft, not too salty.)	Not yet
Radisson Blu Hotel (5-star hotel)	Cheese is mainly used to make khajapuri. Taste properties of cheese are checked by a cook. Meat must be accompanied by a - Form # 2.	N/A	60-80 kg of Imeruli cheese / week; 20kg of Sulguni and 20kg of Smoked Sulguni/ week; 80-100kg of Meat/ week.	Different sorts of cheese are supplied one or two times per week by Askhi Ltd that buys Imeruli cheese in the Agricultural Market of Batumi and Sulguni and Smoked Sulguni from the wholesaler for Tsezari Ltd. Meat is supplied one or two times per week by Nusret Georgia Ltd which owns its own farm and a slaughterhouse.	No microbiological analysis in laboratory and no site visit. Cheese must be soft, not too salty	Not yet
Georgian Palace (5-star hotel in Kobuleti)	Cheese is checked visually and based on taste properties. Meat must be accompanied by a – Form # 2.	N/A	40-50kg of Imeruli cheese /week; 10-15kg of Sulguni/ week; In summer 100-120 kg of meat/week.	Different sorts of cheese are supplied by Kobuleti 2013 Ltd once in two days. Meat is supplied by a distribution company that buys meat in Kaspi region.		Not yet

World Palace (4-star hotel)	Cheese is mainly used to make khajapuri. Taste properties of cheese are checked by a cook. Meat must be accompanied by a Form # 2.	N/A	35 kg of Imeruli cheese/week; 15kg of Sulguni/ week; 30-50 kg of meat/week.	Different sorts of cheese are supplied by Cheese factory of Kutaisi once a week. For meat they have two suppliers, one for calf meat and another for cow meat. Suppliers buy cattle in different regions of Georgia and slaughter them in a slaughterhouse.		Not yet
Divan Suites Batumi (luxury type hotel)	It works mainly with imported products from Turkey. Georgian cheese is used to make khajapuri. Taste properties of cheese are checked by a cook. Meat must be accompanied by a Form # 2.	N/A	7 kg of Imeruli cheese/once it two weeks; 7 kg Sulguni/ once in two weeks; 3kg of Smoked Sulguni/once in two weeks; 15-20kg of meat/week.	Different sorts of cheese are supplied by Guja Ltd once in two weeks. Meat is supplied by Nusret Georgia Ltd once a week.	No microbiological analysis from laboratory and no site visit	Not yet
Golden Palace (luxury type hotel)	Cheese is used to make khajapuri. Taste properties of cheese are checked by a cook. Meat is checked only visually and it must be accompanied by a Form # 2.	N/A	20-30 kg of Imeruli cheese/week; 30-40kg of meat/week.	Cheese and meat are bought in supermarket "Goodwill".	No microbiological analyses from laboratory are required ("Goodwill")	N/A
Era Palace (4-star hotel)	Cheese is mainly used to make khajapuri. Meat must be fresh and visually safe. It must be accompanied with a document - Form 2.	Hotel requires a certificate confirming that cheese suppliers are registered as food manufacturer	30-50 kg of Imeruli cheese/week; 50-60kg of meat/ week.	Different sorts of cheese and meat are bought in supermarket "Willmart" daily.	"Willmart" supermarket requires no certificate from its cheese suppliers	N/A
Galogre (4-star hotel)	Hotel offers only breakfast to the clients, therefore, doesn't buy meat. Cheese is mainly used to make khajapuri. They taste cheese when they purchase it.	N/A	10 kg of Imeruli cheese /week.	Hotel buys cheese in supermarket "Goodwill" 2-3 times per week.	No microbiological analysis from laboratory is required. Cheese must be soft, not too salty. ("Goodwill")	Not yet

Piazza Management (3 hotels unified "Piazza", "Piazza Inn" and "Piazza Four Colours")	Cheese must be soft, not too salty. Meat must be accompanied by a – Form # 2.	N/A	10-15 kg of Imeruli cheese/week; 5-7kg of Sulguni/ week; 3-4 kg of Smoked Sulguni/ week; 60 kg meat of cow meat and 2 calves/ week.	Different sorts of cheese are bought in Agricultural market of Batumi from the same cheese trader once in a week. Meat is supplied by an informal distributor two times per week. He buys cattle from farmers in Zestafoni and slaughters them in a slaughterhouse.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi (see Note on Agrarian Markets)	Not yet
Solidarity (4-star hotel in Kobuleti)	Cheese must be soft, not too salty. Meat must be accompanied by a –Form # 2.	N/A	50-60kg of Imeruli cheese/ week; 7 kg of Sulguni; 80-100kg of meat / week.	Different sorts of cheese are supplied by an informal distributor twice in week. Meat is bought in Agricultural Market of Kobuleti 2-3 times per week.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Kobuleti (see Note on Agrarian Markets)	Not yet
Chao (3-star hotel)	Cheese is mainly used to make Khajapuri. Meat must be accompanied by a - Form # 2.	N/A	60-70kg of Imeruli cheese/week; 40-50kg of meat/week.	Different sorts of cheese are supplied by Andria Ltd that purchases cheese in Samtredia. Meat is purchased in supermarket "Willmart".	No microbiological analyses from laboratory are required. Cheese must be soft, not too salty. (Andria Ltd and "Willmart")	Not yet
Chveni Ezo (3-star hotel in Kobuleti)	Cheese quality is defined based on taste properties. Meat must be accompanied by a Form # 2.	N/A	40-50 kg of Imeruli cheese/week; 35-40kg of meat / week.	Dairy products as well as meat are bought in Agricultural Market of Kobuleti once in two days.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Kobuleti (see Note on Agrarian Markets above).	Not yet
Elza (guesthouse in Kobuleti)	Cheese is checked visually and based on taste properties. Meat must be accompanied with a document - Form 2.	N/A	15-20kg of Imeruli cheese/week; 25-30kg of meat/week.	Dairy products as well as meat are bought in Agricultural Market of Kobuleti daily.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Kobuleti (see Note on Agrarian Markets)	Not yet
Golden Star (2-star hotel)	Hotel does not offer dinner to the clients. At breakfast they do not have cheese or products using cheese..					
Bekro (2-star hotel)	Hotel does not offer dinner to the clients. At breakfast they do not have cheese or products using cheese.					
Hostel Globus	Hostel does not offer either breakfast or dinner to the clients.					

Princessa (low class hotel in Kobuleti)	Hotel does not offer either breakfast or dinner to the clients.
Iasamani (Guesthouse in Kobuleti)	Hotel does not offer either breakfast or dinner to the clients.
Rio (low class hotel in Kobuleti)	Hotel does not offer either breakfast or dinner to the clients.

RURAL GUEST HOUSES

At present rural guest houses are only a small segment of the demand for livestock products but they do offer potential for significant growth in that they have the potential to increase capacity and have occupancy beyond the short high season of the coast. There are up to 60 guesthouses (according to the tourism agency of Ajara) in mountainous Ajara. Presently they rely on home produced dairy products and meat bought from local farmers in the village or in small meat shops in Batumi. A summary of their sourcing and FS&H standards is provided in the table below:

Table 17 Overview of the guesthouses in the ALCP AJ Program Area and their FS&H Practices and Standards in General and in Relation to Programme Clients

Location	Number of guesthouses interviewed	Service offered to the tourists	Buying source of the food products (dairy and meat)	Additional information
Guesthouses in Khulo regions	4 guesthouses interviewed out of 10	The guesthouses have been operating for 3 years already. On average they have 2-4 rooms and can host 10-20 persons. Prices per person per night vary between 10-30 Gel (according to the number of meals)	Home produced dairy products are offered to the clients. In summer, during pasture season, additional dairy products can be bought from neighbors. Regarding meat, guesthouses purchase meat in a small meat shop in municipality center. In case of many visitors, they buy a cow and then slaughter it in a Ghorjomi slaughterhouse.	NFA agents inspected only one guesthouse (the largest of those interviewed) and gave some recommendations on food safety standards. According to the owners of interviewed guesthouses, clients are sensitive to hygiene issues and they pay much attention to the quality of food products. Regarding the quality of dairy products, the owners rely on local farmers as all the food products are 'ecologically pure' ³⁹ in a village. For meat, before slaughtering a vet checks the cow for disease.
Guesthouses in Shuakhevi municipality	5 guesthouses interviewed out of 12	Some guesthouses were established this year after a request from the tourism agency, while some was financed by a NGO in 2007. On average there are 3-5 rooms in each guesthouse and can host from 6 to 15 persons. Prices vary between 30-50 GEL depended on the number of meals.	Home-made dairy products are/will be offered to the visitors. If a demand is high, additional dairy products are bought from local farmers. Meat is/will be bought in an agrarian market of Batumi, in meat shop in Batumi or from neighbors depended on tourist season.	Tourism agency visited all interviewed guesthouses and took some photos to promote rural tourism. NFA agents have never inspected the guesthouses except Gomarduli cottages. As stated by owners tourists are exigent about the quality of food products. According to them all dishes are cooked with 'ecologically pure' products. But they do not have any knowledge in food safety and hygiene standards.

³⁹ 'ECOLOGICALLY CLEAN AND PURE' ARE COMMONLY USED TERMS IN GEORGIA TO DENOTE THE IDEA OF NATURAL, HOME OR COUNTRY BASED NON INTENSIVE PRODUCE. IT DOES NOT DENOTE ANY QUALIFICATION TO A RECOGNIZED STANDARD.

Guesthouses in Keda municipality	3 guesthouses interviewed out of 8	Guesthouses have been operating for several years already. One of the guesthouses was financed by a local NGO. On average they have 3 rooms and can host up to 10 tourists. Prices vary between 30-50GEL depended on the number of meals.	Home-made dairy products are offered to tourists. Demand for beef is weak, & the guesthouses mainly offer poultry and trout. In case of the demand for beef, it is purchased from local farmers in the village or in a small meat shop in Batumi. .	Tourism Agency visited guesthouse and took some photos in order to promote business. Only one interviewed guesthouse was inspected by NFA agents of Keda municipality and was given some recommendations about FSH standards. Other owners are not aware of FSH standards. According to the owners tourists pay attention to the quality of foods, but from their side no quality control is made on products.
Guesthouses in Khelvachauri municipality	2 guesthouses interviewed out of 6	Guesthouses have been operating for several years already. One of them has 3 rooms and can host 7 persons, while another has 7 rooms and can host up to 20 tourists. Price per person per night vary between 30-50GEL depended on the number of meals.	Home-made dairy products are offered to tourists. Guesthouses offer poultry meat and trout. Demand for beef meat is weak. In the case of demand meat is purchased in small meat shops in Batumi or in the village from local farmers.	Owner of one guesthouse works in a laboratory Spectri Ltd therefore, all the food products bought are checked here. The guesthouse was inspected by NFA agents only once. The owner is aware of NFA inspections and tries to meet all food safety and hygiene standards. Regarding another guesthouse, NFA made inspections.
Guesthouses in Kobuleti municipality	5 guesthouses interviewed out of 23	Guesthouses in Kobuleti municipality, in especially Sakhalvasho Village were financed by Norwegian government together with WWF. On average each of them has 2-4 rooms and can host up to 10 tourists. Price per person varies between 25-50GEL depended on the number of meals.	Home-made dairy products are offered to tourists. Meat is purchased in a village from local farmers or in an agrarian market of Batumi.	According to the owners of guesthouses tourists pay attention to the quality of food products, but usually they rent room with meal non-inclusive. However all food products offered to guests are 'ecologically pure' products. NFA agents have never inspected the guesthouses. The owners of guesthouses believe that they meet all food safety and hygiene standards in their guesthouses.

RESTAURANTS, CAFES AND KHAJAPURI BAKERIES

Restaurants, cafes and Khajapuri bakeries are the biggest consumers of meat and dairy products. They do not have their own mini laboratories where they can check quality. They purchase cheese and meat in agricultural markets of Ajara region, where they believe products are checked daily by the market laboratory. The main requirement of buyers is that cheese to be clean, soft and not too salty and meat to be accompanied by a Form # 2.

Table 18 Overview of the Restaurant, Cafes and Khajapuri bakeries in the ALCP AJ Program Area and their FS&H Practices and Standards in General and in Relation to Programme Clients

	<i>Official information</i>				<i>Feedback from suppliers</i>	
<i>Names of Restaurants, Cafes and Khajapuri bakeries</i>	<i>Attitude towards suppliers (main requirements on FS+H)</i>	<i>Inspection and checks</i>	<i>Quantity of dairy products and Meat bought</i>	<i>Buying Source for Dairy products and Meat</i>	<i>Attitude towards suppliers (main requirements on FS+H)</i>	<i>Inspection and checks</i>
San Remo (Restaurant)	Cheese is checked visually. Meat has to be accompanied by Form # 2.	N/A	150-180kg of Sulguni/week. 250-300kg of Imeruli cheese/week 80-100kg of meat/week.	Sulguni is supplied by Milk production company Tsezari Ltd; Imeruli cheese and meat are bought in agrarian market of Batumi.	No microbiological analyses from laboratory are required (Tsezari Ltd)	Not yet
Kiramala (Restaurant)	Quality of cheese is defined visually and based on taste properties. For meat they require Form # 2.	Restaurant has a vet who makes microbiological analysis for all food products.	200-250kg of Imeruli cheese/week; 50-70kg of Sulguni/day; 60-80kg of meat/week.	Different sorts of cheese are supplied daily by one cheese trader, who buys Imeruli cheese in Samtredia and Sulguni in Samegrelo. Meat is supplied by an informal distributor who buys cattle in Ajaran villages and slaughters them in a slaughterhouse.		Not yet
Koshki (Restaurant)	They check cheese only visually. For meat they ask for Form # 2.	N/A	70kg of Imeruli cheese/week; 35kg of Sulguni/week; 50-70kg of meat/week.	Cheese is bought in a supermarket "Furshet" daily; Meat is supplied daily by an entrepreneur who buys cattle in Ajaran villages and slaughters them.	No microbiological analyses from laboratory are required ("Furshet")	Not yet
Grand Grill (Restaurant)	The quality of check cheese is defined visually. For meat they ask for document Form2.	They try to make microbiological analysis in every 6 months for all meals prepared in the restaurant.	Totally 10kg of Cheese (Imeruli, Sulguni and Smoked Sulguni)/week; 60-80kg of meat/week.	Different types of cheese are bought in a supermarket "Willmart". Meat is bought in a small butcher shop.	No microbiological analyses from laboratory are required ("Willmart")	Not yet

Ukrainochka (Restaurant)	The quality of cheese is defined visually and based on taste properties. For meat they require Form # 2.	N/A	70kg of Imeruli cheese/week; 35kg of Sulguni/week; 40-50kg of meat/week.	Cheese is bought daily in an Agricultural Market of Batumi from the same cheese trader. Meat is bought in a butcher shop.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi (see Note on Agrarian Markets). Cheese must be soft, not too salty.(cheese traders in Agricultural Market of Batumi)	Not yet
Ajaran house (Restaurant)	Cheese is checked visually and based on taste properties. For meat they ask for Form 2.	N/A	70-100kg of Imeruli cheese/ week; 30-35kg of Sulguni/week; 15-20kg of Smoked Sulguni/week; 40-50kg of meat/week.	Different sorts of cheese are supplied by a distribution company, that buys Imeruli cheese in agrarian market of Batumi and Sulguni from Tsezari Ltd. Meat is bought in a butcher shop.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi see Note on Agrarian Markets	Not yet
Shemoikhede genacvale (Restaurant)	Cheese must be soft and not too salty. For meat they require Form # 2.	Product license was required from cheese supplier before signing agreement of partnership.	70-80 kg of Imeruli cheese/week; 50-60kg of meat/week.	Cheese is bought from Senaki farm daily; Meat is bought daily in a butcher shop or in a supermarket "Willmart".	No microbiological analyses from laboratory are required ("Willmart")	Not yet
Sanapiro (Restaurant)	Cheese is checked visually and based on taste properties. It must be soft and not too salty. For meat Form # 2 is required.	Restaurant has an agreement with a vet who makes microbiological analysis for all dishes prepared in the restaurant in his own mini laboratory.	70-100kg of Imeruli cheese/week; 30-35kg of Sulguni/week; 120-150 kg of meat/week.	Cheese and meat are bought daily in the Agricultural Market of Batumi.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi (see Note on Agrarian Markets)	Not yet
Babais Duqani (Café in Kobuleti)	Cheese is checked based on taste properties. It must be soft and not too salty. For meat Form # 2 is required.	N/A	10-15kg of Imeruli cheese/week; 5-6kg of Sulguni/week; 70-80kg of meat/ once in two weeks.	Sulguni is supplied by Tsifora Samtskhe Ltd. Imeruli cheese is supplied by an informal distributor who buys cheese in Imereti. Meat is bought in an agricultural market of Kobuleti.		Not yet

Green Café (Khajapuri Bakery)	Cheese quality is defined based on taste properties. As it is used to make khajapuri it must be soft and not too salty. For meat Form # 2 is required.	N/A	50-70 kg of Imeruli cheese/week. 15-20 kg of meat/week.	Cheese is bought in Agricultural Market of Batumi; Meat is bought in a small butchery shop.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi see Note on Agrarian Markets	Not yet
Bata (Khajapuri Bakery)	Cheese quality is defined based on taste properties. As it is used to make khajapuri it must be soft and not too salty.	N/A	70 kg of Imeruli cheese/week, In summer 200kg of Imeruli cheese/week; 3kg of Sulguni/week.	Cheese is supplied by an informal distributor who buys cheese in Samtredia.		Not yet
Tserodena (Café+ Khajapuri Bakery)	Cheese is mainly used to make khajapuri and it is tasted during purchasing process. Meat must be accompanied with Form # 2.	N/A	150-200 kg of Imeruli cheese/week, in summer 300-350 kg of Imeruli cheese/week 50-80kg of meat/ week.	Cheese is bought from the same cheese trader in an agricultural market of Batumi; Meat is bought in a butcher shop.	Rely on testing in market laboratory off the produce being sold by cheese and meat traders in Agricultural Market of Batumi (see Note on Agrarian Markets)	Not yet
Retro (Khajapuri Bakery)	Cheese is checked visually and it is tasted before purchasing. For met Form # 2 is required.	N/A	200-250 kg of Imeruli cheese/ week; 10-15 kg of Meat/week.	Both cheese and meat are bought in an Agricultural Market of Batumi.	As above	Not yet
Laguna (Khajapuri Bakery)	Cheese is checked visually and it is tasted before buying. It must be soft and not too salty.	N/A	120-150kg of Imeruli cheese/week.	Cheese is supplied by an informal distributor who buys cheese in Samtredia.		Not yet
Captain (Café)	They rely on suppliers and do not check taste properties of cheese. For meat Form # 2 is required.	N/A	15-20kg of Imeruli cheese/week; 8-10kg of Sulguni/week; 8-10kg of meat/week.	Different sorts of cheese are bought in an Agricultural Market of Batumi. Meat is bought in a butcher shop.	As above	Not yet
Matchakhela (Café+ Khajapuri Bakery)	Cheese is checked visually and is tasted by a cook. For meat Form # 2 is required.	N/A	200-250kg of Imeruli cheese/week; 50-60kg of Sulguni/week; 120-150kg of meat/week.	Different sorts of cheese and meat are supplied by Tsiqara Ltd that buys products in an agricultural market of Batumi.		Not yet

FOOD SAFETY AND HYGIENE ANALYSIS RELATED TO RULES

FOOD SAFETY AND HYGIENE CODEX

The Food Safety and Hygiene Codex is presently considered to be in its final form although future changes are not ruled out.

EUROPEAN ASSOCIATION AGREEMENT

On 27th of June, 2014 in Brussels the EU Association Agreement⁴⁰ was signed which allows compliant enterprises meeting stringent EU Food Safety and Hygiene standards (HACCP as a minimum) to export to the EU according to the special conditions of the agreement. It also allows EU enterprises easier access to the Georgian market. Georgian companies who already export to the European Union will benefit right from the start. Companies will also benefit immediately from simpler conditions for establishing their businesses in the European Union and in Georgia. But in order to penetrate foreign markets Georgian companies must gradually approximate their economic, financial regulations and food safety standards to those of the EU. In April important amendments were made in the Food Safety Code however about 90 normative acts have to be adopted in the Codex to facilitate the harmonization of Georgian legislation to that of the EU. A seven-year plan for this harmonization was drawn out by the Ministry of Agriculture of Georgia.

According to the chief specialist of chamber of commerce of Ajara, appropriate laboratories have to be established that will enable food product manufacturers to carry out appropriate analysis. The Chamber of Commerce of Ajara is ready to consult local food product manufacturers on regulations that will be demanded by foreign markets.

NATIONAL FOOD AGENCY (NFA) IN GEORGIA AND AJARA

In Ajara region the National Food Agency was established in 2006 operated separately as a food safety, veterinary and plant protection agency. In 2011, this agency was merged with the agency in Tbilisi and started operation under the name Ajara A/R regional division of National Food Agency. Before 2014, the agency had one inspector, but in 2014, 6 additional inspectors were hired and controls have strengthened. The Ajara A/R regional division of National Food agency has offices in Batumi, Khulo, Shuakhevi and Kobuleti municipality and Keda municipality. In the offices 2 vets are attached, but they are not allowed to carry out inspection without inspectors from Batumi office.

The main aim of the offices in the municipalities is to create a list of business operators, shops or other establishments that can be controlled for Food Safety and Hygiene standards. The division of Ajara region conducts scheduled and unscheduled inspections. However, it does not currently have the right to carry out inspections before the NFA in Tbilisi issues a decree. This decree is issued based on report written by regional division, after receiving a complaint (from consumers, NGOs, non-profit organisations, ministry of labour, health and social care and etc.) regarding violations of food safety and hygiene rules in an establishment.

The Ajara A/R regional division itself can make only monitoring checks independently, it means checking documentation (especially for meat products), labelling and the validity of products. Also it can provide private consultation services on FS&H standards to local business operators located in Ajara region. In Ajara region, there are no private consultancy companies that can provide consultancy to business operators on food safety and hygiene standards.

PROGRESS ON THE ENFORCEMENT OF THE FOOD SAFETY AND HYGIENE LAW

Slaughterhouses

From the beginning of 2012 the National Food Agency started to enforce the food safety and hygiene regulations and did inspections of slaughterhouses and meat shops that led to some regulation of the meat sector and slaughtering of cattle in the slaughterhouses. However, after elections in October 2012

⁴⁰ ASSOCIATION AGREEMENTS ARE INTERNATIONAL AGREEMENTS THAT THE EUROPEAN COMMUNITY / EUROPEAN UNION HAS CONCLUDED WITH THIRD COUNTRIES WITH THE AIM OF SETTING UP AN ALL-EMBRACING FRAMEWORK TO CONDUCT BILATERAL RELATIONS. THESE AGREEMENTS NORMALLY PROVIDE FOR THE PROGRESSIVE LIBERALISATION OF TRADE.

enforcement waned allowing the restarting backyard slaughtering and decreasing of the profitability of compliant slaughterhouses that lost their trade. Based on the Government Decree adopted on June, 05, 2014 the veterinarians of the National Food Agency attached to slaughterhouses will be equipped with special video cameras. With the purpose to tighten control and surveillance over meat and meat products each case of animal slaughter starting from June, 15 has to be recorded/filmed which on the one hand will make vets' work more transparent and on the other hand will minimize the risk of suspicious and untested meat access to the market. In Ajara, since mid-June the NFA has already equipped all vets attached to operational slaughterhouses with video cameras. Thus, they control the process of slaughtering and issuing Form #2 document.

FOOD RETAIL OUTLETS

The number of NFA inspectors has increased in 2014 throughout Georgia. In 2013 there were 24 authorized inspectors across the country, of which 1 inspector was represented in Ajara region; currently the number of inspectors selected through a contest has increased up to 74 across Georgia and 7 in Ajara. The process of selection is on-going. The increase in inspection personnel has enabled the National Food Agency to carry out 1016 inspections across the country (including May, 2014) out of which 614 were scheduled inspections and 42 unscheduled inspections and 360 re-inspections. 75 different business operators in Ajara were inspected in 2013, out of which fines were levied on 14 business operators and 2 businesses were closed. Up until 2014, 52 different business operators were inspected. As a result expired products were found and destroyed and penalties were imposed on 10 business operators. Fines have been levied on business operators of between 400-1200 GEL. As Ajara is a tourist destination, the key purpose of the regional division is to inspect the HoReCa sector before tourist season starts. Currently, the agency is working with schools and Kindergarten canteens and all these inspections have to be done before 15th of September. The Agency has called for consumers to be more attentive with regard to sell by dates and storage conditions when buying food at market.

NEW REQUIREMENTS UNDER THE PRESENT CODE FOR FOOD SAFETY, VETERINARY AND PLANT PROTECTION:

On 20th of March 2014 a version of "Code for Food Safety, Veterinary and Plant Protection" was presented by the government of Georgia to the Parliament. According to this version of the code, every food manufacturer has to meet hygiene rules and all the products represented in supermarkets have to be safe and clean. In this version of Code, the law has to change the Food Safety situation in the whole Georgia with stricter controls producers making Imeruli cheese and *Matsoni* in villages at home. However this law will be postponed for farmer made cheese until 2020 and means that HH cheese producers will not be checked by the NFA and will keep producing and selling cheese produced in uncompliant conditions.

HACCP AND TRACEABILITY

The NFA is starting to require food shops and catering facilities follow HACCP requirements as part of its new plans to control milk processors, milk collection centres and slaughterhouses. The HACCP system is not mandatory for primary producers (farmers). But it is mandatory according to the present codex for all food processors. In Ajara the HACCP system will become mandatory by the end of the year.

Food Safety is currently undermined by a lack of enforcement throughout the value chain. A key constraint is the weak relationship between food producing enterprises and supermarkets. Often suppliers of supermarkets do not meet basic food safety and hygiene requirements and most of the supermarkets, agrarian markets and retailers do not have in place procedures which result in compliant and checked products being stocked in their shops and traceability is very weak.

LABELLING:

The NFA has strengthened Controls on the labelling of genetically modified products that will become mandatory from August 1, 2014. Each product has to have a label indicating whether the product contains genetically modified components (more than .0.9% of the total weight of product). A fine of 500GEL will be imposed to business operators and the product will be destroyed in the case of non-compliance.

LABORATORY TESTING OF FOOD SAMPLES

See the following veterinary section for detailed information on Laboratory facilities in Ajara and Tables 15 – 18 concerning the testing performed by HoReCa sector players .

BIO PRODUCTION:

On 8th of August, 2013 the government of Georgia adopted a resolution concerning “Bio Production” developed by the Ministry of Agriculture of Georgia. The resolution entered into force on 1st of August, 2014 the Use of “Organic”, “Eco”, “Bio” and similar terms in advertisements or including them in texts that describe a non-certified product will become limited. Bio Production certificates are issued by “Caucas Cert” LTD and gives more opportunities to export their products in EU countries.

PUBLIC AWARENESS AND THE MEDIA

The Agricultural TV Programme “Chveni Ferma” (Our Farm) has been broadcasting weekly since May, 2010 on the Georgian Public Broadcaster and covers the whole Georgia. From August 2013 “Chveni Ferma” has included a 5 minute FS&H slot providing information and a lesson showing smart/simple, approximately 3 minutes lessons to get clean milk and safety dairy production from the food processing enterprises. The programme will help enterprises and farmers to comply with FS& H rules to avoid fines and potential closure by the NFA, as well as to increase farmer’s awareness on hygiene rules to get cleaner milk.

Since April 2013 every Thursday, another agricultural talk-show “*Me Var Fermeri*” (I am a farmer) has been broadcasting on Ajara TV. They have reports from fields and different types of advice for farmers regarding livestock husbandry and farming as well as information on operational laboratories and NFA standards and hygiene issues that have to be respected by all farmers in order to produce safe products. But the information provided is poor and the content of the talk-show does not often correspond to the announcements disseminated on TV.

In 2013 TV channel “TV3” was launched broadcasting in Tbilisi and its surroundings. In its programme “Test Purchases” the TV3 channel asks consumers to select and buy products/food from the market and then tests them showing when they are unsafe. Each episode is dedicated to a new product.

SUPPORTING FUNCTIONS

VETERINARY SERVICES

There are several village-based fairly informal providers of veterinary services and drugs in the programme area (see Table 17) in the form of home based providers offering a limited range of drugs and small veterinary pharmacies in more urban locations.⁴¹ A limited range of drugs is stocked, embedded advice is minimal and the pharmacies lack appropriate storage facilities that are essential for the safe storage of vet drugs. Vet pharmacies and their customers have lack of the knowledge in new technologies, treatment methods and drugs. There is limited ability to diagnose illness or disease or subsequently to accurately prescribe appropriate treatment. Traditional remedies (such as herbs and homemade treatment methods) as well as self-prescribed veterinary drugs for the healing of livestock are popular. There is presently no system of information dissemination for farmers about vaccination requirements and potential hazards. Farmers purchase drugs based on their own estimation of what is required or in tandem with the sellers' advice and only rarely with the prescription of a veterinarian. Data management systems or follow up is absent. According to the vet pharmacy and sales data available, sales (e.g. worming medicines) increase in summer before the livestock is moved to summer pastures and when there is a peak in the spread of livestock diseases and in autumn before the animals are wintered. In winter time, sales decrease. The prices of medicines are influenced by high transaction costs due to costly distribution of the main companies due to the relatively small demand. Trust and confidence in services on offer seem to be an issue, according to key informant interviews SSLP's are sceptical towards new drugs and regard them as of poor quality and less-effective.

WOMENS ROLE RELATED TO VETERINARY TREATMENT AND SERVICES

Women are often the first to note the incidence of disease and can detail the symptoms and request drugs for treatment. Men make decisions on further veterinary services: vaccines and medical treatment. Most vet pharmacy owners are men and they have women sales people, but there are 2 vet pharmacies in Batumi owned by women one of whom is a vet. Men and women visit vet points almost equally where the services are easily accessible to the village however men are more mobile than women and therefore have more access to the predominantly urban located pharmacies. Therefore in the lower zone areas closer to the urban centres Kobuleti, Batumi and Khelvachauri women have more access to vet pharmacies (when they come to the agricultural market for selling their product such as cheese and other dairy products, they buy vet drugs if needed). In the middle and upper zone area of Khulo, Shuakhevi, Keda and Kobuleti municipalities, women rarely visit Batumi because of long distance from their villages. Traditional methods for treatment of livestock are also used more by women.

VETERINARY INPUT SUPPLY IN THE PROGRAMME AREA

There are three main veterinary input supplier companies whose products are stocked by the local vet-pharmacies, presently distribution is only to veterinary pharmacies in the lowland areas of Ajara mainly in Batumi, Kobuleti and Khelvachauri. Farmers from Khulo, Shuakhevi, Keda and Khelvachauri visit Batumi to buy vet drugs.

- *Roki Ltd*: Most vet pharmacies in Batumi, Kobuleti and Khelvachauri are supplied with vet drugs once a week. Roki is the largest distributor and it's sister company the largest manufacturer of generic veterinary drugs in Georgia.⁴²
- *Invet Ltd*: Distribution twice a month as above.⁴³
- *Megavet Ltd*: Distribution in Batumi and Kobuleti.

⁴¹ VETERINARY PHARMACIES ARE USUALLY LITTLE MORE THAN VERY SMALL SELLING POINTS WITH A LIMITED SUPPLY OF DRUGS WHO MAY OR MAY NOT BE OWED, STAFFED OR RUN BY PERSONNEL WITH VETERINARY QUALIFICATIONS OR EXPERIENCE.

⁴² ALLIANCES CLIENT.

⁴³ MOLI CLIENT.

Table 17 Veterinary Pharmacies in the Programme Area

Municipality	Number of Vet Pharmacies
Khulo	1 in Khulo center. There are several home-based vet points.
Shuakhevi	0 in Shuakhevi, but there are several home-based vet points.
Keda	2 in Keda center
Khelvachauri	4 in Khelvachauri
Batumi	10 in Batumi. Mostly located near the Agro market and Bus Station
Kobuleti	2 in Kobuleti

THE NFA AND VETERINARY OUTREACH

The National Food Agency is responsible for veterinary controls over disease and export and has municipal representatives in all five municipalities. In general their outreach is low and limited to conducting a limited number of vaccinations. Vaccinations for Anthrax for 2012-13 and 1st quarter of 2014 numbered 1,000 (Khulo) and 1,650 (Keda), no vaccinations for Anthrax have been carried out in Shuakhevi, Khelvachauri and Kobuleti. Vaccinations for Foot and mouth disease for 2012-13 and 1st quarter of 2014 numbered 98,650 (Khulo), 46 675 (Shuakhevi) 16,038 (Keda), 12,570 (Khelvachauri), 29,574 (Kobuleti). The Head of the NFA in Ajara has stressed the serious crisis⁴⁴ in terms of veterinary personnel and capacity in Ajara and Georgia more widely. Brucellosis is an area of particular concern for the agency. In the case of the export of meat abroad the municipal NFA representatives issue special certificates on inspection. For example, in 2014 Slaughterhouse “Batumi Meat Combinat” LTD located in Erge village, Khelvachauri municipality exported 12 tonnes of sheep meat to Iraq and the local division of the NFA provided certification. The NFA representatives have 400-460 Gel monthly salary according to their qualification and education. They can provide private consultation and are paid 20 GEL for each consultation.

In April 2014, the veterinary department of NFA launched vet pharmacy inspections all over the country. In Ajara, 12 vet points have been inspected in terms of validity of drugs sold and storage conditions for antibiotics. Inspections will be held 3 times a year on a permanent basis

LABORATORIES

In whole of Georgia there are 3 laboratories run by the MOA for sample collection, registration, laboratory tests, and in emergency cases sending them to the zone-diagnostic laboratory: Tbilisi, Kutaisi and Akhaltsikhe and 8 field stations based in Gurjaani, Dusheti, Marneuli, Gori, Zugdidi, Ozurgeti, Ambrolauri and Batumi. Brucellosis is diagnosed by milk or blood samples, and Anthrax is diagnosed by cattle/sheep skin samples. Samples received in the laboratory for other diseases are sent to the Tbilisi laboratory for tests. Local farmers rarely take milk and blood samples to the laboratory to test for diseases. Prices are: one test of blood – 5 GEL, one test of milk – 3 GEL, test of skin – 0.5GEL/piece. If the results are negative, the answer is given in 2 hours, in case of positive results – 5 days. Where disease is identified, the laboratory is responsible to inform NFA representatives in the region. In addition the *LEPL “laboratory research center”* was established by the Ministry of Agriculture of Ajara A.R. It mainly provides food and water quality control services. Chemical analysis requires 1 day and bacterial analysis 3 days. 5 small private labs are available in Ajara region, out of which 4 are located in Batumi and 1 in Kobuleti:

- *3 Laboratories in agro Markets (2 in Batumi and 1 in Kobuleti)* - these laboratories are owned by the owners of agro markets and run by certified vets. They check products that are sold within the agricultural market. Vets in the Batumi agro market laboratory found out 2 cases of Anthrax in 2013.

⁴⁴ OFTEN MENTIONED IN ROUNDTABLES BY INVOLVED STAKEHOLDERS THERE IS A CRITICAL LACK OF TRAINED AND UP AND COMING VETERINARIANS IN GEORGIA SPECIALIZING IN LIVESTOCK EXISTING VETERINARIANS ARE MOSTLY ELDERLY THE CAPACITY AND KNOWLEDGE OF MANY THROUGH NO FAULT OF THEIR OWN IS POOR.

- *Spektri Ltd.* - Established in 1995 in Ajara. The company is owned by private individual (economist) and run by Chemist-Biologist. Currently it isn't accredited. Its main clients are suppliers and traders of dairy and meat product. They do microbiological analysis on food samples. Results require 3-5 days.
- *Caspian Inspection laboratory*- owned and run by private individual (power specialist). They check sugar, cereal, rice etc. They don't check meat and dairy products.

BREEDING

Farmers in Ajara mostly own Ajaran Mountain cattle and the Caucasus Brown (Caucasus Mountain X Brown Swiss). It is estimated that approximately 50% are Caucasus Brown mostly in Kobuleti, Batumi, Khelvachauri and around 50% are Ajaran Mountain cattle type of breed usually in Khulo, Shuakhevi and Keda. The Ajaran Mountain is a fairly amorphous breed and may incorporate other regional breeds such as Khevsuruli, Osuri and Svanuri. These are general purpose breeds and bred for survival, hardiness, and ability to walk long distances in search of forage. Other main advantages of this breed are milk fat content (4.4-4.5 percent) which is 0.5% greater than the fat content of the milk of other native breeds. Also their hoofs and knees are strong essential for the mountainous and steep sided terrain of Ajara. The main disadvantages of Ajaran mountain cattle are that they are less productive in terms of output and their confirmation and smaller size, which means low amount of meat. Also the absence of breed selection is problematic.

WOMENS ROLE RELATED TO BREEDING

Use of breeding services are predominantly an activity in the male sphere as men take the cow for insemination and communicate with the AI practitioners, vets and bull service providers, as almost all of them are male and are mostly located outside of the village. However women are closely involved in breeding on the level of usually being the first to know if the cow is on heat, and in addition women farmers are clear in prioritizing female newborn to increase milk yield as their priority is selling milk and cheese. The reproduction cycle of cows is controlled by women.

BREEDING SERVICES IN THE EXPANDED PROGRAMME AREA

The vast majority of farmers rely on natural service, running their cattle with the herd and local bulls in summer or taking their cattle to bulls owned by their neighbours or occasionally taking them to other villages if there is a particularly good quality bull. The focus group revealed a strong desire amongst farmers to access to improved bulls. Farmers in Ajara do however have access to Artificial Insemination (AI) services which became available in 2012 through the Agro Service Centre (ASC) under the MOAA and under the EUENPARD UNDP program still through the Agro Service Centre since 2013.

Artificial Insemination

AI services are run by the Agro Service Center⁴⁵ of Ajara, the extension arm of the MOAA. They have 14 specialists (practitioners) who deliver services in all 5 municipalities of Ajara. 6 in Khulo, 2 in Shuakhevi, 2 in Keda, 2 in Khelvachauri and 2 in Kobuleti. In Ajara region there is no private AI specialist. The price per insemination is 10 GEL in rural area and 20 GEL in urban area. 100 cows were inseminated in 2012, 278 in 2013 and 364 in the 1st quarter of 2014. According to the ASC, 61% of inseminated cows have a positive result which includes repeat inseminations. No data is available on the rate of repeat inseminations. Repeated inseminations are carried out at an additional cost to farmers. Brown Swiss and Jersey breeds are most in demand for better milking. 50% of the calves are female and 50% male. Although the number of services delivered has increased over the years it is not yet being provided on a commercial basis as demand is weak with farmers are still sceptical of this new method of breeding. They site difficulty calving and low success rates as well as logistical difficulties e.g. getting a technician to the cow on time as reasons for this amongst others. AI practitioners have net salary 900

⁴⁵ PLEASE SEE THE GOA, MOAA AGRICULTURAL POLICIES CHAPTER IN THE RULES SECTION.

GEL and they are not paid extra for each insemination. The ASC has not conducted a survey of farmers attitudes to the service to date and has plans for the hand over following the ENPARD program to as yet undecided entities possibly practitioners to continue the service commercially.

NUTRITION

Nutrition is considered by farmers to be one of the most serious constraints to livestock production in the region. Farmers were clear in the focus group that improved storage and machinery for hay as well as access to cheaper sources of quality feed were vital. The steep wooded topography provides little access to local village grazing so much depended on throughout Georgia. Animals are frequently seen grazing the 'long acre' at the side of the road. Khulo municipality and to a lesser extent Shuakhevi municipalities at the top of the watershed have closer access to wide-ranging summer pasture with a relative effect on the number of cattle present in the municipality. As elsewhere in Georgia the main nutrition for livestock is grass, hay and bran. Lack of access to grazing, pasture land and access to hay makes livestock keepers dependent on the import of hay from other regions of Georgia to maintain livestock through the winter. There is very little purpose built storage for hay that is imported and locally harvested hay is mostly stored in small scale ricks built up around a pole. Only 30% of hay used in Ajara is produced in Ajara, 70% is imported from Kvemo Kartli, Samtskhe-Javakheti and Kakheti either through the Goderdzi Pass or the main road from Tbilisi.

In Ajara there are 37,759 ha of pasture lands, which include summer pasture. Cattle from all municipalities are moved to summer pastures from May to September every year. Khulo and Shuakhevi municipalities have 27,386 ha of pasture which includes highland/summer pasture, Keda, Khelvachauri and Kobuleti have 10,373ha with no highland summer pasture lands). 81% of cattle from Khulo and 71 % from Shuakhevi respectively, are moved to their own municipality summer pastures (Beshumi, Alme, Didatchara, Tetrobi, Zortikeli, Sarichairi, Chirukhi, Sabertsya, Sanalya, Ghoma, Meriakeli, Katriani, Natsara, etc.). 50% of cattle from Keda municipality are moved to summer pastures of Shuakhevi and Khulo (Kvesavri, Sarichairi). Only 20% of cattle from Khelvachauri are moved to Beshumi (Khulo) and Adigeni (Samtskhe-Javakheti); and up to 8% of cattle from Kobuleti are moved to Bakhmaro (Guria). The closest summer pasture is in 12 km from the village (Khulo) and the furthest is 80 km (Adigeni, Samtskhe-Javakheti). Pasture lands in Ajara are not registered owned by the central government and there is no pasture land management system in place through the Ministry of Economy and Sustainable Development of Georgia. Farmers use pasture lands for free and pay only 5-10 GEL per cattle to herdsman. In Ajara cows are housed in the winter. According to the Soviet system of feed comparison, hay from mountain pasture has a feed value of 0.50-0.55 feed units and that from hay land 0.3-0.35 feed units. The 0.20 feed unit loss in quality may be attributed mostly to late cutting of the hay in the year (August) when the grass has set seed and become fibrous. This in turn may be attributed to tradition, lack of awareness or the prioritization of bulk over quality (concentration of nutrients and digestibility) and lack of availability of machinery.

Hay itself signifies a huge expense for farmers particularly in a bad year where untimely rain means a soaring hay price. In addition where access to market for dairy products is limited or risky the farmers cannot justify the allocation of precious cash to nutritional inputs where the end point of the investment is unclear. Farmers commonly give salt to livestock as a mineral supplement. All other trace elements come from their feed and forage. It is not known whether trace-element deficiencies are common in the area. Inorganic and organic fertilizers are not commonly used on hay or pasture land which may be partly due to a lack of awareness of economic benefits, the perception that the returns are not worth the investment or due to accessibility. Irrigated hay or pasture land is a rarity and farmers prioritize horticulture. Bran is also one of the main sources of additional feed for farmers alongside maize Stover. Compound feeds are available in urban centres of the program area however they are generally too expensive for farmers to consider feeding their cattle when returns are uncertain.

WOMENS ROLES RELATED TO NUTRITION

Women are traditionally responsible for feeding the animals. Both, women and men have access to pasture, hay or any other available nutrition for cattle. Also women feed cattle with the by-products of the food which farmers consume. In summer from villages men often go abroad (mainly to Turkey) to work and during that period of time women responsibilities to household increase and cover the fields which are usually under a men's control. In hay making both women and men participate. Man mostly cut the hay and women collect it. After that man brings it down to stook or store.

NUTRITIONAL INPUT SUPPLIERS IN THE PROGRAMME AREA

BG (Brewers Grains) and an affordable combined feed are now being supplied in the program area by a slow expansion of the activities of Ednari Antadze (Alliance KK program client) and his representative in Khulo, Bachuki Antadze. His combined feed contains 40% bran, 40% maize, 15% barley and 5% cottonseed cake. Ednari Antadze started sale of the combined feed in the villages of Khulo municipality, Rikheti and Dioknise. The amount of distributed combine feed is 10 tonnes every two months reflecting difficulties due to lack of access due to appropriate transport and the slow uptake by extremely price sensitive local farmers who will slowly copy early adopters on seeing clear results. In Batumi, Kobuleti and Khelvachauri there are a few feed mills which make combined feed for livestock. Mill owners use their own recipes and sell combined feed themselves or through their representatives. In all municipalities there are mills almost in every village at least one or two, working on electricity or water. But they are not equipped with proper equipment to produce combined feed and are only used to grind maize.

Overall picture of combined feed mills in Ajara:

- *Khulo*: No local combined feed mill. One Brewers Grain combined feed distributor (ALCP KK client).
- *Batumi*: There are 3 mills in the agricultural market and only two of them make combined feed for farmers. 1 kg of combined feed price is 70 tetri and contains 20% barley, 20% wheat, 45% Maize, 5% bran, 10% Soy. Raw materials are supplied from Lagodekhi and Signagi.
- *Kobuleti*: In Kobuleti there is one combined feed mill near the agricultural market, which has been operating since January 2014. Demand for the product is increasing and combined feed is becoming more popular with farmers. Raw materials are supplied from Imereti Region.

HAY MARKET & HAY TRADERS

Hay markets in Ajara are located in Batumi and Kobuleti. 70% of hay is imported from Kvemo Kartli, Kakheti and Samtskhe-Javakheti from autumn to spring. In summer time only local hay traders' trade with hay, but when demand for hay rises, hay traders from other regions also come to Ajara for business. Approximately 70 people are involved in the hay business. The highest price for hay is in winter - up to 12 GEL/ 20kg bale, with the lowest price is in summer at 6 GEL/20kg bale. One standard bale weighs between 18-22 kg. The best season for the sale of hay at the local hay markets is from September to April and in that period of time hay traders bring hay to Ajara twice a month. The capacity of most trucks is about 600 bales, and trailers are mainly used for this purpose. Hay traders mainly focus on the suburbs of Batumi.

MACHINERY & HAY

Hay making is one of the key constraints of animal nutrition in Ajara region. Hay is predominantly made by hand and is costly in time and money with a significant proportion of draught animal power being used. The majority of the farmers buy hay from other regions through the hay intermediaries/traders. Some of this is related to hay land being located on difficult terrain inaccessible to machinery, but in general the main drawback for fully exploiting the land potential is the lack of access to appropriate machinery, machinery services or the finances to purchase or rent them. All respondents of the focus group surveys give absolute priority to the need for small and medium sized machinery/implements (hand mowers and motto-blocks) for hay making rather than large tractors or larger implements. Government established machinery service centres are located in the municipal centres with low

organizational service delivery and new but inappropriate machinery for small and mountainous hay land of the region. Machinery service providers struggle with old machinery with high running costs and low efficiency. Besides, farmers still use hand mowers and rakes for hay making. Good management practices related to hay production, the availability of good quality and appropriate machinery services that allow for cost effective and timely hay operations will help to defray the impact of bad years and maximize the positive impact of good years. A sufficient amount and upgraded quality of hay over winter can play a determining role in the development of the small scale livestock producer in the expansion of the number of milking cows or in improved feeding for better productivity.

MACHINERY CENTRES

Only about 20% of farmers use modern technology for hay making or cultivation. Buyers complain of high price and no access to finance. Machinery centres mostly import machinery from China, South Korea, and Turkey. One big machinery center Mekanizatori LLC is based in Chakvi, Kobuleti municipality with representatives in each municipality. It was established in 2013 with the support of the Government of Georgia. However they mainly stock and rent larger machines and lack proper machinery for cultivating or hay making in mountainous or hilly areas. They only provide services and do not sell machinery. In 2014 they plan to mow 350 tonnes of hay in Ajara (according to requests made in advance by farmers). 1 ha mowing costs 58 GEL and price for one bale is 0.5 GEL. In Batumi there are several machinery centres between Pushkin and Tsereteli Street. Their main products are strimmers, motto blocks and small tractors. The main customers are farmers from all municipalities.

MACHINERY OPERATORS

Machinery services are available from numerous operators ranging from small individual operators with a tractor and a few implements, but the service is limited by the age of the machinery and its state of repair. The high capital replacement costs and limited or expensive credit mean that accessing replacements is difficult. Due to the high running costs, the services offered are relatively expensive but are however cheaper than those offered by Mekanizatori LLC.

ACCESS TO INFORMATION

Media is present and is stronger with better coverage in Ajara compared to Kvemo Kartli and Samtskhe Javakheti, however provision is mostly urban centric and the agricultural community and non-urban audience is poorly served in terms of dedicated agricultural topics and information. Ajara TV is the only local TV channel with regional coverage and an agricultural programme *Me Var Permeri* 'I am a Farmer', however it focuses mainly on large farmers and new technology, with no emphasis on the private sector, SME's and issues of real note for the majority of small scale livestock producers such as those related to animal disease, livestock nutrition or Food Safety and Hygiene laws. TV 25 covers Batumi, Khelvachauri and Kobuleti; it is also available on satellite. On the TV there is almost no quality agricultural programming on local, regional and rural issues with only short items included in the daily news, relating to reports on activities of the MOAA. *Batumelebi* is the only newspaper with regional coverage, however it does not adopt a commercial sales model and mostly remains a subscription newspaper with only small numbers of it is selling through selling points in Batumi City. The newspaper continues to derive a significant proportion of its funding from donors. Newspaper *Ajara's* main subscribers are public officials. *Ajara P.S* covers Kobuleti, Khelvachauri and Batumi. Khulo and Shuakhevi municipalities have their own local government subsidized newspapers and public officials are the main subscribers of the newspapers. When articles on farming do appear in the newspapers they are written and paid for by donor-funded projects, with agricultural content ceasing with the funding. The budgets of TV and newspapers are insufficient for improvements in technical equipment and programme development. Consumer research and marketing activities have been never carried out. Journalists lack capacity and relevant experience to serve a rural audience.

WOMEN ROLES RELATED TO INFORMATION

Both women and men have an access to information channels but ownership differs: TV channels are generally controlled by men and newspapers and online agencies by women. Men gather in public on the street to chat and use ‘Birja’ to spread information. Women do not have the same level of access to informal information networks. When newspapers and other information are sold or become available in rural villages rather than just in towns the access of women to them increases considerably as men generally have greater freedom of movement.

Table 19 Media Sources in the Programme Area.

Media Source	Language	Villages Covered	Readership/ Users	Source of Revenue	Agricultural Content
“Ajara TV” regional broadcaster	Georgian	All villages of Ajara region; also, available on satellite	Unknown	4 Million GEL from the Ajara budget per year	Yes
“25 TV” LTD	Georgian	Batumi, Kobuleti and Khelvachauri; also, available on satellite	Unknown	Sales & funding from Donors	No
“Batumelebi” LTD newspaper and online news agency (24 pages; circulation 3000 copies/week; 1 Gel)	Georgian	All villages of Ajara region	4700/week	Sales & funding from Donors	No
“Ajara P.S” LTD Newspaper (4 pages; circulation 2000copies/week; 0.25 GEL)	Georgian	Kobuleti, Khelvachauri, Batumi	2000/week	Sales	No
“Ajara” LTD (8 pages; three times edition/week; circulation 800 copies/week)	Georgian	All villages of Ajara region	2400/week	Sales	No
“Khulo” (8 pages; two times edition/month; circulation 1000 copies/month)	Georgian	all villages of Khulo	1000/month	Government Subsidies & Sales	No
“Shuakhevi” (8 pages; once in a month; circulation 500 copies/month)	Georgian	all villages of Shuakhevi	500/month	Government Subsidies & Sales	No

ACCESS TO FINANCE

At present, the agro-industrial sector particularly SME's attempting to formalize and invest in this development for sustainable growth in a risky environment, is experiencing a lack of funds which directly affects the potential of production and economic indicators. The banks are focused on short-term results and as a result customers' interests are neglected. Accessing formal capital for expansion such as bank loans is difficult as banks still generally perceive agribusiness to be risky. Different types of loans and programs offered by financial institutions in the agricultural sector for the population of Khulo, Shuakhevi, Keda, Khelvachauri and Kobuleti municipalities are available, but are difficult to access.

Table 20 A Summary of Credit Institutions in Ajara

Credit Institutions	Type of institution	Offices	Agricultural Loan Products	Average Amount (USD)	Loan Term (month)	Annual Interest Rate (%)
Pro-Credit Bank	Bank	Batumi Kobuleti	Agricultural & Business loans	50 - 100 000	2-60	24-36
Bank of Georgia	Bank	All municipalities except Keda	Agricultural & Business loans	350 - 500 000	1-60	14-24
Republic	Bank	Batumi	Agricultural & Business loans	2 000 - 100 000	3-120	16-18
VTB	Bank	Batumi	Agricultural & Business loans	150 - 30 000	1-60	13-16
Liberty Bank	Bank	All municipalities	Agricultural & Business loans	100 – 50 000	3-60	15-20
Cartu Bank	Bank	Batumi	Agricultural & Business loans	3000 – 500 000	3-120	13-16
TBC	Bank	Batumi	Agricultural & Business loans	3000 – 400 000	3-36	13-20
BasisBank	Bank	Batumi	Agricultural & Business loans	200 – 70 000	1-120	13-18
KOR Standard Bank	Bank	Batumi	Agricultural & Business loans	300 – 500 000	3-36	13-20
Bank Constanta	Bank	Batumi Khulo Kobuleti	Agricultural & Business loans	3000 – 70 000	3-60	15-34
Credo	MFI	Batumi Khelvachauri Kobuleti	Agricultural & Business loans	50 - 30 000	2-60	16-30
Lazika	MFI	Batumi Khulo Kobuleti	Agricultural & Business loans	100 – 30 000	4-48	12-24
Finca Georgia	MFI	Batumi Khulo	Agricultural & Business loans	50 – 30 000	3-60	19-24

PREFERENTIAL AGRO CREDIT PROJECT

This project aims to revive the rural economy, return the population back to the village and aid their economic growth. It also aims to increase the output of competitive and high quality production. The preferential agro credit products that are accessible in 11 banks and 1 MFIs have already financed 34

existing businesses under 2nd component and 6 existing businesses under 3rd component (including 3 start-ups) in AJ. However these loans have primarily gone to large business people with existing assets and businesses and a significant number⁴⁶ of functional SME's facilitated by the SDC MOLI and Alliances SJ and KK programmes have been refused credit. To date the programme has given Agro loans in amount of GEL 317 098 739 to 14 097 lenders.⁴⁷

Table 21 Agro loans issued in Georgia.

Component #	Amount (GEL)	# of Lenders
I	1,837,478	4,309
II	168,644,240	9,258
III	96,991,211	482
V	49,625,810	48

The governments' scheme "Preferential Agro credit Project" began operations in March, 2013 and originally started offering three lower interest components:

1. Commodity interest-free credit/loan for a small scale livestock producers - up to GEL 5 000 interest-free loans with no collateral back-up.
2. Agro credit for medium and large scale livestock producers – no more than 7 - 8% annual interest rate, Credit ranging from GEL 5 000 to 100 000.
3. Agro credit for agricultural production no more than 3% annual interest rate - Long-term funding for technology with GEL 1 000 000 limit.

After a year of the program implementation, four other components were added to the portfolio of the low interest loans:

4. Agro leasing for agricultural production – no more than 3% annual interest rate - Long term funding (84months) for technology with GEL 1 000 000 limit.
5. Agro Credit for grape processing companies – no more than 6% interest rate, 15 months funding only for purchasing grapes with GEL 10 000 000 limit.
6. Agro Credit for citrus exporter and processing companies - no more than 6% interest rate – short term funding (max 4 months) with GEL 10 000 000 limit and GEL 30 000 000 total budget of the component.
7. Agro Credit with accompanying grant for the start-up agricultural production in municipalities with no more than 2% interest rate - long term funding (120 months) with USD 500 000.

CO-FINANCING PROJECT OF AGRO PROCESSING ENTERPRISES

The Co-financing Project of Agro Processing Enterprises is a governmental programme, which started in April, 2014. The objective is the establishment of new enterprises in relatively low economically active municipalities, geographical diversification of processing enterprises, improvement of preconditions for establishing agricultural cooperatives, development of raw materials and increase of incomes of rural inhabitants. In Ajara, the project covers all five municipalities. Currently, submitted applications to the project are being discussed; as soon as the winners are revealed the process of giving concessional credit and grants will take place.

⁴⁶ 5 OUT OF 10 IN SJ, 2 OUT OF 5 IN KK

⁴⁷ UNDER THE 2ND AND 3RD COMPONENTS KAKHETI IS THE FIRST BIGGEST IN TERMS OF THE SIZE OF THE LOAN PORTFOLIOS WITH GEL 91 571 470 (TOTALLY 4243 LOANS) UNDER 2ND COMPONENT AND GEL 40 743 800 (215 LOANS) UNDER 3RD COMPONENT. KVEMO KARTLI IS THE SECOND BIGGEST WITH GEL 31 661 894 (2111 LOANS) UNDER 2ND COMPONENT AND WITH GEL 16 774 477 (96 LOANS) UNDER 3RD COMPONENT. SAMTSKHE-JAVAKHETI IS THE FIFTH LARGEST WITH GEL 7 065 400 (613 LOANS) UNDER 2ND COMPONENT AND THE SEVENTH WITH GEL 2 479 354 (20 LOANS) UNDER 3RD COMPONENT. AJARA IS NINTH LARGEST WITH GEL 560 050 (34 LOANS) UNDER 2ND COMPONENT AND THE TENTH WITH GEL 936 946 (6 LOANS) UNDER 3RD COMPONENT.

PROJECT ‘PRODUCE IN GEORGIA’

By the initiative of the government of Georgia, project ‘Produce in Georgia’ came into force on 1st June, 2014. One of its objectives is to promote production of agricultural products. According to the project, entrepreneurs can apply for transferring ownership on government owned real estate if he/she satisfies certain investment obligations. The project also offers consulting services to entrepreneurs.

CONSTRAINTS TO ACCESSING AGRICULTURAL CREDIT FOR SMALL FARMERS AND SME’S

Financial institutions use collateral as a strategy to screen a client’s credit worthiness and reduce risk. Depending on the volume of loans and type of the farm, banks may require provision of property in addition as collateral and because assets and real estates owned by farmers are mostly impaired and poor, it’s often hard to get credit. Another hindrance is that banks do not provide credit to start-up businesses, because it is associated with high risks. The new business idea will be considered only if the client already has other established businesses, sources of income, good collateral and has work experience in the agricultural sector. Standard products offered by banks still need to be improved, because financial institutions have reduced their loan portfolios due to unavailability of cash (due to falling deposits and unavailability of credit from other banks) and are reducing their risk by only lending to reliable clients.

VOCATIONAL EDUCATIONAL TRAINING

The SDC UNDP Modernization of the Vocational Education and Training System related to Agriculture in Georgia⁴⁸ does not cover the Ajara region. There are 11 vocational colleges (out of which 2 are financed by the Ministry of Education of Ajara) another 9 are private in Batumi. ‘Black Sea’ Vocational college is currently receiving finance from the UNDP ENPARD programme to temporarily offer college offers two training courses for pesticides and agrochemicals technicians and nursery specialists (mainly greenhouse farming), 107 persons were trained. In addition, UNDP ENPARD financed trainings for farmers on business plan writing, the tax code of Georgia, accounting and requirements/procedures for export, which was provided at Batumi Business Incubator (BBI).⁴⁹ BBI also offers online trainings for farmers at www.bbi.ge mainly on international trade since 2013.

FOOD SAFETY AND HYGIENE CONSULTANCY SERVICES

In Ajara there are no private food safety and hygiene consultancy services apart from those offered by the National Food Agency in Ajara who allows its staff to offer paid consultancy services in the field of Food Safety and Hygiene.⁵⁰ There are three main food-safety consulting firms based in Tbilisi: Star Consulting Company, GDCI, PMCG and some other smaller individual enterprises. Star Consulting is an ALCP KK programme client selected by a tender designed to facilitate a company ready to offer regionally appropriate services. . Star consulting plans to expand the above mentioned services in the whole Georgia and Ajara concentrating on food production companies and the HoReCa sector through regional representatives. As hitherto mentioned the patchy outreach of the NFA means that for smaller firms in rural regions the driver to ensure their use of consultancy services for FS&H is absent.

⁴⁸ A 6 MILLION CHF PROGRAMME RUNNING OVER 5 YEARS UNTIL 2018, AIMING TO IMPACT OVER 4’000 FARMERS WHO WILL BENEFIT FROM PARTICIPATING IN IMPROVED (RE)TRAINING COURSES AND APPROXIMATELY 10’000 FARMERS WHO WILL GET ACCESS TO THE EXTENSION SERVICES TAILORED TO THEIR NEEDS THE EMPLOYABILITY OF THE TRAINEES WILL BE IMPROVED BY CLOSING THE GAP BETWEEN THEIR VOCATIONAL SKILLS AND MARKET REQUIREMENTS. SPECIAL ATTENTION WILL BE PAID TO DEVELOPING FLEXIBLE SYSTEMS FOR ENABLING ACCESS TO THE TRAINING AND EXTENSION SERVICES FOR WOMEN AND ETHNIC MINORITIES. THE DIRECT BENEFICIARIES OF THE PROJECT WILL BE 8 PUBLIC VOCATIONAL COLLEGES AND 7 MUNICIPAL INFORMATION CONSULTANCY (EXTENSION) CENTRES, AS WELL AS OTHER SERVICE PROVIDERS, WHO WILL BE ACTING AS MULTIPLIERS OF ADVANCED SKILLS FOR FARMERS. THE QUALIFICATIONS OF 300 VET TEACHERS, 400 EXTENSION WORKERS AND 250 SERVICE PROVIDERS WILL BE ENHANCED THROUGH TRAINING, ADVISING AND COACHING.

⁴⁹ SINCE 2009

⁵⁰ CONSULTATIONS FOR ENTREPRENEURS ON DESIGNING THE FACTORY IN ACCORDANCE WITH FOOD SAFETY AND HYGIENE REQUIREMENTS.

BUSINESS DEVELOPMENT SERVICES

The majority of rural businesses do not use a business planning services perceiving it to be expensive and are not aware of the potential returns. There are four main BDS consulting companies operating in Ajara. One is the Young Scientists Union 'Intellect' that provides in depth business, investment and grant plans to businesses. The Union has spread information about its working profile among the population of the municipalities. The second is 'Business Development Centre' that has a service for business plan formation and accounting system creation. It holds frequent meetings with the population for consultation on issues regarding business development in the sphere of agriculture. Another consulting service is offered by the 'Caucasus' Business Development Center of Georgia. It also works on the business and grant plans development. The Ajara Chamber of Commerce and Industry also provides business consultation for small and medium size businesses, along with legal services.

RULES

FOOD SAFETY AND HYGIENE

Please see the update to the Food Safety and Hygiene Analysis in the core market systems section.

DRR AND EMERGENCY MANAGEMENT IN AJ

In the Alliances Programme DRR relates primarily to animal disease notification and control and also includes environmental issues related to pasture access and management. However the diversity and complexity of the geo-morphological structure, as well as the proximity to the sea of Ajara makes it one of the most disaster prone regions in Georgia with a high frequency and intensity of natural disasters. Heavy precipitation and heavy snowfall leads to high recurring floods/fresh floods, landslides and mud torrents and avalanches among others. Littoral and river bank erosion is also common to the region. Farming takes place on steep sided plots which require terracing for stability and where this is absent and deforestation has occurred for cropping, the risk of erosion and landslides is even higher. The high number of Ajaran IDP's (Internally displaced persons) or eco migrants as they are known to be found in other parts of Georgia (there is a high concentration in Kvemo Kartli where land is more abundant) is testament to this.

The Emergency Agency at the Ministry of Finance and Economy of Ajara is financed by the republic budget of Ajara Autonomous Republic and revenue from commercial activities. The Agency has sub-units in all municipalities of Ajara. Since 2009, the Agency has been investing in equipment (such as special rescue pick-up trucks, sea scooters, black sharks, quadrocycles, and tranquilizer gun, equipment for underwater works among others). The training of the personnel employed in the agency is mainly undertaken by internal instructors, but still there is a need for regular up-to-date trainings (due to constant worldwide improvements in equipment and technologies). A Fire-Rescue Service operates in all municipalities. Emergency equipment is old and out of date. As a result of changes in the law made by the Parliament of Georgia, all existing emergency departments, agencies and fire-rescue services in Georgia will be reorganized, unified and centrally managed by Emergency Agency of the Ministry of Internal Affairs of Georgia.

DISEASE NOTIFICATION AND CONTROL

The main actor in charge of Animal Disease Control is the National Food Agency⁵¹. However, part of the duties and responsibilities are delegated to the Local Governmental bodies as well. Quarantine is imposed and cancelled by the local governmental bodies, following a request by the NFA. The responsibilities of municipal government during outbreaks of FMD, Anthrax, Brucellosis, Tuberculosis or Rabies are transferred by a special regulation. However, municipalities are unsure and unaware of their remit and responsibilities or how to effectually respond. On August 1st, 2012 the State Free Vaccination Programme against FMD and Anthrax commenced. The programme was carried out in 3202 villages in 66 municipalities of Georgia (in 292 villages in 5 municipalities of Ajara). Anthrax vaccination was concentrated only in sites of historical outbreaks. All local independent vets (about 672 vets, 37 vets in Ajara) and the NFA representatives in Georgia were provided with equipment to carry out the vaccination and the tagging. The registration of cattle also commenced with cattle receiving ear tags at the time of vaccination. The second phase of the State Free Vaccination Programme was carried out in spring (Anthrax) and summer (FMD), 2013 and the programme is being continued in 2014. The number of free vaccines made increases every year. In the first half of 2014, 66, 464 free FMD and 1 381 Anthrax vaccines were carried out in Ajara.

Brucellosis is an issue of high priority for the NFA in Ajara and the MOAA more generally. The NFA regional representative stresses the need and importance for research on brucellosis to be undertaken in Ajara. Particularly surrounding incidence of the disease, preventive vaccination (currently not undertaken) and what actions to take when brucellosis cases are reported. Farmers' losses are very high when brucellosis is discovered. E.g. recently brucellosis case was discovered in Ochkhmuri, Kobuleti and affected 3 farmers. The loss for just one farmer was around 10,000GEL (10 out of 33 cattle were infected). Farmers complain about the government's low capacity or inactivity regarding preventive actions. The agricultural TV show *Me Var Permeri* 'I am a Farmer' presented an hour long programme on Brucellosis disease on July 17, 2014, where the guest speaker was the President of IAAD, Amiran Kochalidze an experienced Ajaran veterinarian and participant on the USDA/NFA initiatives concerning research into the disease in Georgia and developing a national strategy to combat it. Government officials refused to participate in the show.

Disease Outbreaks

According to the information officially provided by the NFA, during 2013 two Anthrax cases took place in Ajara Region. Since January 2014 no more cases of Anthrax were identified and officially reported in the Ajara Region. The decrease in the number of outbreaks could be the result of the State Free Vaccination Programme. The state vaccination program increased farmers' awareness for carrying out timely vaccination of their cattle and buying vaccines for other diseases which are not covered by the State programme. Human health however is not safeguarded by public health information or notification when dangerous outbreaks occur.

A New Strategy Document on National Animal Health

In July 2013 The Georgian Government's National Animal Health Program (NAHP) approved Georgia National Animal Health Program 2013-18 and Animal Health Action Plans 2013 and 14, funded by donors including SIDA, EU, & IFAD. The goal of this strategic document includes building the National Food Agency as a competent veterinary authority and establishing a cohesive network of modern laboratories so Laboratories of the Ministry of Agriculture and National Centre for Disease Control are able to function as an integrated surveillance system. Progress is needed on University reform in the veterinary syllabus, education and science. Lack of trained vets constitutes one of the main constraints to progress in the livestock market system. Sector-specific surveillance plans, arrangements to increase human resources through a private veterinary workforce contracted to NFA and effective arrangements for fully operational private vets will be prepared by the end of

⁵¹ THE MANDATES IN ANIMAL DISEASE CONTROL ARE DEFINED BY THE LAW OF GEORGIA ON FOOD/ANIMAL FEED SAFETY, VETERINARY AND PLANT PROTECTION ADOPTED IN 2012 AND BY THE MINISTERIAL ORDER ABOUT PROPHYLACTIC/QUARANTINE ARRANGEMENTS AGAINST DANGEROUS COMMUNICABLE DISEASES, ISSUED IN 2005.

2014. Other important goals include effective traceability and prevention of new disease incursions and sustainable response capability.

WOMEN'S ACCESS TO DECISION MAKING

In Ajara the representation of women, on the local council (Sakrebulo), is critically low. See Table 22. From 137 Sakrebulo members only 11 are women. Gender representation is slightly more balanced in Kobuleti Municipality, where 5 (out of 35 members) are women (out of these 5 members two women are heads of the healthcare and finance committees). After local self-government elections were held in Ajara municipalities in June, 2014, the number of Sakrebulo members increased (from 117 to 137); however the number of women Sakrebulo members decreased (from 16 to 11). See Table 22. Women's attendance at community meetings is lower than that of men. The same tendency is also true for attendance at municipality meetings; 3% of women participants of focus groups compared to 10% of men participants of focus groups said that they attend the municipality meetings and 23% compared to 40% for community meeting, the main reason being that women feel less welcomed in the meetings.

The number of men occupied in the whole business sector⁵² in Ajara exceeds the number of women by almost double. According to the data for the year 2012, 14 600 women and 23 400 men were employed in this sector. The pay gap in the average monthly salary of men and women is significant. In 2012 the average monthly salary for women was 423 GEL and 777 GEL - for men.⁵³

Table 22 Showing Gender Balance in Local Municipal Councils before and after June, 2014 Elections

Municipality	# of Sakrebulo Members	# of Women Sakrebulo Members	% of Women Sakrebulo Members
Khulo	23	2	9 %
Shuakhevi	19	2	11 %
Keda	19	5	16 %
Khelvachauri	21	3	14 %
Kobuleti	35	4	11 %
Total	117	16	14 %

Table 24 Showing Gender Balance in Local Municipal Councils after June, 2014 elections

Municipality	# of Sakrebulo Members	# of Women Sakrebulo Members	% of Women Sakrebulo Members
Khulo	28	1	4 %
Shuakhevi	24	1	4 %
Keda	24	2	8 %
Khelvachauri	26	2	12 %
Kobuleti	35	5	14 %
Total	137	11	9 %

⁵² SECTION OF ECONOMY RELATED TO BUSINESS AND CORPORATE ORGANIZATIONS. THE BUSINESS SECTOR DOES NOT INCLUDE INDIVIDUAL HOUSEHOLDS, GOVERNMENT OR NOT-FOR-PROFIT ORGANIZATIONS.

⁵³ NATIONAL STATISTICS OFFICE OF GEORGIA

GOVERNMENT OF AJARA AGRICULTURAL POLICIES

Agro Service Center of MOA of Ajara AR

The Agro Service Center is a non-profit legal entity established in July 2011 by the Ministry of Agriculture of Ajara AR, based on resolution #83 of the Minister of Agriculture of Ajara AR. The Agro Service Center has Information-Consultation Centres (structural units) in all municipalities of Ajara. Their offices are placed in or near the municipal buildings and have 7-11 staff members in each.

The Information-Consultation Service Centres responsibilities are to:

- Collect information on agricultural lands located within the administrative-territorial area of the municipality
- Create and update database on annually planted and seeded areas
- Forecast approximate volume of the harvest
- Be involved actively in choosing target projects for the municipality, that are planned to be implemented by the MOAA, provide consultations and conducting monitoring
- Collect and analyze information on the local market prices of agricultural products
- Study the potential of a local storage and processing enterprises
- Provide information to interested individuals on legal and tax obligations regarding agriculture sector of Georgia
- Provide timely information to the population about politics and projects of the ministry
- Promote modern agro-technical facilities and support their implementation
- Collect and process information on seeds and saplings existing on the local market
- Improve cattle breeding, create artificial insemination centres and provide proper services
- Provide information on availability and on rational usage of mechanization facilities in the municipality
- Collect information on Plant Protection Facilities existing in the market and providing consultations on how these facilities should be used
- Promote modern approaches and technologies of animal care and breeding
- Provide consultations for ensuring the target usage of arable agricultural lands
- Provide consultations about necessary annual veterinary and sanitary arrangements
- Cooperate with local governmental, International Donor Organizations and be actively involved in the meetings
- Organize various training, learning and informational meetings
- Provide recommendations on feeding rations in order to increase and retain productivity in dairy and beef.
- Work with the Committees and with Working Groups of the municipality created on occurrence of damage caused from Natural Hazards, to analysis and to asses emergency situation created in agriculture sector
- In statistics sphere, take part and coordinate in the creation of information databases

According to the data provided by the centres approximately 31, 700 farmers were served (received consultations) in 2013-2014.⁵⁴ This figure includes farmers served at outreach centres and by telephone, participants of organized meetings in the villages and beneficiaries of various target programmes of the MOAA and artificial insemination beneficiaries (2, 296). The main questions asked to the centres by farmers are linked to the breeding, vet services, animal diseases and government agricultural programmes. At this time the efficiency of the Consultation Centres is low and capacity building of the centres' staff members essential.⁵⁵

⁵⁴ AGRO SERVICE CENTER OF THE MINISTRY OF AGRICULTURE OF AJARA AR.

⁵⁵ THIS IS ACCORDING TO THE OPINIONS EXPRESSED BY STAFF OF THE CENTRES THEMSELVES IN KEY INFORMANT INTERVIEWS.

LAND MARKET & ACCESS TO PASTURE

The changes to the law made in 2010 have resulted in stasis and a lack of management in the field of agricultural land and more specifically, the use of pastures. Pastures currently lack sufficient and realistic management mechanisms. Even though such management is legally delegated to the Ministry of Economy and Sustainable Development of Georgia, the Ministry is unable to adequately handle this issue. In Ajara, most of the agricultural lands, especially pasture lands are unregistered and are owned by the central government. There is no pasture lands management system in place by the Ministry of Economy and Sustainable Development of Georgia. Registered lands are either under central government, Ajara AR or municipality ownership.

The Ministry of Finance and Economy of Ajara AR is responsible for privatizing and managing Ajara AR property (agricultural & nonagricultural lands). Pasture lands are under central government ownership, so that the Ministry of Finance and Economy of Ajara AR has no right to register, privatize or manage pasture lands in Ajara region. However, the regulation of the use of pastures would support the development of specific socio-economic fields and create a mobilization of money within the state budget as well as the budgets of local authorities (lease rent and tax payment for land assets). The purchase and sales of agricultural land have developed however these have not been achieved through broker services which remain undeveloped with only a small number of individuals in the country dealing with these issues and without the existence of qualified brokers (companies) working with agricultural land.

The Association for Protection of Rights of Land Owners and Mamuli 2 LTD are two land brokers based in Tbilisi however no broker services for agricultural lands available in Ajara region. Improving relevant broker services during the land privatization process would simplify communication between the Ministry and the buyer of the land and would make the privatization process more transparent. The growing tempo of privatization would support the development of the land market as well as the agricultural sector in general.⁵⁶In 2013 the Government announced that changes are planning to improve the situation regarding land. On 28th of June 2013 the Parliament of Georgia made an amendment in law concerning “Agricultural Lands Ownership” which entered into force on 19th of July 2013. According to the amendments agricultural lands cannot be purchased by any foreigner or a legal body registered in other country or foreign person registered in Georgia before 31st of December 2014. On the 24th of June 2014 the Georgian Constitutional Court annulled the above mentioned amendment which restricted foreigners to purchase agricultural lands in Georgia. A deadline for creating a common system of Land Arrangement and the State Policy regarding land ownership was set with the Georgian Government obliged to present their strategy by 30th of November 2014.

ANIMAL MOVEMENT TO SUMMER PASTURE

Cattle from all municipalities are moved to highland pastures from May to September Cattle are moved mainly by foot, rarely by transport. The animal movement route passes through villages and main roads of municipalities. Farmers use pasture lands for free and pay only 5-10 GEL per cattle to herdsman. Pasture lands are considered to be in poor or satisfactory condition (40% and 38% respectively of ALCP AJ Focus Groups) and farmers are always in danger of wild animal attacks. Farmers lack access to veterinary services when they are on summer pastures. Please refer to Nutrition Section for a full overview.

⁵⁶ LAND OWNERSHIP AND THE DEVELOPMENT OF THE LAND MARKET IN GEORGIA, ALLIANCES KK, 2013.

DIRECTORY OF MARKET PLAYERS

A key part of the market analysis process is the compilation of a Directory of Players which comprehensively lists and categorizes with contact details, all potential market actors operating within the programme area that the programme has been able to identify during the Market Analysis process. This is compiled and used by the programme but is too lengthy to include in this document. Below please find the stakeholder analysis Table 21 offering an overview of the key players in the region in all spheres and key informant table Table 23, which offers a view of key core market and supporting functions players who were interviewed as part of the compilation of this Market Analysis.

Table 21 Stakeholder Analysis

Stakeholder	Interests & How Affected by Market Weaknesses	Capacity & Motivation to Bring About Change	Proposed Actions to Address Stakeholder Interests
Small-Scale & Medium Scale Livestock Producers	Producers of domestic meat, honey and dairy products. Disadvantaged though small transaction sizes and unfavorable business environment.	Good motivation where means to change are provided very low or low capacity limited access to finances and credit & information	Target group
Private Vets	Some access to affordable drugs and information	Low business acumen and market focus. High motivation where opps present	Start upstream with pharmacists to Improve information. Identify main Vet change agents to start with.
Vet Pharmacies	Supply SSLPs directly & vets; sales restricted by poor linkages and low use of bundled information	Interested in growing sales and improving service	Work to identify weaknesses in supply to vets & links to information
AI Practitioners (some also vets)	Deliver AI. Farmers are sceptical of this new method.	Very low due to overwhelming constraints	Build linkages where appropriate e.g. in Ajara with Agro Service Centres and EUENPARD AI cooperatives
Caucasus Genetics	Georgia's only commercial AI Supplier. Now working with MOLI programme in Kakheti on overall management	Motivated by funding, as inputs supplier, still no formal linkage or mentoring to individual AI techs	Coordination where appropriate
Machinery Centres	Limited outreach, lack of knowledge of customer base potential	High motivation and medium to expand business	On improving marketing, service provision and products for S&MSLP's
Financial Institutions	Laws surrounding payment, taxes, VAT (leasing) & interest rates, perceived high risks lack of understanding of rural customer base	Good capacity for some (e.g. Credo) problematic attitude to rural lending	Finding appropriate entry points where the programme can add value in terms of targeting and serving rural customer base.

Information Sources/Information/TV	Low readership and high dependency on donors/government	Some desire to diversify and respond to	Work to identify market potential for agricultural content & link to sources.
Star Consulting Company	Tbilisi based Main service provider in food-safety consultancy/ recommendations/ trainings in Ajara region. Constraints of client: lack of awareness of benefit and to pay for advice	High motivation and capacity but need to be able to push discount price initially to push the business	Work with them on marketing through awareness raising on new law & food safety and hygiene requirements
Gergili	BEAT Tool unable to develop it into a commercial product due to patchy environmental enforcement	As above	Continue to embed the BEAT tool in programme interventions
First Consulting Company	Tbilisi based company that delivers Business/Marketing services, on the way of business development	High motivation and capacity, needs good promotion among the	Facilitation on promotional activities in the region, cooperation towards the clients
Business Development Centre/ Young Scientists Union Intellect	Delivers Business/Marketing services, on the way of business development	High motivation and capacity, needs good promotion among the	Facilitation on promotional activities in the region, cooperation towards the clients
EPF	Donor in agricultural projects, runs new project on the protection of consumer rights	High motivation and capacity, but not focused on rural areas, small	Coordination where appropriate
IFC	Donor & advisor in food-safety and rural finance	High motivation and capacity but not	Coordination, especially over food-safety advice price point
Small & Medium scale Beekeepers	Produce honey and bee products. High dependence on Turkish intermediaries. Low price on honey in local markets due to generalized belief in falsification and lack of testing and certification	Good motivation and interest in growing sales but lack of increase.	Working on removing key constraints surrounding certification and testing issues
Slaughterhouses	Provide entry point for SSLPs. Currently restricted by volume and quality of supply of beef animals.	High motivation, but low Capacity. Reluctance to invest in special	Incorporate into interventions with intermediaries.
Meat intermediaries	Buy meat from slaughterhouses of Ajara and other regions. They sell meat to other intermediaries or direct consumers in agrarian markets of Ajara.	High motivation but low capacity. Reluctance to invest in infrastructure (such as ref trucks)	Work to address capacity issues and link with hygiene interventions
Large Dairy Firms	Three lead firms control majority of formal dairy product supply.	High motivation & high	Coordinate & bring in to activities around hygiene

Small-Medium Dairy Enterprises	Collect & process milk into various dairy products. Lack awareness of new laws and lack capacity to upgrade & expand. E.g. transport, equipment	High motivation but low capacity, and knowledge	Work to address capacity issues & link in with hygiene interventions
Cheese intermediaries	Buy cheese from farmers of different regions who come to agrarian market of Batumi and sell cheese to other intermediaries or direct consumers. Lack of storage facilities.	High motivation, low capacity	Research of local market and Improve supply side, link with FS and H intervention, work on capacity issues
Small & Medium scale honey sorting companies	Packs/sorts honey bought from SSLPs of programme area for further selling. Restriction on honey import by neighboring country and abundance of falsified honey on the market	Low motivation due to non-healthy competition	Work on marketing through increasing awareness on high quality honey.
HoReCa sector players	Hotels, restaurants and caterings (incl. <i>khajapuri</i> bakeries) are the main markets of meat and dairy products. Lack of awareness of products' origins and product making conditions.	High motivation, interested in improving supply service and have access to products compliant with FS&H	Incorporate into interventions with intermediaries. Investigate options for improving food safety and hygiene standards.
National Food Agency (NFA)	Responsible for enforcing vet, phyto-sanitary and traceability measures	Motivated since being re-organized. Lack capacity and links to market	Coordination on Food Safety and Hygiene issues and link to Star Consulting Company & work on
Regional & Municipal Government	Responsible for implementing government policy in localities. Weak coordination with central government; do not see themselves as service providers.	High motivation & good collaboration but lack capacity	Coordinate & reinforce legitimate Roles
Business and Economic Centre	Provides a forum for promoting policy dialogue with Parliament and the Prime Minister's Office regarding the changes in the legislation, which positively affects the agricultural sector	High motivation and good linkages with Parliament and government	Collaborate to promote changes to the benefit of SSPL's in upcoming legislation concerning agriculture (relating to Food Safety and Hygiene, veterinary controls, traceability and animal registration and livestock breeding).
Association for the Protection of Landowners Rights (APLR)	Advocate for rights to land access.	High motivation but lack of capital	Investigate co-investment options to collaborate with national and local govt on outreach of information on land ownership
EBRD/ Crédit Agricole	Starts EU-funded programme to promote agricultural lending	High motivation, sufficient Funding	Collaborate to promote agricultural credits for the farmers in
EC, BP, USAID, WORLD VISION.	Have various development programs ongoing in area	N/A	Coordinate on policy issues and/or where activities overlap

CARE, Heks Eper & IC/Helvetas	Implementing SDC-funded rural development programmes in Racha-Lechkhumi and Kakheti regions	N/A	Coordinate activities on the policy dialogue level	
RED Programme	Implementing SDC funded programme in Ajara, Kvemo Kartli and Samtskhe-Javakheti regions	n / a	Coordination on where activities overlap	
Outcome 3				
Name	Location		Roles	Potential Entry Points
Administration of the Chairman of Ajara	Batumi	Chairmen of Ajara	Regulates Regional Issues	Regional Advisory Committee
Local Self-Governments of the Region	Ajara	Heads of municipality Sakrebulo's;	Regulates and manages local issues	Municipal DRR WG; Women's Room
Ajara Chamber of Commerce and Industry (ACCI)	Batumi	Tamaz Shavadze	primary and vital connection between business and the government	Facilitation on promotional activities in the region
Ministry of Agriculture of Ajara AR	Batumi	Zaur Putkaradze, Minister	Regional policy and regulations	Regional Advisory Committee

Table 23 Key Informants

#	Key Informant	Date	Organization/Specialization	Location and Link to Project
Dairy: Core Market and Supporting Functions				
KI 1	Elguja Baramidze Ltd	27.05.2014	Cheese producer	Akhalsheni: Collecting milk from local farmers (about 1.5tonnes per day) and makes various sorts of Sulguni, Nadugi and Butter by hand which is sold in different supermarkets and restaurants in Batumi.
KI 2	Gulo Sakandelidze (seller of cheese)	27.05.2014	Cheese trader	Agricultural Market of Batumi: Buying Sulguni and Smoked Sulguni from Arkadi (Milk production company Tsezari Ltd.), Imeruli cheese from farmers from Guria and from local farmers.
KI 3	Arkadi Kakhidze	03.06.2014	Wholesaler for family Cheese producer, Milk production company Tsezari Ltd. in Tsalka	Agricultural market of Batumi: Bringing about 300-400 kg of Sulguni, 70-100kg of Smoked Sulguni and 40kg of braided Smoked Sulguni from Tsalka 5-6 days a week. He mainly deals with distribution companies who supply hotels and restaurants and 2-3 cheese traders in an agr. Market of Batumi. He is going to open a new factory in Khulo (upper Ajara) to produce Imeruli cheese.
KI 4	Lili Sharabidze	03.06.2014	Cheese trader	Khopa Market, Batumi: Buying Imeruli cheese and Sulguni from local farmers and selling about 20-25 kg of cheese per day. She does not have a warehouse, stores cheese in plastic buckets. The main constraint is the tough competition, as consumers prefer to buy cheese in supermarkets.

KI 5	Nino Ltd	04.06.20 14	Cheese intermediary	Batumi: Supplying Sulguni, smoked Sulguni and Imeruli cheese to Sheraton hotel and to theological seminary. She buys about 50kg cheese per day and has a warehouse of 22sq.m in Batumi. The main problem is a low quality cheese offered by suppliers and lack of suppliers who can offer all sorts of cheese.
KI 6	Ent. Anzor Fasanidze	04.06.20 14	Dairy products factory	Kakhaberi: Collecting 300-400l of milk /day from 5 local farmers and producing Matsoni, cottage cheese and sour-cream. Production of cheese is too expensive and it is not cost-effective. Currently they produce 10% of their capacity.
KI 7	Gizo Bezhanidze	04.06.20 14	Askhi Ltd (Cheese intermediary)	Batumi: In summer buying 100-150kg of Imeruli cheese/day in an Agr. Market of Batumi and 50-90kg of Sulguni/day from Arkadi and supplying hotels, restaurants and cafes.
KI 8	Anzor Gogitidze	06.06.20 14	Ango XXI Ltd (dairy products producer)	Shuakhevi: The factory is suspended for the moment. It produced Imeruli cheese, Ajaran cheese, sour-cream and cottage cheese. Factory processed 300-500l of milk per day that was collected from its 24 milking cows. The owner is willing to reestablish factory and collect milk from local farmers.
KI 9	Izolda Manvelidze Tamaz Karchadze	09.06.20 14	Cheese traders	Agricultural market of Batumi: Buying 200-250kg of Imeruli cheese/week from farmers coming from Imereti and Ajara and 80-100kg of Sulguni/week from farmers from Samegrelo and Choloki district. Their main clients are direct consumers and small cafes during tourist season.
KI 10	Merab Nemsadze	09.06.20 14	Kobulehuri Ltd (co-owner)	Batumi: Factory is suspended to date because of some problems with government. It moved production to Tbilisi, Lagodekhi and Terjola and produces sour-cream, cottage cheese and butter. They are willing to recommence business in Ajara.
KI 11	Shushana Merckhaladze	16.06.20 14	Cheese trader	Agricultural market of Kobuleti: Selling Imeruli cheese (100kg/week in summer) and Sulguni. She buys Imeruli cheese from the farmers from Zeniti, Tsikhisdziri 2 times per week. Sulguni is supplied by someone called Alika, from Tbilisi.
KI 12	Rusudan Qamadadze Flora Vekua	16.06.20 14	Cheese traders	Agricultural market of Kobuleti: Selling Imeruli cheese, Sulguni and Smoked Sulguni. Once a week they rent the transport (40-45GEL) with other traders of market and go to Samtredia to buy about 150kg of Imeruli cheese and 60-70kg of Sulguni.
KI 13	Robert Markaryan	20.06.20 14	Iceberg Ltd	Kakhaberi: Making an ice-cream with powder milk. Factory is going to expand its production and make Ayran with milk collected from local farmers, for the beginning they are willing to process about 100-150litres of raw milk per day.
KI 14	Seller of market	20.06.20 14	Andria Ltd	Batumi: Owner of the market goes to Samtredia one or two times per week and buys about 150-200kg of Imeruli cheese and 100-150kg of Sulguni per trip and sells in a small shop. His clients are direct consumers and some hotels.
Beef: Core Market and Supporting Functions				
KI 15	Rostom Geladze Vazha Solomonidze	14.07.20 14	Meat wholesaler	Agricultural market of Batumi: They buy livestock from SSLP's (mostly from Khulo), slaughter and sell it in agricultural market to other traders and local meat

				distributors. Besides that they are also buying meat from other meat traders and sell it. In average they sell 1-1.2 tonnes of meat per week. They have storage facility in agricultural market.
KI 16	Roman Tsulukidze	05.06.2014	Hay trader	Kobuleti: He buys hay in Gardabani, Aspindza, Marneuli, Akhalkalaki and Javakheti and sells in Kobuleti market. He uses 2 trailers and buys 2000 hay stacks. Sometimes he needs about 1 week to collect hay from farmers. The price for alfalfa is 9GEL (20-25kg hay stack) and 8GEL other grass. The price depends on natural phenomena. In Kobuleti market there are 3-4 hay traders.
KI 17	Nusret Georgia Ltd	05.06.2014	Slaughterhouse	Kveda Achkva, Chakvi: The slaughterhouse was established in 2010. There is also a farm composed of bulls. They buy bulls from local farmers and feeding them with hay, bran and wheat. The local farmers use this slaughterhouse as well, for the farmers from the same village it's free, for others it costs about 30-40GEL. They use 2 ref trucks to distribute the meat to their local butchery in Batumi. They slaughter 3-4 bulls per day. They have commands from Radisson Blu Hotel, casino of Sheratoni, Karabakh (restaurant).
KI 18	Suliko Kontselidze	05.06.2014	Meat trader	Kobuleti: He buys livestock from local farmers and slaughters them in Chakvi or in Chokhatauri. In chakhvi (20-25km) it costs about 30-40GEL and in Chokhatauri (50km) it costs 55GEL. In Chokhatauri he can slaughter by himself as well. In Winter average number of slaughtered caws is 3 per week, in summer 1-2 cows per day. He planned to open a slaughterhouse, he got the mini slaughterhouse project from NFA, but he did not have enough resources.
KI 19	Ushangi Qatamadze	05.06.2014	Vet	Batumi: Entrepreneur Ushangi Qatamadze has vet pharmacy in Batumi. He and his wife started their business 4 years ago. Main vet drug suppliers for them are ROKI, Megavet, Invet etc. During a day they serve approximately 20 to 30 customers, mostly near 85% for livestock treatment.
KI 20	Nana Balanchivadze	05.06.2014	Vet	Batumi: Entrepreneur Nana Balanchivadze owns vet pharmacy (Primevet) in area of Agricultural market. She is very innovative and knowledgeable in vet sphere. Works with Roki, Megavet, Invet. Ms Nana and her saleswomen both are member of vet association.
KI 21	Marina Veliadze	05.06.2014	Entrepreneur/vet	Batumi: One of the biggest vet pharmacies in Batumi. Works mostly on livestock line and has her own clients. They serve 15-20 persons a day.
KI 22	Vaja Iakobadze	05.06.2014	Vet	Batumi: Small Vet pharmacy in Batumi. 19 years of experience and knowledge help them to attract customers. Per day approximately 30 customers buy drugs. They don't collect any data.
KI 23	Phiqria Kuchukhidze	05.06.2014	Saleswomen/vet	Batumi: Vet pharmacy is located in the agricultural market area. According to season she serves from 10 to 20 farmers a day. She complains higher prices in vet drug market.
KI 24	Levan Makaradze	05.06.2014	Vet	Batumi: The vet pharmacy in Batumi. The pharmacy works stable but does not have a growing opportunity. They buy vet drugs once a month. Per day they serve 16 clients

				approximately.
KI 25	Temur Abashidze	3.06.2014	Meat trader	Batumi: He buys meat from slaughterhouses mostly from Khulo region as he believes that livestock is better there. He sells up to 300 kg of beef weekly. He complains on low demand from consumer because of high price on beef.
KI 26	Rezo Dolidze	3.06.2014	Meat trader	Makhinjauri: Buys meat from Ajara and Samegrelo region. On averagely he sells from 60 to 100 kg of beef daily. Complains on high prices on slaughterhouse services.
KI 27	Otari Beridze	10.06.2014	Slaughterhouse Origio Ltd.	Khulo: Established in November 2013. Slaughters 4-5 cows/bulls daily (max capacity 30). Price of the service (including vet service) 30-40 GEL (0.4 GEL/per kg). Beside that slaughterhouse buys cattle from local villages slaughters and sells beef in Batumi Agr. Market and shops. Main constraint is lack of transport (special vehicles for transporting cattle and meat).
KI 28	Tamaz makaradze	08.06.2014	Entr. Tamaz makaradze (mill)	Batumi: Entrepreneur Tamaz Makaradze owns a small mill inside agricultural market. He delivers different type of grains mainly from Kakheti, and buys white maize only from local farmers
KI 29	Koba Kakhadze	08.06.2014	Ent. Ednari Kaxadze (mill)	Batumi: Mill located near agricultural market. He makes combine food for livestock himself, but in many cases customers tell him how to combine and in which proportions.
KI 30	Tengiz Kakhadze	03.06.2014	Meat trader	Batumi: Claims that he buys meat from slaughterhouse. Sells up to 50 kg (max 200 kg) of beef daily.
KI 31	Rostom Kvirkvelia Soso Beridze	16.06.2014	Meat traders	Agricultural market of Kobuleti: Sells about 10-15 kg of meat daily (up to 40 kg in summer). Currently, meat is supplied from Guria and Samegrelo. Due to high costs on transporting and slaughterhouse services, prefers to buy meat from distributors from Guria and Samegrelo. Complains on low demand from locals and seasonality.
KI 32	Geno Tarieladze	16.06.2014	Meat trader	Agricultural market of Kobuleti: Sells 25-30 kg daily. Supplied by distributors from Guria and Samegrelo. Complains on low demand from locals due to their low income and high costs on slaughterhouse services (increases cost price on 1.20-1.40 GEL/per kg).
KI 33	Murad Dumbadze	22.06.2014	Machinery Center	Batumi: Mr Murat has medium size machinery shop and works more than 8 years. He own big machinery shop in Gori. Main importers of machinery are China, South Korea and Turkey.
KI 34	Ramaz Tsilosani	22.06.2014	Machinery Center	Batumi: Ramaz Tsilosani is a seller of hand mowers and motto blocks. Hand mowers price starts from 150 to 220 GEL.
KI 35	Zuri Davitadze	23.06.2014	Machinery center	Batumi: Machinery shop in Batumi. They have hand mowers, motto blocks and small tractors.
KI 36	Anzor Gorgadze Merab Gobadze	23.06.2014	Sheep & goat seller	Batumi: Sell 1 sheep/goat weekly. Average prices 130-140 GEL per goat/sheep.
Honey: Core Market and Supporting Functions				
KI 37	I.E. Tengiz Malakmadze	27.05.2014	Honey & beekeeping inputs shop	Agricultural Market

KI 38	Vardo Bolkvadze	27.05.2014	Honey Seller	Agricultural Market
KI 39	Emzar Nagervadze	05.06.2014	Owner of beekeeping inputs shop	Batumi: He owns a beekeeping input shop in Batumi. He sells all the equipment beekeepers can need. Equipment is imported from Turkey. The clients are beekeepers from upper Ajara. Beside this shop, he owns 130 bee families in Machakhela gorge. He sells his honey to clients from Turkey.
KI 40	Gocha Gorgadze (Davit Gorgadze-father)	4.06.2014	Beekeeper	Octomberi Village, Keda municipality: It is family business. They keep up to 200 bee families and collect 2.5-3 tonnes of chestnut honey yearly. Last 2-3 years have difficulties in selling because of restrictions of Turkey. Raise queen bee by themselves. They claim that they use only 70% of their possibilities (capacity).
KI 41	Gurami Ananidze	5.06.2014	Beekeeper	Tskhmoris Village, Keda Municipality: Keeps more than 100 bee families. Collects about 20-30kg of honey from 1 beehive twice in a year. Sells honey mostly to clients from Turkey.
KI 42	Archil Tchagalidze	6.06.2014	Beekeeper	Chakvi, Kobuleti municipality: Currently keeps 170 bee colonies. Collects about 12-15kg of honey from 1 beehive twice in a year. Engaged in transhumance. Sells honey mostly to Turkish retailers. Raises queen bee by himself.
KI 43	Gurgen Partenadze	10.06.2014	Beekeeper	Machakhela Village, Khelvachauri Municipality: Keeps 100 bee colonies. Engaged in transhumance. Sells honey mostly to Turkish retailers. Raises queen bee by himself. Difficulties with materials for building beehives.
KI 44	Shota Partenadze	10.06.2014	Beekeeper	Machakhela Village, Khelvachauri municipality: Keeps 40 bee colonies.
KI 45	Tamaz Kakhidze	10.06.2014	Machakhela Ltd, (Honey packaging/sorting)	Khelvachauri: Established in 2010 with co-finance of USAID. Collects honey from up to 50 beekeepers (3-4 tonnes). Mostly packs/sorts collected honey and sells it in shops & supermarkets (Goodwill, Smart, Nikora). Max capacity 20-30 tonnes. Also produces honeycomb.
KI 46	Mzia Khimshiashvili	16.06.2014	Association for Environment Protection and Sustainable Development "Mta-Bar" / Ajara Sustainable Development Association (ASDA)	Chakvi: Main goal of the association is cultivation and realization support of Economically Important Species of Ajara Wild Flora and in the Buffer Zone of Mtirala National Park. The association has an exhibition house of honey in Chakvi. They buy, sort/pack honey from local beekeepers and sell up to 2-3 tonnes of honey yearly to local and foreign tourists. Also for wholesale they link buyers with local honey suppliers. They are financed by an international donor organization.
Hotels				
KI 47	Roin Nakashidze	11.06.2014	Procurement manager of "Sheraton" Hotel Batumi (5-star hotel)	Batumi: All dairy products except cheese are supplied by "Sante" and "Eco Food". About 80-100kg of Imeruli cheese, 20-30 kg of Sulguni and 120-150kg of meat are consumed weekly. Different sorts of cheese are supplied by a distribution company Nino Ltd. Meat is supplied by a distribution company too.
KI	Zurab Msakhradze	11.06.2014	Purchasing manager of	Batumi: Dairy products except cheese are supplied by

48		14	"Radisson Blu Hotel, Batumi" (5star-hotel)	"Sante" and "Eco Food", cheese is supplied by Askhi Ltd one or two times per week. Meat is supplied by Nusret Georgia Ltd one or two times per week based on document Form #2. Hotel consumes about 60-80kg of Imeruli cheese/week, 20kg of Sulguni/week and 80-100kg of meat/week.
KI 49	Imeda Shainidze	11.06.20 14	Purchasing manager of "Divan Suites Batumi" Hotel	Batumi: 80% of cheese they buy is Turkish and 20% Georgian. Supplier of Georgian cheese is Guja Ltd. Hotel buys 7kg of Imeruli cheese, 7kg of Sulguni and 3kg of Smoked Sulguni once in two weeks. Meat is supplied by Nusret Georgia Ltd, about 15-20kg per week based on document Form #2.
KI 50	Merabi	11.06.20 14	Purchasing manager of "World Palace" hotel (4-star hotel)	Batumi: Cheese is supplied by Milk processing factory of Kutaisi. Hotel buys about 35kg Imeruli cheese and 15kg Sulguni per week. For meat they have two suppliers, one for calf meat and another for cow meat. Hotel consumes about 30-50kg of meat/week. For meat document Form #2 is required. Cheese is checked visually.
KI 51	General manager of Golden Palace	11.06.20 14	"Golden Palace" hotel (5 star-hotel)	Batumi: Hotel consumes about 20-30kg of Imeruli cheese/week and 30-40 kg of meat/week. Products are purchased in "Goodwill" supermarket. The quality is defined visually.
KI 52	Eliso Surmanidze	17.06.20 14	Administrator of "Era Palace" hotel (4-star hotel)	Batumi: Hotel consumes about 30-50 kg of Imeruli cheese/week and 50-60 kg of meat/week. Cheese and meat are purchased in a supermarket "Willmart".
KI 53	Ramaz Gorgiladze	17.06.20 14	Purchasing manager in "Piazza management" (3 hotels unified "Piazza", "Piazza Inn" and "Piazza Four Colours")	Batumi: Hotels consume totally 10-15 kg of Imeruli cheese/week; 5-7kg of Sulguni/ week; 3-4 kg of Smoked Sulguni/ week; 60 kg meat of cow meat and 2 calves/ week. Purchasing manager buys cheese agr. Market of Batumi from one cheese trader once in a week. Meat is supplied by an informal distributor who buys cattle from farmers in Zestafoni and slaughters them in a slaughterhouse. Quality of cheese is defined based on taste properties.
KI 54	Asia Atekusyan	17.06.20 14	Manager of "Galgre" hotel (4-star hotel)	Batumi: Hotel offers only breakfast to its clients. It consumes about 10kg of Imeruli cheese/week. Cheese is purchased in a supermarket "Goodwill" 2-3 times per week. Quality of cheese is defined visually.
KI 55	Khatuna Makharadze	17.06.20 14	Manager of hotel "Chao" (3-star hotel)	Batumi: Hotel consumes about 60-70kg of Imeruli cheese and 40-50kg of meat per week. Cheese is supplied daily by Andria Ltd. Meat is purchased daily in a supermarket "Willmart". Cheese quality is checked visually and based on taste. For meat hotel relies on supermarket image and asks only a document Form # 2.
KI 56	Davit Grigoriadi	19.06.20 14	Purchasing manager of hotel "Georgian Palace" (Kobuleti)	Kobuleti: Hotel consumes about 40-50kg of Imeruli cheese /week; 10-15kg of Sulguni/ week and 100-120 kg of meat/week in summer. Different sorts of cheese are supplied by a distribution company Kobuleti 2013 Ltd once in two days. Meat is supplied by a distribution company that buys meat in Kaspi region. Cheese is checked visually and for meat a document Form #2 is required.
KI	Guguli Beradze	19.06.20	Owner of hotel "Chveni-	Kobuleti: Hotel consumes about 40-50kg of Imeruli cheese

57		14	Ezo" (Kobuleti)	and 35-40kg of meat per week. Cheese and meat are purchased in agr. Market of Kobuleti once in two days. Cheese quality is defined based on taste. For meat a document Form #2 is required.
KI 58	Maia Tsereteli	19.06.20 14	Admisnitrator of hotel "Solidarity"	Kobuleti: Hotel consumes about 50-60kg of Imeruli cheese, 7kg of Sulguni and 80-100kg of meat per week. These products are purchased in agr. Market of Kobuleti, in summer daily and in other periods once in two days. Cheese is chosen based on taste and visual side. For meat a document Form #2 is required.
KI 59	Eka Kobaladze	19.06.20 14	Employee of hotel "Elza"	Kobuleti: Hotel buys 2-3 kg Imeruli cheese and 3-5 kg meat daily in agr. Market of Kobuleti. In summer hotel consumes 10-15kg cheese and 20-25 kg meat. Cheese quality is checked visually and based on taste. For meat a document Form #2 is required.
Restaurants , cafes, khajapuri bakeries				
KI 60	Niko Zoidze	04.06.20 14	Purchasing manager of "San Remo" restaurant	Batumi: Restaurant consumes about 150-180kg of Sulguni/week, 250-300kg of Imeruli cheese/week and 80-100kg of meat/week. Sulguni is purchased from milk production company Tsezari Ltd., Imeruli cheese and meat are bought from local farmers in Agr. Market of Batumi. Quality of products is defined visually. For meat a document Form #2 is required.
KI 61	Manuchar Gabaidze	12.06.20 14	Manager of "Ajaran House"	Batumi: A distributor supplies about 10-15kg of Imeruli cheese, 5kg of Sulguni, 3kg of Smoked Sulguni daily and the supply chain manager purchases 5-7kg of meat in a butcher shop. Their quality is checked visually and for meat restaurant asks a document Form #2.
KI 62	Lali Mkheidze	12.06.20 14	Manager of "Ukrainochka"	Batumi: Restaurant purchases about 10kg of Imeruli cheese, 5kg of Sulguni daily from the same cheese trader in an agr. Market of Batumi and 7-8kg of meat in butcher shop. Quality of products is checked visually and for meat a document Form #2 is required.
KI 63	Mamuka Jintcharadze	12.06.20 14	Purchasing manager of "Grand Grill"	Batumi: Restaurant consumes about 10kg of Georgian Cheese (Imeruli, Sulguni and Smoked Sulguni totally)/week and 60-80kg of meat/week. Cheese is purchased in "Willmart" Supermarket and meats in a butcher shop based on a document Form #2. Quality of products are defined visually.
KI 64	Akaki Kharchilava	12.06.20 14	Manager of "Koshki"	Batumi: about 10kg of Imeruli Cheese and 5kg of Sulguni are purchased daily in supermarket "Furshet". Quality of cheese is defined visually. About 7-10 kg of meat is supplied daily by an entrepreneur who buys cattle in Ajara villages. For meat restaurant requires a document Form #2.
KI 65	Manuchar Kozmava	12.06.20 14	Owner of "Kiramala"	Batumi: About 25-35 kg of Imeruli cheese and 5-7 kg of Sulguni are supplied daily by a distributor. Meat is supplied by an informal distributor who buys cattle in Ajara villages. Restaurant has a vet who makes microbiological checks of food products per purchase.
KI 66	Jambul	17.06.20 14	Procurement manager "Shemoikhede"	Batumi: Restaurant consumes about 70-80kg of Imeruli cheese per week and 50-60kg of meat per week. Cheese is

			Genacvale"	purchased in the farm, in Senaki and meat in supermarket "Willmart". The quality of cheese is defined visually and based on taste properties; meat has to be accompanied by a document Form #2.
KI 67	Miranda Zoidze	17.06.2014	Administrator in "Green Café" (mainly Khajapuri bakery)	Batumi: Café consumes about 20-30 kg of Imeruli cheese bought in agr. Market of Batumi 2-3 times per week. Cook tastes cheese before buying. They buy 2-3 kgs of meat on small butchery shop on Kutaisi street. They don't check products in laboratory.
KI 68	Ramaz Turmanidze	17.06.2014	Cook in "BATA" (Khajapuri Bakery)	Batumi: About 200 kg of Imeruli cheese (in summer) is supplied weekly by an informal distributor who buys cheese in Samtredia. Cheese quality is defined based on taste properties. As it is used to make Khajapuri it must be soft and not too salty.
KI 69	Gulnara Qoqoladze	17.06.2014	Manager of "Tserodena" (café+Khajapuri Bakery)	Batumi: Café consumes about 150-200kg of Imeruli cheese /week in winter and 300-350kg in summer. Cheese is purchased daily in agr. Market of Batumi. The quality of cheese is defined based on taste properties. Café consumes about 50-80kg of meat per week. Meat is bought from small butcher shop based on a document Form #2. Before Tserodena had a contract with Spektri Ltd. that was giving some recommendations regarding food safety standards.
KI 70	Mamuka Khozrevanidze	17.06.2014	Manager of "Retro" (mainly Khajapuri bakery)	Batumi: Café purchases cheese in agr. Market of Batumi as they believe that cheese is checked here in the laboratory. They buy 80kg of Imeruli cheese 3 times per week from the same supplier. They taste it and check visually. About 10kg of meat is bought two times per week in agr. Market too based on a document Form #2.
KI 71	Tamar Sefirteladze	17.06.2014	Manager of "Laguna" (Khajapuri bakery)	Batumi: Café consumes about 120-150kg of Imeruli cheese per week. Cheese is supplied by an informal distributor who buys it daily from Samtredia. Cheese is tasted and it must not be too salty.
KI 72	Valeri Gabelaia	19.06.2014	Manager of café "Captain"	Batumi: Café consumes about 15-20kg of Imeruli cheese/week, 8-10kg of Sulguni/week and 8-10kg of meat /week. Purchasing manager buys different sorts of cheese in agr. Market of Batumi once in 2 days and meat in a butcher shop. He relies on suppliers and don't check either meat or cheese in the laboratory.
KI 73	Davit Kontselidze	19.06.2014	Purchasing manager of restaurant "Sanapiro"	Batumi: Restaurant consumes about 70-100kg of Imeruli cheese/week, 30-35kg of Sulguni/week and 120-150kg of meat/week. Purchasing manager buys cheese and meat daily in agr. Market of Batumi. Restaurant has a vet who makes microbiological tests on all dishes cooked in the restaurant.
KI 74	Dodo mikadze	19.06.2014	Owner of "Babais Duqani"	Kobuleti: Café purchases about 10-15kg of Imeruli cheese/week, 5-6kg of Sulguni/week and 70-80kg of meat/once in two weeks. Sulguni cheese is supplied by Tsifora –Samtskhe Ltd, Imeruli cheese is purchased from informal distributor from Imereti, meat is bought in agr. Market of Kobuleti based on a document Form #2 document once in two weeks.
KI	Genadi Jashi	23.06.20	Purchasing manager of	Batumi: Restaurant consumes about 200-250kg of Imeruli

75		14	"Machakhela"	cheese/week, 50-60kg of Sulguni/week and 120-150kg of mea/week. These products are supplied by a distribution company Tsiqara Ltd that buys them in an agricultural market of Batumi. Cook checks cheese visually and based on taste properties. For meat they ask a document Form #2.
Supermarkets				
KI 76	Nana Tshitadze	17.06.20 14	Manager of "Yalcin" Market (1 market in Batumi)	Batumi: 35-40kg of Sulguni is supplied per week by a local cheese producer and 50-70 kg of meat is supplied by a distribution company that buys cattle in Ajara villages and slaughters them in Chakvi slaughterhouse. They have a veterinary who makes microbiological analysis on meat in laboratory. Cheese is checked visually.
KI 77	Tamar Tsuladze	17.06.20 14	Manager of " Absoluti" Supermarket (2 markets in Batumi)	Batumi: About 40-50kg of Imeruli cheese is supplied weekly by a distributor. 140-160kg of meat is purchased in agr. Market of Batumi twice a week based on a document Form #2.
KI 78	Temur Tedoradze	18.06.20 14	Procurement manager of "Willmart" (3 supermarkets in Batumi)	Batumi: For cheese purchasing manager goes to Samtredia once in month and buys 300-400 kg of Imeruli cheese from different farmers. Sulguni and smoked Sulguni are supplied by a local cheese producer, 15-20 kg per day. He buys about 70kg of meat daily in agr. Market of Batumi based on a document Form #2.
KI 79	Salome Iakobashvili Iago Siamashvili	18.06.20 14	Purchasing managers of Cheese and Meat in supermarket "Furshet" (1 supermarket in Batumi)	Batumi: Cheese is supplied by an informal distributor who buys Imeruli cheese and Sulguni in Samegrelo. Order is issued once a week for 100-130 kg of Imeruli cheese and 30-40 kg of Sulguni. For meat supermarket has 2 suppliers who buy cattle in Guria and then slaughter them. They buy 100-120 kg of meat once in two days. They have a vet who checks meat in the laboratory.
KI 80	Maia Zoidze	23.06.20 14	Quality manager in supermarket "Goodwill"	Batumi: Supermarket purchases about 20kg of Imeruli cheese in agr. Market of Batumi once in two days. About 100-120 kg of meat is supplied two or three times per week by an informal distributor from Lanchkhuti. It has a vet who makes a microbiological analysis on meat per purchase in his mini laboratory.
Rules				
KI 81	Zaur Putkaradze Ioseb Abuladze Maya Abashidze Levan Bolkvadze	02.06.20 14	The Minister, deputy minister, representatives of agriculture development department of the Ministry of Agriculture of Ajara A.R.	Batumi: The Ministry expressed willingness to cooperate and is ready to support the implementation of ALCP
KI 82	Sopho Lazishvili	02.06.20 14	Director of Tourism Agency (under the Tourism Department of Ajara A.R.)	Batumi: The agency is ready to cooperate with the programme and support the implementation of the programme
KI 83	Ilia Sirabidze	09.06.20 14	NFA agent	Batumi: Agency is ready to cooperate with us and provide us with all the information we will need.
KI 84	Ramaz Surmanidze	18.06.20 14	Head of LEPL "Laboratory Research Center"	Batumi: 3 different laboratories are unified 1) veterinary; 2) food safety; 3) plant protection. Currently they won a tender and NFA bring all the products for checking in this

				laboratory. Chemical analysis need 1 day, bacterial analysis 3 days.
KI 85	Fati Avaliani and Zaur Gorgiladze	18.06.2014	Manager of Spektri Ltd	Batumi: Established in 1995 in Ajara. Currently they aren't accredited. Main clients were suppliers and traders. They make every type of analysis except veterinary. Results require 3-5 day.
KI 86	Tamar Chkuaseli	18.06.2014	Vet. Laboratory LMA	Batumi: They serve private sector as well as public Farmers address to them for dairy products mainly; they make bacterial analysis on them. Hotels, Restaurants, supermarkets never applied for analysis. For meat they have never got analysis request from farmers or traders.
KI 87	Murman Diasamidze	19.06.2014	Manager of agr. Market laboratory	Agricultural market of Khopa, Batumi: They check only products that are sold in Khopa market. They make microscopic checks. Meat is mainly from Marneuli, Senaki, Martvili, Khulo and Abasha slaughterhouses. They check the rest of meat on the next day too. They don't have a right to check shops or cafes or other objects that are outside Khopa market. If product is dangerous for life that send for testing in "laboratory research center"
KI 88	Mamuka Turmanidze Sulkhan Motskobili	20.06.2014	Head of Emergency Agency of Ajara	Batumi: agency is responsible for handling emergency situations including landslide, avalanche, and flood among others. Owns sub-units in all municipalities of Ajara.
KI 89	Khusein Sirabidze	20.06.2014	Head of Fire-Rescue Service	Batumi: provides fire-rescue services on the territory of Batumi and Khelvachauri
KI 90	Davit Ardenadze	21.06.2014	Young Scientists Union 'Intellect', expert in economics	Batumi: union provides service for formulating investment plans and grant agreements for businesses.
KI 91	Lado Antadze	21.06.2014	Business Development Center, expert in law	Batumi: center provides service for formulating business plans, accounting system and grant agreements for small and medium businesses. They have experience of business development in agriculture.
KI 92	Giorgi Putrakadze	23.06.2014	Business Development Center 'Caucasus', representative in Batumi	Batumi: center provides service for formulating business plans small and medium businesses. They form group of students (selected through Olympiad), who work on business plan development. Center has experts and hires consultants when it is required.
KI 93	Jumber Tughushi	23.06.2014	Ajara Chamber of Commerce and Industry, Deputy Chairman	Batumi: chamber provides service for the business plan development. Has experience in working in agricultural field.
Information and Finance				
KI 94	Manuchar Bezhanidze TemurTsilosani	05.06.2014	Agro service center of Kobuleti	Kobuleti: He gave us a list of bee-keeper and agency is ready to cooperate with MC.
KI 95	Zurab Tunadze	09.06.2014	Newspaper 'Khulo', Editor	Khulo: 'Khulo' is governance subsidized newspaper that is provided in all communities of Khulo, as the schools are subscribed to new editions. It does not include specific agro information, only agriculture related news and events. Editor is willing to cooperate with our organization, give information or work on the future projects.
KI 96	Otar Tsinadze	10.06.2014	Newspaper 'Shuakhevi', Editor	Shuakhevi: 'Shuakhevi' is governance subsidized newspaper that is available in all Shuakhevi communities, as schools

				are subscribed to the new editions, but the agricultural information in the newspaper is limited. Editor is willing to cooperate and give the required information.
KI 97	Mzia Amaghlobeli	12.06.20 14	Newspaper 'Batumelebi', Director	Batumi: "Batumelebi" is Batumi based weekly newspaper and online news agency. It is available in all municipalities of Ajara, but in limited edition, as the budget can't cover the expenses for the delivering and providing population of the villages with the new editions of the newspaper. Newspaper has no special section in the agricultural field, but director is willing to cooperate with our organization, as she has ideas for new activities that are required for the providing access to agricultural information for the farmers.
KI 98	Giorgi Papiashvili	12.06.20 14	Pro-Credit Bank, credit officer	Batumi: bank has offices in Kobuleti and Batumi. It has agriculture loans portfolio in amount of half million Gel, for purchasing agricultural equipment and machinery and fertilizers, to acquire breeding livestock, poultry, fish, etc.
KI 96	Giorgi Tchanturia	12.06.20 14	MFI Finca, credit manager	Batumi: offers agro loans except for start-ups. Demand mainly comes from beekeeping.
KI 99	Irakli Abashidze	13.06.20 14	Bank Republic, credit manager	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program, in 2 nd and 3 rd components.
KI 100	Tornike Sulaberidze	13.06.20 14	Basis Bank, credit officer	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program, in 2 nd , 3 rd , 4 th and 6 th components. Many clients applied from villages.
KI 101	Lasha Svanishvili	13.06.20 14	MFI Credo, credit manager	Batumi: offers agro loans for small and medium business and for start-ups as well. Main demand comes from villages of municipalities.
KI 102	Eka	13.06.20 14	KOR Standard Bank, credit officer	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program, in 2 nd and 3 rd components.
KI 103	Zaza Parsenadze	13.06.20 14	VTB Bank, credit officer	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program, in 2 nd and 3 rd components, but Batumi office does not give the agro loans locally.
KI 104	Tornike Abashidze	13.06.20 14	Liberty Bank, credit officer	Batumi: operates in all municipalities, but loans are given only in Batumi and Kobuleti offices. Is involved in the governmental preferential credit program, in 3 rd component. Already financed livestock production in Khulo municipality.
KI 105	Irakli Apkhazava	13.06.20 14	Cartu Bank, credit officer	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program, in 2 nd and 3 rd components.
KI 106	Jano Botchorishvili	13.06.20 14	TBC Bank, credit manager	Batumi: operates only in Batumi. Is involved in the governmental preferential credit program. In agriculture field was given only loan for fish production.
KI 107	Jaba Gabedava	16.06.20 14	MFI Lazika, manager	Batumi: operates in Khulo, Kobuleti and Batumi. Agro loans portfolio is about 50 000 Gel. They offer consultation service in municipalities, have a booklet on beekeeping and potato
KI 108	Marina Mitaishvili	23.06.20 14	Newspaper 'Adjara', Editor	Batumi: 'Ajara' is Batumi based newspaper content and has access to the municipalities. Agricultural information is quite poor as newspaper has no resources for the gathering and providing related information. Editor is willing to cooperate

				with our organization, provide with information or other resources.
KI 109	Giorgi Surmanidze	23.06.2014	Agro program 'I am Farmer' on Adjara TV, author and producer	Batumi: He gave the information about the program structure, informational sources and materials for the preparation. He has own studio 'Green Light', it produces program and sells it to the Adjara TV. He has experience of working in the agricultural field, has relatable knowledge and is willing to provide our organization with any requested resources.
Governance				
KI 110	Resan Chogadze Tengiz Iremadze Djemal Iakobadze	09.06.2014	Khulo Agro Service Center, Director Specialist Specialist	Khulo: main activities and services by agro service center, existing problems and constraints were discussed. They gave information about population rate, pasture conditions and they expressed willingness to provide all required information.
KI 111	Guram Shainidze	09.06.2014	Khulo Municipality, Gamgebeli's assistant in agricultural issues	Khulo: We had informational meeting and he is willing to provide us with all required information
KI 112	Djumber Abashidze Iamze Putkaradze Roini Nakaidze	10.06.2014	Shuakhevi Municipality, Gamgebeli's assistant in agricultural issues Head of Public Relations Department Head of Staff	Shuakhevi: We had informational meeting and they are willing to provide us with all required information
KI 113	Miranda Teroidze Merab Jincharadze	11.06.2014	Kobuleti Municipality, Gamgebeli's assistant in agricultural issues Head of Staff	Kobuleti: We had informational meeting and they are willing to provide us with all required information
KI 114	Manuchar Nijaradze	11.06.2014	Kobuleti Agro Service Center, Director	Kobuleti: main activities and services by agro service center, existing problems and constraints were discussed. He gave information about population rate, pasture conditions and he expressed willingness to provide all required information.
KI 115	Jambul Abuladze	20.06.2014	Director of Agro Service Center	Batumi: agro service center activities and priorities were discussed. He expressed willingness to provide requested information and cooperate with us
KI 116	Zurab Tchurkveidze	23.06.2014	Head of Privatization Department at the Ministry of Finance and Economy of Ajara	Batumi: discussed land privatization procedures and access to pasture in Ajara region.