



ENSURING SUSTAINABILITY IN THE DAIRY MARKET SECTOR

SEPTEMBER 2017



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC



LIST OF ABBREVIATIONS

AJ	Ajara
ALCP	Alliances Caucasus Programme
BDS	Business Development service
BSP	Bio Security Points
CHF	Swiss franc (currency)
EBRD	European Bank for Reconstruction and Development
EEU	Eurasian Economic Union
EU	European Union
FAO	Food and Agriculture Organization
FS&H	Food Safety and Hygiene
GEL	Georgian Lari (currency)
Global Gap	Good Agriculture Practice
HACCP	Hazard Analysis Critical Control Point
IFC	International Finance Corporation
ISO	International Organization for standardisation
KK	Kvemo Karli
LHP's	Livestock and Honey Producers
MCC	Milk Collection Centre
MOLI	Market Opportunities for Livelihood Improvement
NFA	National Food Agency
RED	Rural Economic Development
SDC	Swiss Agency for Development and Cooperation
SJ	Samtskhe-Javakheti
SME	Small & Medium Enterprise
TRACES	Trade Control and Export System
US	United States

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In recent years the cheese market has formalized in Georgia, with the development and growth of a small and medium dairy enterprise sector supplied by small scale farmers and supplying an increasingly formalized market. Much of this development was driven by the Swiss Development Cooperation (SDC) funded Mercy Corps Georgia implemented Alliances Caucasus Programme (ALCP), which began in Samtskhe Javakheti in 2008 and is now implementing a four year phase (2017 -2021) focussing on regional development in Georgia, Armenia and Azerbaijan in the livestock sector. The programme created a model for the sustainable development of Small and Medium Enterprise (SME) Dairy factories based in and equitably¹ supplied by local communities, which included the development of commercial Food Safety and Hygiene (FS&H) and Business Development Services (BDS) consulting services. This model was copied and adapted by other SDC funded and managed programmes notably RED and MOLI programmes and further supported by government funded agri credit made available to developing SME's. This phase in the development of cheese sector was described in *National Cheese Sector Research* conducted by ALCP programme in March 2016 (please follow this link: [Research](#)).

Since this research was carried out in 2016 the cheese market has continued to develop and the competition in the cheese sector is now fierce, including a very definite shift apparent in the amount of branded Georgian cheese with sophisticated marketing available for sale in formal outlets. This is due to the rapidly increasing number of supermarkets throughout Georgia as well tighter controls of emerging dairy factories by the National Food Agency² (NFA) and thus there has been a huge growth in the number of formal outlets selling generically labelled³ as well as branded cheese.

Other main trends include the use of milk powder in cheese making, the continued supply of cheese from unregistered and incompliant enterprises operating with few overheads and supplying to both formal and informal outlets and the resultant unfair competition. There is also a pressing and growing need for transparency in sourcing practices, labelling and sales practices by formal outlets selling labelled and branded cheese; outlets in which the consumer is placing their trust in both the food safety of the produce and the integrity of the product that they are being sold. In other words, a consumer should be able to discern through clear labelling and marketing whether they are being sold cheese made from raw milk or from milk powder and should be able to trust that it is safe to eat especially when presented in a commercial supermarket outlet. When this is not the case it not only deceives the consumer and is potentially harmful to health but it also undermines the compliant SME sector sourcing raw milk from suppliers operating with considerable overheads to comply with food safety and hygiene requirements. It ultimately has the power to undermine the availability of high quality raw milk produced sustainably in minimal inputs systems the profits of which feed back into and benefit rural communities.

This research details these trends as a basis for developing interventions to correct this bias in the market and to consequently stabilize and safeguard sustainable growth in the SME dairy sector for the good of

¹ The programme recognized that the proper inclusion and capacity development of women suppliers who predominantly milk and produce dairy products was vital to the model. 80% out of 11,054 direct beneficiaries of the dairy interventions are women and the benefits to families, children and communities have been profound.

² Including the stipulation in January 2017 that factories have HACCP certification.

³ Generic labelling and packaging in-house in supermarkets

farmer suppliers, consumers and rural communities across Georgia. See entry points (Table 6) for proposed interventions.

DAIRY SECTOR OVERVIEW IN GEORGIA

In the famously diverse agro ecology of Georgia the one consistent factor uniting nearly all of the small scale producers who make up 90% of the rural population is keeping milking cows.⁴ The production of clean good quality milk is the foundation of the development of the dairy sector, and local factories buying raw milk from regular suppliers are exceedingly important in rural areas providing vital income to communities. This income allows farmers to invest in improving cattle breed, farm and dairy equipment, or nutrition and seed. Women are saving and investing money in their children's education and renovating and buying houses. Where the dairy sector has developed and the regular sourcing of milk has become stable, major changes in agricultural practice are being observed including:

- Increased feeding of combined feed and a switch in breeding practices to produce milk outside the summer glut.
- For one cheese factory in Ajara 83% of milk suppliers are investing in dairy livestock husbandry by increasing the number of milking cows and improving breed influenced by their access to a raw milk market.
- 18% of the suppliers of another cheese factory based in Ajara have started to invest money in starting up greenhouses, improving their potato yield, which has increased their income by 25%.
- Some of the milk supplier farmers have started purchasing milking machines, to reduce the time and energy spent on milking and produce cleaner milk more easily.
- Farmers are more focused on better breeds with fewer cattle and improved veterinary and feeding practices, rather than a larger amount of poor cattle.

SME's have realized that they must invest in their suppliers to stabilize and grow their businesses. Payment is a main factor in growing their business, more frequent payment means stable + regular milk supply from farmers. Cheese factories try to keep a good and long-term relationship with farmers via on time payments and thus not lose milk suppliers due to late payments. In addition, some factories have started to pay significant amount of money in advance to milk suppliers for their imminent needs, preparing children for school and buying clothes. Other instances of investing in suppliers and nurturing the supplier/buyer relationship include:

- The factory is offering an extra benefit to its milk suppliers by giving whey back to them for feeding pigs.
- Bringing improved livestock feed to the door of suppliers as well as other staples such as pasta, flour and etc., many suppliers live in very remote locations.
- Providing credit in local shops.
- Form an association of suppliers to represent their interests to relevant government.

⁴ Farmers are reliant primarily on grass based dairy production, from pasture in summer and hay in winter.

SMEs have created 144 jobs (62 Female and 82 Male) and they are investing in employees for better relationships:

- SMEs have contracts with their employees, which make them feel secure and act as a guarantee for them when taking Bank loans.
- Employees are informed by their managers about the success of the enterprises and are very proud and motivated to do their best for their future development.
- Enterprises pay salaries in advance when needed. Tasks and responsibilities are properly delegated; teams have a good relationship with each other.
- Employees are working in more safe/clean and warm conditions at work, compared to previous jobs where they worked in a dirty and unsafe environment.

Positive Sectoral Shifts

Since the signing of the Deep and Comprehensive Free Trade Agreement (DCFTA) in particular National Food Agency (NFA) inspections and legislation concerning dairy factory compliance has been increasingly implemented. Since January 2015 HACCP has been obligatory for dairies and slaughterhouse. Since January 2017 dairies must apply to the (NFA) for registration and thereby be liable to inspection. This in conjunction with significant ongoing funding made available to dairy SME's utilizing Business Development Services (BDS) and Food Safety and Hygiene services (FS&H) developed by the ALCP, thus ensuring the further spread of the sustainable dairy model in Georgia. Serious constraints do however still exist in the operation of unregistered enterprises fuelling unfair competition and access to investment other than government loans is a growing need for the burgeoning sector. (*See below*)

Sectoral Constraints

Despite the above-mentioned positive achievements there are constraints which currently hinder the development of the sector:

- *Incompliant product.* There still exist farmers in rural areas who do not sell milk and make cheese at home, which is sold by intermediaries to informal outlets (*please see section Cheese Value Chain*). According to food safety and hygiene (FS&H) law it is not obligatory to be compliant with FS&H requirements when milk processing at home, making cheese or other dairy products for home consumption. This obligation will be enforced from January 2020. Because of this law the NFA is not able to control the production of homemade cheese.
- *Lack of control of non-registered and incompliant enterprises (please see Formalization section).* NFA inspections concentrate on registered enterprises and unregistered cheese production continues to undercut compliant production and creates unfair competition⁵ thus destabilizing the entire sector.
- *Unlabeled production of cheese made with milk powder.* Increasing amounts of imported milk powder are being used in cheese making but without commensurate transparency in labelling thus undermining the potential added value of raw milk dairy production. HACCP is not required by

⁵ This includes distorting prices for milk. These unregistered players due to low overheads can offer unsustainable prices for milk particularly in times of shortage destabilizing the supply of compliant players.

SMEs ⁶ which are producing milk powder, but for SMEs who are producing raw milk it is obligatory. Those investing in FS&H are therefore at a disadvantage.

The Government of Georgia has identified dairy sector as a priority sector for agriculture development and has supported the funding of low interest agro credit (*see Government Funded Projects section*). In total the government has invested \$13,820,517⁷ in the dairy sector since it began the scheme in 2013.

However, outside the government funded agricultural credit support programmes, medium scale farmers and rural SME's still have problems in accessing affordable loans for significant ventures.

For example:

- If the factory wants to take 7% or lower interest rate credit for the amount of \$100,000 or more, financial institutions request provision of property (usually only property in main markets such as Tbilisi or Batumi is acceptable), which in most cases should have twice the value of the requested amount. Very often SMEs are unable to meet this criteria.
- If the factory is unable to provide the property for requested amount, then it is forced to apply for a loan of less than \$100,000 with an interest rate of 8% or more. In this case the requested property can be of low cost. However, this amount of money is not enough for SME's to cover their financial needs and the high interest rate affects profits.

Food Safety and Hygiene still offers considerable barriers for growth in the sector as a whole but improvement is ongoing. For example, the National Food Agency has recently made changes in Milk and Dairy products legislation regarding cheese labelling. The positive and negative impact of this legislation for consumers and SMEs can be seen in the *Consumer Section*.

Since signing the *Deep and Comprehensive Free Trade Agreement*, for agriculture a main challenge still remains enabling enterprises (from micro to SME and large) to comply with requirements allowing them to trade efficiently with EU.

Milk Production

During recent years milk production has steadily increased throughout the country fuelling the growing number of cheese factories and cheese production (*see Dairy Enterprises and Cheese Production sections*). Unfortunately, official data on milk production or number of operational cheese factories or production and consumption of cheese in Georgia is not available. Information given in the maps below was obtained from information taken from interviews (*for more details please see Annex 4 Key Informant Interview Directory*)

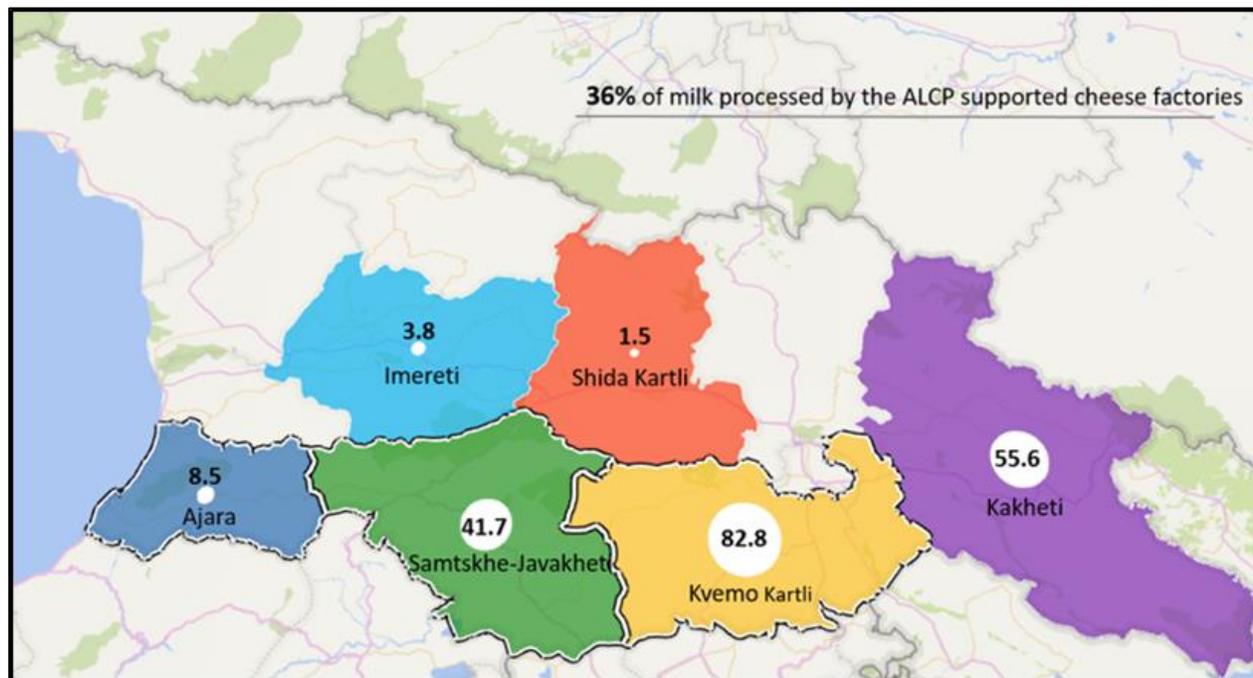
Research findings and in-depth interviews identified the amount of milk produced throughout Georgia, where the highest volume of milk is produced in Kvemo Kartli, followed by Samtskhe-Javakheti and Kakheti regions. While the smallest amount of milk comes from Shida Kartli, the region with the least

⁶ According to resolution #90, 07.03.2012, slaughterhouses and those SMEs processing raw milk, are obliged to have HACCP system in enterprise, since January 2016, which means that the rest of SMEs are not obliged to have HACCP

⁷ \$1,036,806 in direct financing for 8 enterprises and \$12,783,711 for low interest loans to 122 enterprises.

developed dairy industry. The total amount of milk processed by registered cheese factories throughout Georgia in 2017 (to September), is 193.9 tons of milk/day. Out of it 36 % of milk (69.1 ton of milk/day in peak season⁸) is processed by the ALCP programme clients, which serve 12,425 milk suppliers from three regions of Georgia.

Figure 1 Milk production per region



Demand for raw milk is increasing due to:

- Increased number of cheese factories (*please see below Figure 2 on the trend of new enterprises opening from 2008 to September 2017*)
- Recent changes in Milk and Dairy Products Legislation (*please see Consumers section, page 17*).
- Increasingly consumers in Georgia are becoming aware that much of their food is not now ‘natural’ and are willing to pay a price premium for ‘natural’ food.
- The export of Georgian cheese such as Sulguni and Factory cheese to the US and Abkhazia

Competition for Supply

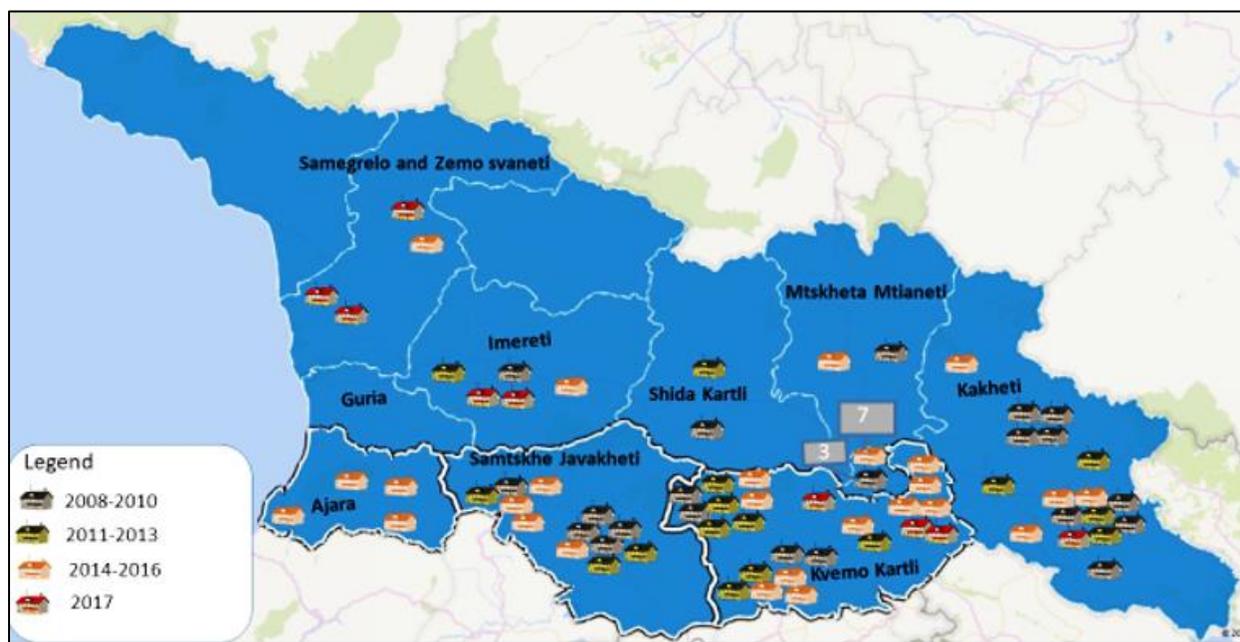
In the winter when the amount of milk is low, there is huge competition among registered and unregistered cheese producers in milk collection and they regulate the price of milk. Unregistered entities can offer unsustainable and low prices for milk due to low operational costs. For example, if the milk price last year was 0.80-1.00 Gel/liter in winter, the price this year has increased by 0.20- 0.30 Gel/liter, the average price of milk currently at 1.10-1.30 Gel/liter.

⁸ Peak season is a high milking period (May, June, July)

The number of cheese factories has increased by 70% since 2008. The drivers for the growth in the number of cheese enterprises in Georgia is the following (please see Figure 2 for more details):

- The SDC market development programme model operating from 2008 was the main factor helping to create the foundations of a modern compliant the SMEs dairy sector. (Please see Annex 2 ALCP Influence)
- Access to affordable Food Safety and Business Consulting services for cheese factories, became available in regions for SMEs.
- Government agro credit for SME's supported by Government funded BDS and FS&H consulting services, which are using the same business models developed for applicants by the ALCP.
- Other cheese factories copying the dairy business models
- Part of business consulting services being covered by Government.
- More accessible business consulting services for farmers and SMEs.
- Tax exemptions⁹ being awarded to businesses based and registered in mountainous regions.

Figure 2 shows the trend of new enterprises opened from 2008 to 2017¹⁰ in Georgia



⁹ Sectoral support from the government has also been provided through the Tax Exemptions to Mountainous Regions which sees tax exemptions for processors in areas designated as mountainous. However, the lack of access to information or financial literacy can hinder access to these benefits.

¹⁰ Includes data from January 2017 to September 2017

Imeruli¹¹ cheese remains the most common cheese used in home cooking and bakeries¹² as well as being sold in formal¹³ and informal¹⁴ outlets and is followed closely by Sulguni¹⁵ cheese sales. Imeruli is more commonly produced in households. Sulguni is the most commonly produced type of cheese in factories and many Georgian traditional and popular dishes are made of Sulguni. The production of cheese is expanding rapidly in across the whole country with more compliant producers focusing on supplying Tbilisi and Batumi markets and HoReCa sector. This research found that 214 tons of cheese is being produced weekly throughout Georgia. Mtskheta-Mtianeti region was identified as the largest producer of Imeruli cheese made from milk powder¹⁶, the region produces 36 tons/week of Imeruli cheese made from milk powder in peak season and supplies formal and informal outlets in Tbilisi and Batumi markets. It is very interesting that Imeruli cheese made from milk powder holds the main place on the market. As it was expected the research found that Kvemo Kartli region is the largest producer of branded Sulguni and Imeruli cheese made from raw milk, while Samtskhe-Javakheti region remains the biggest producer and supplier of Factory type of cheese (so called Georgian cheese)¹⁷.

¹¹ It is white fresh cheese produced from cow's milk. Imeruli cheese accounts for the majority of Georgian cheese market. It is used in making Khachapuri and is the most commonly consumed cheese.

¹² Georgian traditional cake – Khachapuri (similar to cheese pie), made from Imeruli cheese

¹³ Supermarkets

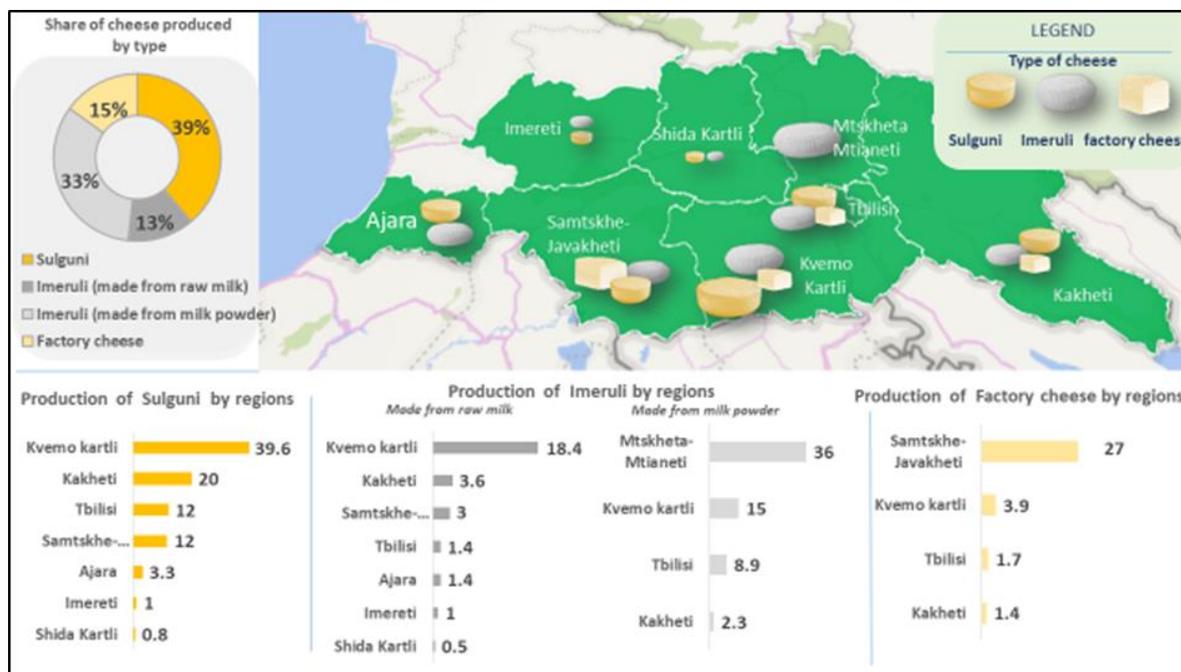
¹⁴ Roadsides, agrarian markets and small/mini shops, 'kiosks'

¹⁵ Cheese curd is boiled to produce Sulguni. Considered by consumers as a higher valued product and sold at approximately 25% higher price per kg than Imeruli.

¹⁶ The Figure is high because dairy company - Agro Consortsium Tserovani, which is the biggest milk powder consumer and producer of Imeruli cheese is located in Mtskheta-Mtianeti region. In some supermarkets cheese is sold with a label and in many cases cheese is not labelled and packed by factory.

¹⁷ Georgian cheese (so-called Factory type cheese): A salty white cheese produced in bulk, made in the same way as Imeruli but kept in salt water for longer. This cheese is used only for eating.

Figure 3 Cheese production by registered factories (ton/week) by type of cheese and regions¹⁸



Cheese Value Chain in Georgia

Household Production

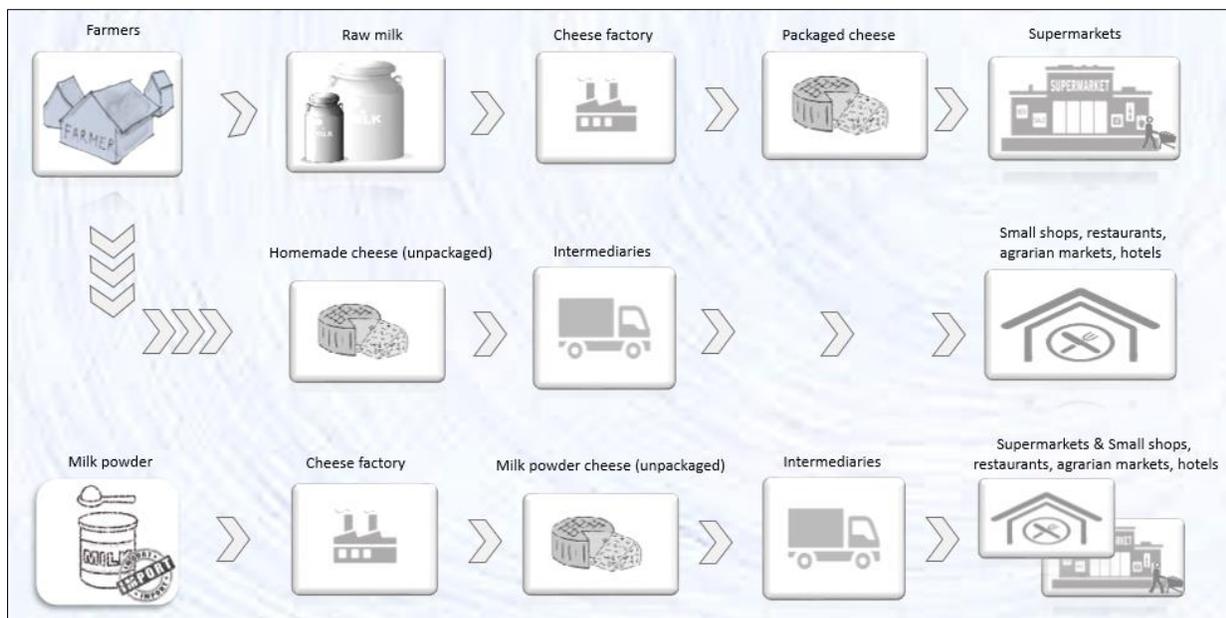
The key findings of the research show that the Imeruli cheese made by households with raw milk is unbranded and is sold mostly informally, frequently via intermediaries in kiosks, small markets and on streets and agrarian markets or to neighbours. It is highly likely that this cheese is being produced in non-compliant and unchecked facilities. According to FS&H law it is not obligatory to be compliant with FS&H requirements while milk processing at home, making cheese or other dairy products for home consumption. This obligation will become in force from January 2020. Based on this law the NFA is not able to control the production of home made cheese. Imeruli cheese is still being made for eating and home cooking at HH's, as it needs minimum efforts for production (time, amount of milk, cost of making)

Milk Powder Cheese Producers

Those cheese factories who receive milk from farmers are producing cheese and selling it labelled in formal outlets. Research reflects that milk powder cheese is produced mainly by cheese factories and is sold in most cases without proper labelling via formal and informal outlets, thus there is no transparency and traceability, and currently these issues become the main constraints for the dairy sector and SME sustainability. (See details in Key Constraints in the Sector section)

¹⁸ Data obtained from key informant interviews.

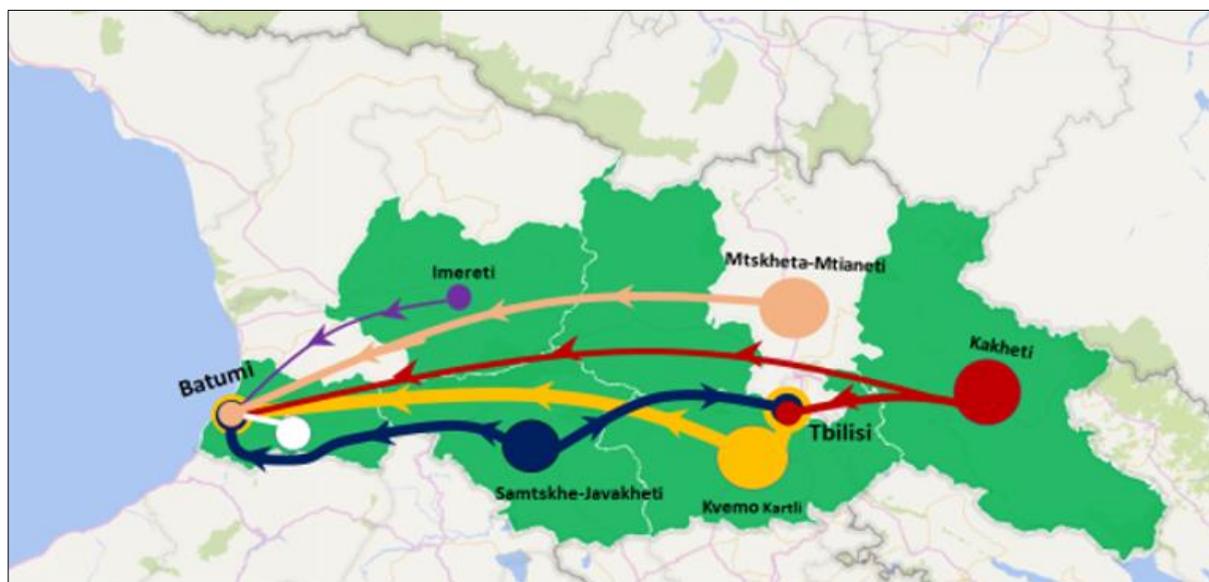
Figure 4 Cheese Value Chain in Georgia



Cheese Distribution in Local Markets

There is no official data available on cheese distribution produced by registered factories in the country, however research identified the ways cheese is distributed throughout Georgia. According to obtained information Sulguni (regular, braided smoked, regular smoked), Georgian cheese (Factory cheese) and Imeruli cheese are mainly produced in Eastern Georgia and are sold in Tbilisi and Batumi markets, which are the biggest markets in the country. The Western part of Georgia is less developed for cheese production, the main dairy products produced by the factories in this part are Imeruli, Sulguni, and Matsoni. Products are sold in Batumi in formal and informal outlets and in the HoReCa sector (*For more details please see Figure 5 below*).

Figure 5 Cheese Distribution in Georgia



Distribution Companies and Their Role in Dairy Sector

As the number of cheese factories has increased in recent years' distribution companies have become more interested in cheese trading and have started entering the dairy market and into cooperation with cheese factories. Distribution companies play a vital role in delivering food products from manufacturers to consumers. When a producer works with a distributor, there is a better chance of making a dairy product more widely available for consumers than if the product is handled and delivered by the producer alone (*Box 1 below provides an example*)

BOX 1: Cheeseline

Cheeseline is a cheese factory based in Kvemo Kartli, it was cooperating with *Nagemi* distribution company. The factory was delivering cheese to *Nagemi*'s warehouse in Tbilisi, from where *Nagemi* was distributing cheese to about 200 supermarkets and small shops. The company had a good relationship with the supermarkets and made timely payments to *Cheeseline*. However, unexpectedly the *Nagemi*, stopped distributing cheese and *Cheeseline* had to started its own distribution. *Cheeseline* has been instantly placed in a more difficult position, payments from sales outlets were often delayed causing cash flow problems for *Cheeseline* not to mention distribution costs and the time and human resources necessary for the distribution.

The positive and negative sides in a relationship between cheese factory and distributor *are shown in Table 1 below*:

Table 1 Positive and negative sides of cooperation between distribution companies and SMEs

Positive side	Negative side
<p>SME's</p> <ul style="list-style-type: none"> - Factory saves time and transportation costs from delivery and trying to sell products to formal outlets. - In many cases distribution companies make payments to factories on time. - Factories have regular orders from distribution companies and a regular + stable market. - Better managed and controlled sales with formal outlets - Controlled safety, condition and terms of storage of products <p>Distribution Companies</p> <ul style="list-style-type: none"> - Business is profitable¹⁹ 	<ul style="list-style-type: none"> - All distribution companies try to purchase dairy products from factory in at a low price. - Low publicity of cheese factory at the market. In Georgia dairy products are mainly packed by distribution companies, who place their own brand on the front of the product while the information about factory is written on the back of the product <ul style="list-style-type: none"> - Can't get an appropriate price for raw milk products due to unfair competition from milk powder cheese producers and unregistered product. - Low publicity of distribution company at the market - Formal outlet doesn't follow cheese storage conditions which very often causes spoiling and returning back of the cheese.

Table 2 Officially registered dairy distribution companies

Company name	Representative	location	Activities	Suppliers
Local distribution companies				
Extra Meat Ltd	Sergo Chiburdanidze	Kutaisi	Distribution Company	Tsipora Samtskhe Ltd
Agro business Group Ltd	Sergo Lomidze	Tbilisi	Distribution Company	Tsipora Samtskhe Ltd
Papuna Ltd	Papuna Koridze	Tbilisi	Distribution Company	Tsipora Samtskhe Ltd
Levan Abashidze I.E	Levan Abashidze	Tbilisi	Distribution Company	5 cheese factories in Ninotsminda

¹⁹ Profit of distribution company is minimum 1-1.5Gel/Kg

The dream of many pop brands to ‘make it in America’ came true for Tsalka municipality based dairy products company *Tsezari* and Kakheti region based cooperative *Alaznistavi* who have both exported cheese to the U.S. (please see table below).

Since June, 2016, *Tsezari Dairy Products Company* has exported 14 tons of, Sulguni, Braided Smoked Sulguni²⁰, Sulguni Sticks and Factory Cheese to New York and Los Angeles. 5 tons was recently supplied to Los-Angeles, US under a new contract signed with US based cheese distributor company *Tamani Ltd*. *Tsezari* is a HACCP certified producer and has been a main supplier of Sulguni cheese to the Carrefour chain in Georgia for over two years. *Alaznistavi* exported 3 tons of Guda²¹ Cheese to New York²² last year.

Despite these successful cases cheese export remains an unreachable dream for most dairy companies in Georgia. Thus, they are not able to benefit from:

- Better/safe market terms and conditions (strongly regulated relationship via signed contracts; followed conditions, written in the contracts, by supermarkets chains; lack of exporter competitors, advertisement of product and factory, stimulation of business and product expansion)
- Donors’/international organization’s and the government’s support and facilitation
- Higher price for cheese
- Stable and large orders/regular sales

Currently there are no cheese factories in Georgia officially exporting cheese or other dairy products to Azerbaijan, Armenia or any other country except the US, Russia and Abkhazia. Georgian cheese mainly Smoked braided Sulguni is sold in Azerbaijan unofficially, sent by bus in small bags.

Table 3 Officially registered dairy products exporter distribution companies

Company name	Representative	location	Activities	Suppliers
Exporter companies				
Exporter Laki Ltd, Major distributor to USA Tamani 1 corp. www.tamanifood.com	Lia Makharadze Ilo Manjgaladze Natali Kelidze	572 Smith Str. Brooklyn, NY, US	Distribution Company (export to US)	Tsezari’s dairy products, Alaznistavi Cooperative
Sun Breath Corps	Koba Sarukhanashvili	Suit 20 Brooklyn NY, US	Distribution Company (export to US)	Tsezari’s dairy products

²⁰ Sulguni that is braided, cut or shaped and smoked over wood shavings. A popular snack with beer.

²¹ Cheese made from Sheep milk, using and matured in sheep skin.

²² The cheese, which goes to US is sold only in ethnic supermarkets, shops and restaurants such as Belarusian, Ukrainian, Russian and Georgian shops and restaurants there.

All supermarkets in Georgia have contracts with SME’s, however none of the formal outlets are following the terms written in them. The research has identified several cases when:

- Supermarkets have replaced existing cheese supplier with another one, offering the same products at lower price, without any explanation.
- The supermarket is delaying payment, which could be left unpaid if supermarket faces financial difficulties or becomes bankrupted
- Formal outlets dictate the terms of agreement (payment, sales, advertisement) and if SMEs want to sell product via formal outlets they have to agree to these terms.

Table 4 Relationship between supermarkets and dairy supplier companies

	Positive side	Negative side
Hypermarkets and Supermarket chains ²³	<ul style="list-style-type: none"> - Stable relationship with cheese factories - Regular orders - Most cheese sold in supermarkets is labelled and packed 	<ul style="list-style-type: none"> - Formal outlets have a weak control over the cheese production facilities, (storing conditions, labelling etc.) - Payment from supermarkets is made only twice a month e.g cheese supplier does not have cash flow to pay money to farmers on time or regularly. - Big orders are risky, because cheese factories supplying supermarkets, could be left unpaid if supermarkets face financial difficulties or are bankrupted ²⁴ - Some big supermarkets ask suppliers to pay an unofficial payment for product placement and if any dairy company wants to occupy this place it should pay this additional fee .²⁵ When the factory pays this fee it can sell product in every outlet of this supermarket, if it do not, then selling is restricted and it can sell cheese only in a few outlets and not more. Cash over quality.
Non-chain supermarkets ²⁶	<ul style="list-style-type: none"> - Weekly payment so factories have cash to pay to farmers regularly, this means regular + stable milk supply and these factories are in a winning position while supplying cheese to non-chain supermarkets rather than Supermarkets chains. - Another positive side is a smaller order from non-chain supermarkets, which means less risk in the instance of a dairy company 	<ul style="list-style-type: none"> - Less advertisement and publicity (Less well known supermarkets), mostly having only one branch - Small orders from supermarkets = small income for cheese factory - Low control of dairy products on labeling, packaging, production and storing facilities and etc

²³ Carrefour, Goodwill, Fresco, Nikora, Foodmart, Ori Nabiji, Zgapari (Newly expanded supermarkets chain)

²⁴ There are a number of recent examples that several dairy companies had payment issues with Goodwill and Furshet supermarkets chains, as these last ones faced the financial problems and were thousands of Lari in debt to the companies including dairy companies Furshet supermarkets chain has recently closed in deep debt to cheese factories

²⁵ There was a case when two dairy enterprises (Tsalka+, Tsezari) were asked to pay 8,000 and 25,000 Gel to occupy the ‘best’ place in dairy section of supermarket.

²⁶ Such as, House Market, Puris Sakhli, Mari Market

	<p>being unpaid for cheese if the supermarket faces financial problems s.</p> <ul style="list-style-type: none"> - There is no fee to occupy the place inside of the market territory 	
Small Markets and Agrarian markets²⁷	<ul style="list-style-type: none"> - Weekly and daily payments to cheese supplier company - Small orders – less risk if unpaid 	<ul style="list-style-type: none"> - Not well known markets = less advertisement and publicity of dairy products - Small orders = small income for cheese factories - Lack of control of dairy products, on labeling, safety, packaging, compliant storing and production conditions and etc

CONSUMERS

Consumers in Georgia are attracted by well-designed brands, however they do not know and are not aware of how to read and understand the labels on cheese. Indeed, the topic is a fairly complex one and thus confusing. E.g. if vegetable oil is written on the label it means that the product is not made from raw milk despite having every appearance and marketing of cheese. Due to this, consumers are unable to make an informed choice and are frequently misled by misrepresentative and disingenuous marketing. (*Please see Figure 6 below*)

The term ‘ecologically clean’ (direct translation) is popular in Georgia and has been mainly used by producers in recent years to advertise and show to consumers that a product is safe, clean and natural which leads to positive expectations among consumers. However, the words ‘ecologically clean’ can often be misleading used to pretend desired qualities by unconscientious producers. Also as the term is not a legal one it does not have any measurable standard attached to it. It is a concept. If added value is to be achieved for a raw milk product a standardized and certified form of labelling that consumers can recognize and trust needs to be developed. Nevertheless, according to this research the number of consumers who are ready to pay premium price for cheese made from raw milk²⁸ from rural areas is growing.

²⁷ Such as small shops and Agrarian markets

²⁸ In Georgian it is ‘ეკოლოგიურად სუფთა’, which means eco/bio products.

Figure 6 Consumers Choices



The National Food Agency made changes to legislation on Milk and Dairy products in Summer 2017. According to these changes it is prohibited to use the name 'cheese' in the name of a product, if the product contains milk powder. However, other names without using the word 'cheese' can be used that would indicate to the customer that it is cheese. These include the use of names, such as 'Sakhachapure' (for khachapuri /cheese bread), 'Extra', 'Chkinti'²⁹ which mislead consumers and allows them to assume that this is cheese made from raw milk.

The positive effect of these changes are that to an informed and regulated market it can boost product diversification, choice and price range, the negative that in an ill informed and un-transparent market it can fuel unfair competition and not offer trusting consumers value for money or an honest choice. *Please See Table 5 Recommendations for Consumers* for an explanation of what consumers should know to enable them to make an informed choice. The issue is not that cheese made from powdered milk is bad, it is that currently consumers are unable to make an informed choice based on their own buying criteria.

²⁹ In Georgian means very soft Imeruli cheese

Table 5 Recommendations for Consumers

Consumers	General recommendations
<p>Should</p> <ul style="list-style-type: none"> - Pay more attention to labelling and read the label carefully especially in cheese constituents. If it is written that it contains vegetable oil, it means that this cheese is not made from raw milk. be aware that, if ‘cheese’ is written on the label the product is made from raw milk, conversely if ‘cheese’ is not written on the label then it not made from raw milk. - Know that if on the label it is written ‘Sakhachapure’, ‘Extra’, ‘Chkinti’ or other names related to cheese, you should carefully read the constituents, in many cases this product is made from milk powder and such names are misleading consumers - Know if they find out that cheese is sold without a label, that they have the right to ask for additional information (constituent, name of producer and etc.) about this product from the formal selling point that is obliged to provide such information - Know, in case if a seller is not providing information about labelling and constituents cheese the consumer can call the NFA’s hot line to complain . 	<ul style="list-style-type: none"> - It is highly recommended not to buy cheese if sales environment is dirty, and incompliant to FS&H. - The label should clearly state the constituents of the dairy product whether it is produced from milk powder or raw milk or if it contains any oil. Detailed and clear labelling allows the consumer to make an informed choice between products. Misleading information displayed on the label and packaging, prevents consumers from making an informed choice. - If in the consistency of cheese, it is written vegetable oil, or milk powder it means that product is not made from raw milk. - Not to buy cheese without knowing its origin and ingredients.

KEY CONSTRAINTS/ISSUES OF NOTE IN THE SECTOR

The Dairy sector is continuing to grow, but there are still many constraints disrupting the growth and threatening the sustainable development of this sector. Some constraints mentioned in the preceding sections are discussed in more detail below. *Please see Table 6 Dairy Market Analysis for a summary of Systemic Constraints, Drivers & Pro-Poor Opportunities and Entry points stemming from this research.*

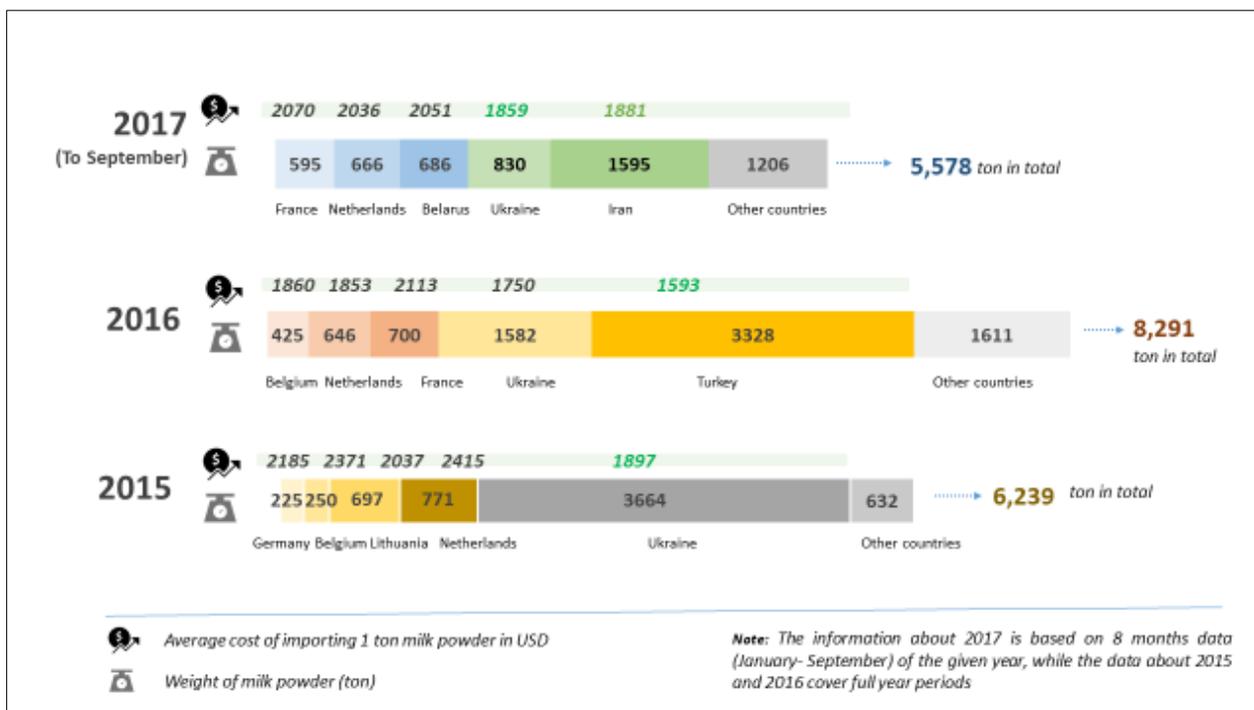
Import of Milk Powder

Import of milk powder has grown over the last three years. The data provided in this research is for 2017 until September. According to this the amount of powdered milk imported was 5,578 thousand tones³⁰. *Please see Figure 7 below*

- In 2015 the leading country in importing of powdered milk to Georgia was Ukraine with average price 1,897 \$/ton.
- In 2016 - Turkey with average price 1,593 \$/ton
- in 2017 - Iran with average price 1,881 \$/ton.

³⁰ There is a tendency in Georgia in increase of milk powder usage in winter to produce Imeruli cheese, which is stipulated by the lack of understanding and reading the label by consumers and decreased amount of raw milk in that period of year.

Figure 7 Amount (ton) and average price/ton of imported milk powder to Georgia by the top five largest importer countries (2015-2017)³¹



The rise in the import of milk powder and production of milk powder cheese has assumed a mass character throughout the country, which has become difficult to control and has created an unfair environment for business operators producing cheese from raw milk. As hitherto stated, milk powder use in cheese making is not per se a bad thing and offers a cheaper alternative, the issue is that the consumer must be able to make an informed choice. This development prompted the changes made in Milk and Dairy products legislation. The changes (as detailed in the consumer section) have been in force since June 24, 2017 specifically state:

- Since June 24, 2017, it has been prohibited to use the name ‘cheese’ on products name if product contains milk powder, however other names can be used, such as Sakhachapure, Extra and etc, but without any mentioning of name ‘cheese’.
- Since the 1st of August, 2017 the content of trans-fats in 100 gr of vegetable oil should not exceed 2 grams, while the food intended for infants and pre-school children should not have these trans-fats at all.

³¹ Data obtained from taxation system’s export/import information at the Ministry of Finance of Georgia

A main problem currently in the dairy market is that registered enterprises adhering to laws are at a disadvantage as policing and inspections tend to focus on those who comply rather than those that do not. Thus cheese factories not using milk powder, paying their taxes and investing in compliant production, equipment, transport etc., are at a significant disadvantage, leading to unsustainability in the sector unless addressed.

Dairy Associations and Their Role in Dairy sector

There are four registered dairy associations in Georgia:

- *Dairy Georgia Association* has about 21 members : 9³² of them are large dairy producers and are paying a memberships fee of 600 Gel/month, and have voice in decision making. The remaining 12 members are SMEs and are paying a membership fee of 200 Gel/month; they do not have a voice in decision making. This association was funded by the donors: RED, MOLLI. The main benefit for the SMEs is that they are attending trainings, meetings, receiving news etc.
- *Georgian Dairy Association* is covering 5 big farms³³. The association is funded by FAO and EBRD and currently is at the stage of formation. The organization does not have a membership fee,yet. To become a member of this association farmers should meet some criteria, such as having proper milking space for cows, having compliant cowshed and producing safe milk and etc.
- *Guild of Cheese Producers* has about 126 member's/cheese producers. These members are mainly participating in annual Cheese Festival by representing and selling their products. Organization does not have a membership fee
- *Milk Suppliers Business Association* has about 250 LHPs, who are the milk suppliers of dairy enterprise *Natural Products Ltd.* The organization does not have a membership fee.

The most active association is the *Dairy Georgia Association*. Some members of this association are big dairy companies, with a lot of experience in working with formal outlets and even sometimes offering terms of cooperation to them. For example: big dairy companies are asking for good product placement, formal outlets accept these terms as these dairies regularly deliver a variety of dairy products, while small factories tend to deliver only several types of cheese.

Recently, the *Dairy Georgia Association* advocated for improvement of FS&H standards in cheese factories and managing unfair competition among registered and non-registered incompliant cheese factories. However on asking a non-member SMEs if they had felt any benefit from the work of Associations to date they said no benefit has been felt yet. According to the Chairmen of *Dairy Georgia Association*, the association is currently conducting Cheese Market research, which will be finalized and presented to the public very soon.

³² Association members: Sante, Natural +, Nikora, Vimm Bill Dann (Pepsiko), Milko (former Ecofood), Santa, Soflis Nobati, Amaltea

³³ Association members: Kvareli Baga, Shiraki, Dorani, Stori, Bakuri Ejibashvili

The Current Constraints:

- Most associations were founded by donor money and when the funding finishes the associations' activities might not continue.
- The research found that general expectations of non-member SMEs from the two main dairy associations are negative, because according to SME perceptions, most of them think that big dairies who they perceive as being powerful members, will not let them advocate for their interests, as they have huge experience, good lawyers, enough finances, human resources, partners and governmental level contacts. All these benefits place big dairy factories in a privileged position.

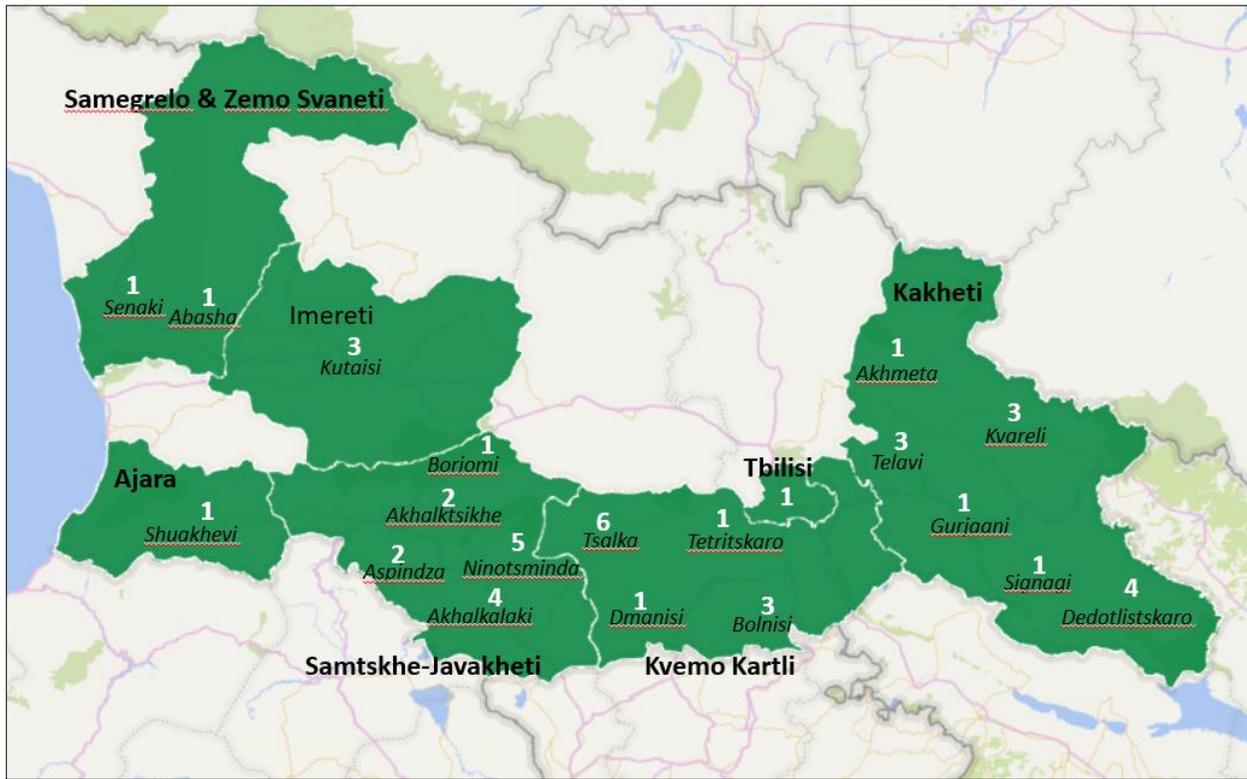
Government Funding Projects

As mentioned in the introduction one of the main drivers of the development and growth of the SME dairy sector in Georgia has been affordable government loans to SME's. Indeed, many of the ALCP dairy clients financed their co-financing obligation through these loans. In total \$1,036,806 has been provided in direct financing for 8 enterprises and \$12,783,711 for low interest loans to 122 enterprises. Another main stimulator of growth has been the tax exemptions for mountainous areas (*see below for details*).

Since 2013 the Georgian government launched three different programmes to support enterprises:

- The programme 'Produce in Georgia' is implemented by the Ministry of Economy and Sustainable Development of Georgia;
- Preferential Agro Credit Project is initiated by the Ministry of Agriculture of Georgia and has been implemented by the Agricultural Projects Management Agency since March 27, 2013 within the frame of 'United Agroproject';
- Co-financing of Agro Processing and Storage Enterprises. The project is initiated by the Ministry of Agriculture of Georgia and is implemented by Agricultural Projects Management Agency within the frame of 'United Agroproject', with financial support from the state budget.

Figure 8: Number and location of dairy enterprises financed by the Government



Tax Exemptions for Businesses

According to Georgian policy, tax exemptions can be awarded to businesses from mountainous regions. The *Law on the Development of Mountainous Regions* was adopted in summer 2015 and came into force in January 2016. It includes certain income tax exemptions that apply to domiciled individuals and operating enterprises registered in the mountainous regions. Twelve eligible ALCP clients were granted status and three more intend to apply. Their registration was supported by the programme’s BDS service provider and information on the scheme was spread through the programme’s information networks: TV and newspapers and trainings and consultations provided by the Women’s Rooms.

CONCLUSIONS AND PROPOSED ENTRY POINTS

Based on the research the summary market analysis below details entry points for programme facilitation with the aim of building in a greater degree of sustainability to the SME dairy sector to safeguard and allow for the development of a market which sustains fair business growth, supplier development and consumer choice.

Table 6 Systemic Constraints, Drivers & Pro-Poor Opportunities and Entry points

Dairy core market		
Systemic Constraints	Drivers & Pro-Poor Opportunities	Entry points
<p>Consumers</p> <ul style="list-style-type: none"> - Lack of knowledge among consumers of different meanings of statements on a label. Misleading advertising, cheese names and unclear, inaccurate descriptions on packaging mislead consumers. - Misleading marketing: If cheese is wrapped, labelled and sold by supermarket, it leads to positive expectations of consumers that supermarket cares about consumers via making cheese beautiful, which misleads consumer and their trust to supermarket. <p>Supermarkets</p> <ul style="list-style-type: none"> - Lack of enforcement and controls by supermarkets over their supply. e.g. checking FS&H conditions of cheese supplier premises. - Lack of transparency by supermarkets towards information provision to consumers. - Untrusted, unfair and un-transparent buying, sales and marketing practices by supermarkets. - Abuse of duty of care towards consumers buying non-compliant 	<ul style="list-style-type: none"> - Diversification of products giving sophistication of marketing and clear pricing according to type e.g improved labelling of cheese made from raw milk produce in high mountains grass which are free from pesticides and stimulate LHPs to supply SME's with increased volume of milk for better sales and price. - Consumers in Georgia become willing to pay a price premium for 'natural' cheese made from raw milk produced by LHPs living in highlands. 	<ul style="list-style-type: none"> - Facilitation to improve transparency in consumers' information on labelling and origin of cheese, involving SMEs, supermarkets, NFA & consumers interest groups & media network. - Facilitate a piece of consumer research to find out consumer's expectations and needs, consumption of cheese by types and amounts, analyze what do the consumer mainly focus on while choosing and buying the cheese? Do consumers desire to pay more for 'ecologically clean'³⁴ cheese produced with raw milk supplied by LHPs living in highlands or are they mainly concerned about price. - Facilitation to deepen the resilience and lobbying positive market positioning initiatives by key stakeholders which are supermarkets, NFA, cheese factories, associations, consumers through continuing to work on appropriate information provision in the sector, on added value for a raw milk product a standardized and certified form of labelling, that consumers can recognize - Facilitation of the existing dairy business operators in product diversification e.g Buffalo mozzarella, Sour Cream; Sour Cream mixed with Honey etc. (see table Table 3 Existing clients of the ALCP programme with product diversification).

³⁴In Georgian it is 'ეკოლოგიურად სუფთა', which means eco/bio products.

<p>cheese from unregistered non-compliant factory</p> <p>SMEs</p> <ul style="list-style-type: none"> - Unfair competition between producers producing cheese from milk powder and those making cheese from raw milk. - Compliant cheese producers face considerable asymmetry in the market. Serious current constraints include ongoing operations of unregistered and uncompliant dairies. - Access to finance: SME's need considerable investment above and beyond the original investment (from Government or donor) for their growing businesses. 		<ul style="list-style-type: none"> - Facilitation of information campaign to increase consumer awareness through programme media networks. Issues such as unregulated antibiotic use, and unlabelled powdered milk and etc., - Facilitation and stimulation of FS&H compliant SME's in penetrating new export markets and establishing cross border linkages. - Facilitate more advantageous dispersal of IFO funds to SME's. (Credo/TBC)
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Annex 1: Methodology

The information in this research is based upon national statistics, in-depth on the ground interviews with dairy sector key stakeholders, *please see Annex 4*, key informant table that gives detailed information on the 123 interviewees.

The cheese market research was carried out from May - August 2017.

- Onsite visits were carried out in 20 supermarkets throughout Georgia, aimed at observation and investigating the types, prices, supply of branded and unbranded cheese.
- The survey covered 103 business operators, out of whom. 70 are Dairy enterprises and the rest of them are Milk Collection Centers, dairy associations, Ice cream producers, butter producers, intermediaries, small shops, restaurants and bakeries.
- The survey was conducted by ALCP team members.
- In depth interviews were conducted by phone or in person.

The main challenges encountered during the research:

- The dairy market research team used the official, but outdated list of business operators³⁵ working in dairy sector provided by the National Food Agency.
- Many business operators did not want to participate in the research, some of them hung up the phone or did not answer the call, even after giving a promise to provide general information.
- The information from supermarkets was collected via visits to the supermarkets and interviews with consultants and managers, as they would not provide information over the phone.

Table 1 Names of new supermarkets³⁶, that were visited during the research and the number of their outlets throughout Georgia

#	Names of Supermarkets	Branches in Tbilisi	Branches in Regions	Total number of branches in Georgia	Number of visited Branches (during the research)
1	Carrefour	7	1	8	2
2	Fresco	8	0	8	2
3	Foodmart ³⁷	51		51	3
4	Goodwill & Marche	3	2	5	3
5	Universam	2	0	2	2
6	Madagoni	1	0	1	1

³⁵ The list was prepared 2 years ago and has not been updated yet. As a representative of NFA noted, the Agency doesn't have enough human resources to update the list.

³⁶ Includes new supermarkets (House market, Universam, Spar, Brand Word, Mari Market, My Market, Bread House), which appeared in Tbilisi in 2017

³⁷ Foodmart - combines two brands: Foodmart and Ioli

7	Nikora holding ³⁸	164	36	Up to 200	4
8	Ori Nabiji	95	0	95	5
9	Smart ³⁹	5	7	12	2
10	Vejini	3	2	5	1
11	Veli	1	0	1	1
12	Zgapari & Baia	16	0	16	2
13	House market	1	0	1	1
14	Brand word	1	0	1	1
15	Spar	1	1	2	2
16	Mari Market	1	0	1	1
17	My market	1	0	1	1
18	Yalchin	0	3	3	1
19	Will mart	0	3	3	1
20	Absolut	0	2	2	1

Table 2 # of operational and interviewed dairy businesses per region

	# of Interviewed businesses	Cheese factories	Cheese factories using milk powder	Cheese factories using raw milk
Tbilisi	26 ⁴⁰	9	6 ⁴¹	3 ⁴²
Kvemo Kartli	29 ⁴³	27	3 ⁴⁴	24
Shida Kartli	2	2		2
Kakheti	22	3		
Mtkheta Mtianeti	2	2	1	1
Samtkhe-Javakheti	10	10		10
Imereti	5	5		5
Ajara	2	2		2
Samegrelo and Zemo Svaneti	2 ⁴⁵	2		2

³⁸ Holding Nikora combines brands: Nikora, Libre, Nugeshi and Sanday

³⁹ Hypermarket Carrefour was expanded and bought several outlets of Smart supermarkets.

⁴⁰ The rest businesses are Ice cream production, Restaurants, Dairy selling points,

⁴¹ Cheese House Ltd, Georgian pharm Ltd, Cheese Ltd, Nini ltd, Cheeseko Ltd, Shiraqi

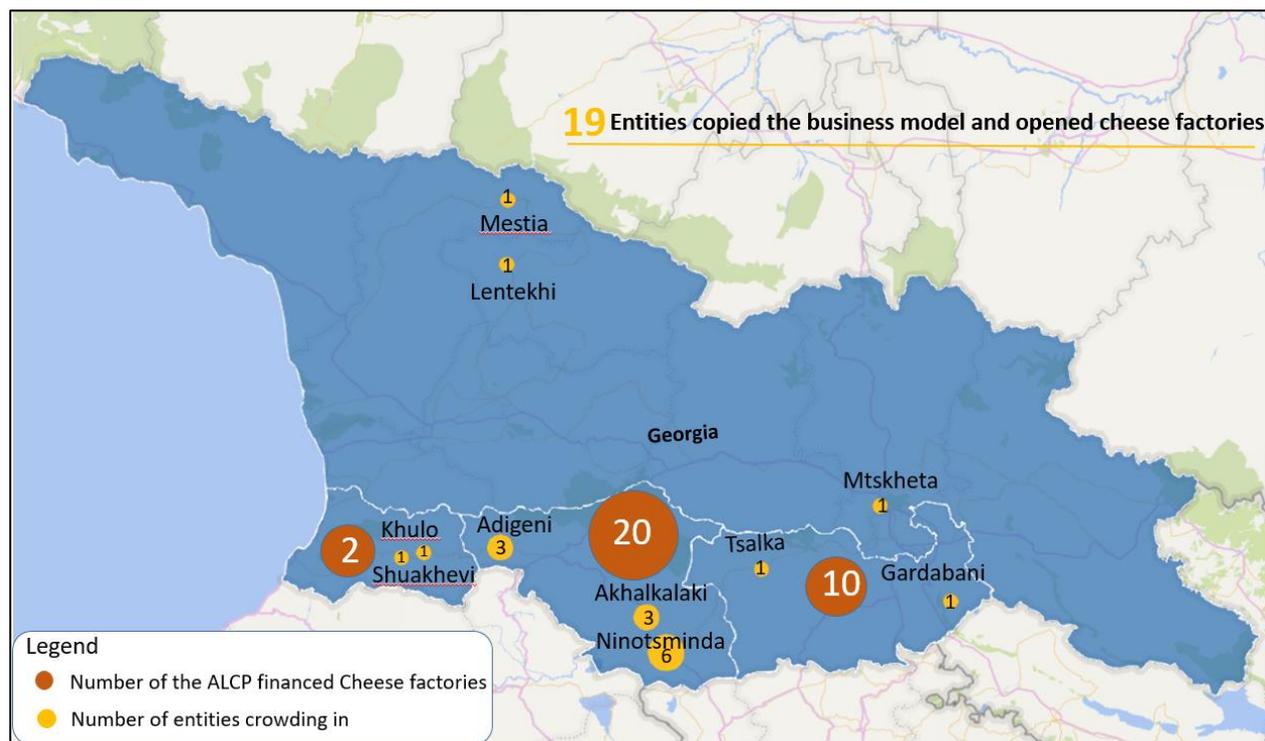
⁴² Sante, Kartuli Natsarmi, Natural+

⁴³ Ayran maker, Milk collection centers

⁴⁴ BMB (50% raw milk, 50% milk powder), Dideda, Chkonია

⁴⁵ These factories are under construction, therefore we don't have information

Figure 1 Number of crowding in entities in Georgia



According to Figure 5, there are 32 cheese factories in Ajara, Samtskhe-Javakheti and Kvemo Kartli regions established and facilitated by ALCP programme since 2008. In addition, 19 cheese factories copied the business models and crowded in.

Table 1 ALCP influence in the cheese sector in details

ALCP	To Date (2008 - September 2017)					
	SJ	KK	AJ	Mtskheta	Svaneti	Total
Number of supported milk processors	20	10	2			32
Milk: Peak season/Tones per day	34.5	29.1	5.5			69,1
Number of beneficiary HHs	4,396	6,751	1,278			12,425
Indirect Benefits of ALCP milk processors						
Number of crowding in entities	12 ⁴⁶	2	2	1	2	19
Number of beneficiary HHs	329	2,001	N/A ⁴⁷	N/A ⁴⁸	N/A ⁴⁹	2,330

⁴⁶ In SJ 12 entities crowded in, however 8 of them partially copied the ALCP facilitated business model and has modest scale

⁴⁷ In Ajara 2 entities crowded in, however one of them has not started work yet

⁴⁸ In Mtskheta 1 entity crowded in, however it has not started work yet

⁴⁹ In Svaneti 2 entities crowded in, one is under construction and another has not started operations yet

Figure 2 Share of ALCP clients among other cheese producers in cheese production throughout the Georgia

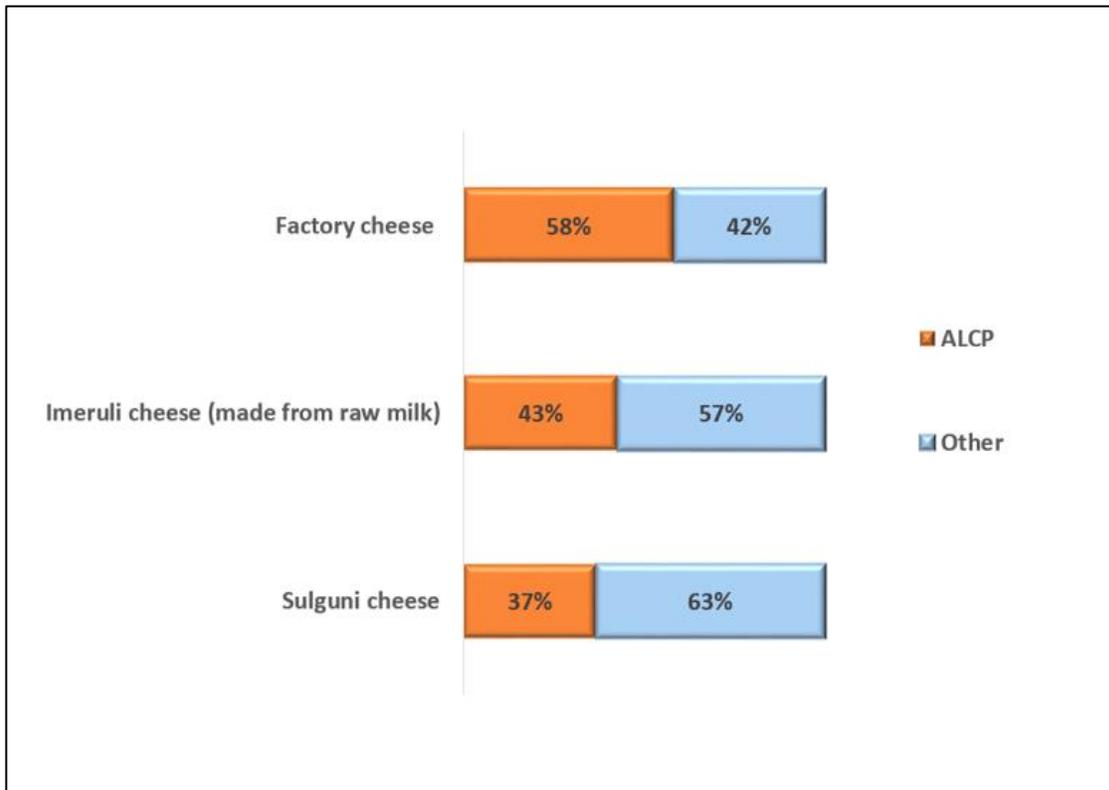


Table 2 Amount of cheese produced by ALCP funded cheese factories by regions

	To Date		
	SJ	KK	AJ
Cheese: Peak season /KG per Week	33,663	26,175	4,650
Operational Cheese factories	9	9	2

THE DAIRY MARKET IN WESTERN GEORGIA (IMERETI AND SAMEGRELO)

Imereti is one of the leading regions in milk production, where the 20%¹ of total milk is processed. Samegrelo is on the third place with 15% of total milk produced. However, dairy enterprises located in Imereti process on average 0.7 tons of milk /day while Samegrelo based enterprises (2 in total) are in the process of construction. Guria is considered to be one of the poorest regions of Georgia and at the moment there is no dairy enterprise in the region.

Table 1: Production of milk per region (million liters)

	2015	2016
Georgia	556.5	530.2
Tbilisi	...	3.0
Ajara	36.3	35.5
Guria	...	25.6
Imereti	111.8	102.1
Kakheti	54.8	48.5
Mtskheta-mtianeti	...	18.5
Racha-Lechkhumi	...	7.0
Samegrelo-Zemo Svaneti	83.1	71.0
Samtskhe-Jabakheti	73.3	75.6
Kvemo Kartli	95.8	102.7
Shida Kartli	45.5	40.7
Other regions	55.9	

There are 9 dairy enterprises in Imereti and Samegrelo regions out of which 3 are under construction. Distribution of enterprises and # of interviewed enterprises per region are given in the table #2 below.

Table 2: Distribution of dairy enterprises and # of surveyed enterprises per region

	Samegrelo	Imereti
Total # of dairy enterprises per region	2	7
# of Interviewed dairy enterprises	2	5

The summary of the survey finding is provided in the table #3, p.2

¹ www.geostat.ge

Table 3: Dairy enterprises in the Programme Area

	Municipality	Operating since	Max Capacity tons/day	Throughput tons/day	Milk price/liter (GEL)	Type of milk	Suppliers	Type of products produced	Customers	Access to FS&H services
Imereti										
Diko Ltd	Tskaltubo	2013	4	0.3-0.6	0.8-1.2	Raw	6-7 HH, 1 farm	Imeruli (30%), Matsoni, Sour-cream, cottage cheese (70%)	Mainly shops based in cities of Imereti. In Summer some of them supply Batumi and Kobuleti based shops.	✓
Atinati Ltd	Kutaisi	1989	2.5	1.5-2	1	Raw + powder (sour-cream)	5 farms	Imeruli (15%), Sulguni (15%), Matsoni, sour-cream (70%)		✓
Zestaponuri Coop.	Zesatponi	2016	2	0.5-1.5	0.8-1	Raw	27 HH (coop. members)	Imeruli (40%), Sulguni (60%)		✓
Okriba Coop.	Kutaisi	2017	0.5	0.2-0.3	0.8-1	Raw	25 HH (coop. members)	Imeruli (5%) Sulguni (10%) Matsoni (50%), sour-cream (35%)		✓
Zekari Ltd	Terjola	Under construction	5	1.5-5	0.8-1	Raw + powder (in winter)	N/A	Imeruli, Sulguni		✓
Samegrelo										
Shurubumu Coop.	Senaki	Under construction	1.5	N/A	0.7-1.3		11 HH (coop. members)	Imeruli, Sulguni, Nadughi	N/A	✓
Akhali Produkti Coop.	Martvili	Under construction	3	N/A			62 HH (coop. members)	Matsoni (Imeruli, Sulguni, sour-cream, etc.)		✓

During the survey it was revealed that:

- ✓ Dairy enterprises that are operational, mainly produce Matsoni, sour-cream and cottage cheese and also Imeruli and Sulguni cheese but in small amounts. However, Samegrelo and Terjola (Imereti) based enterprises that are planned to become operational in September will focus on Imeruli and Sulguni cheese production from the raw milk.
- ✓ Samegrelo based enterprises both are cooperatives and have received several equipment and assistance from Agricultural Cooperatives Development Agency LEPL in arranging the enterprise, however, the project has to be changed since it is not matching FS&H standards and the capacity of the granted equipment are not sufficient as well.
- ✓ The products of all the interviewed enterprises are packed and labelled according to the requirements.
- ✓ Mostly, enterprises prefer to make Matsoni, sour-cream or cottage cheese rather than cheese because of unfair competition with a farmer made cheese, which costs approximately 2 GEL less than factory made.
- ✓ HACCP is implemented only in 2 enterprises, the others plan to implement, though indicate that the service price is high.
- ✓ None of the interviewed enterprises has experience of exporting dairy products or cross border trade with Azerbaijan, Armenia and Turkey.

The constraints still remaining in the sector are the following:

- ✓ Unfair competition with incompliant farmer made dairy products that are not checked/controlled is the main constraint in sales, especially sales of cheese.
- ✓ Street sales were also identified as a hampering factor by some enterprise members.
- ✓ Lack of milk in winter causes unstable supply of dairy products to customers, hence hindering factories to enter in big supermarkets and HoReCa sector. Also, some of the enterprises use milk powder in winter.
- ✓ Majority of the Dairy enterprises lack financial resources to arrange and renovate the premises.

Annex 4: Dairy Sector Key Informant Interviewees

#	Key Informant	Date	Organization/ Specialization	Location and Link to Project
Country: Georgia				
Dairy: Core Market				
KI 1	Nona Kadaria - Manager Shurubumu Cooperative 577 576 655	June, 2017	Dairy Factory	Senaki, Samegrelo: is not operational yet. The building of the enterprise is already renovated; some equipment has been delivered by LEPL Agricultural Cooperatives Development Agency. However, the equipment is not installed, beside that the enterprise doesn't have refrigerator room. The management of the cooperative is a bit disappointed with the agency and its facilitation. The enterprise has a capacity to source 1.5 tonnes milk per day, but capacity of the pasteurizer is lower (0.5 tonnes). Establishment of HACCP is financed by USAID. The cooperative has an agro loan from TBC bank to construct and renovate the building. According to the management the enterprise is going to employ 2 women and 2 men in the beginning. The enterprise will start processing in September and will produce mainly Sulguni and Imeruli cheese, as well secondary products such as Nadughi, etc. The milk will be sourced from the members (11 members, from which 6 are refugees) of the cooperative and farmers (limited share, not more than 30% of milk may be sourced from non-members). The price of milk varies from 0.7-1.3 GEL. The product is planned to be sold in Wedding halls and Zugdidi HoReCa sector via distribution as the enterprise doesn't have refrigerator. The cooperative has addressed ENPARD for help. The management expects to get co-financing to install refrigerator room, vehicle and equipment for making secondary products.
KI 2	Mamuka Danelia – member of Akhal Produkti Cooperative 551 550 017	June, 2017	Dairy Factory	Najakhavo village, Martvilil, Samegrelo: is not operational yet. However, the enterprise has already made testing of production. The cooperative has been co-financed by LEPL Agricultural Cooperatives Development Agency (40,000 GEL own capital/108,000 GEL agency). The equipment is already installed. The management of the cooperative is a bit disappointed with the agency and its facilitation. According to the management of the cooperative recommendations of the agency regarding planning of the enterprise as the capacity of the equipment were wrong and now the cooperative has had to make additional renovating works to fully comply with national standards. The cooperative plans to employ 8-10 men and women. The management also waits for an American expert who will help in implementation of HACCP standard. The maximum capacity of the enterprise is 3 tonnes per day. However as in Senaki cooperative, pasteurizer capacity is lower (0.5 tonnes). The cooperative has already addressed to ENPARD for help in purchasing additional equipment for producing secondary products such as Nadughi. The enterprise plans to begin with producing Matsoni and then increase product line (Imeruli, Sulguni, soar cream etc.). The cooperative plans to participate in tenders. According to the management main challenge is a competition with Sante who collects raw milk from nearby villages and pays higher price. However, the cooperative unites 62 members and the management believes that own resources will be enough.

KI 3	Nargiz Sedashidze - Director Diko Ltd 571 401 744	June, 2017	Dairy Factory	Partskhanebi village, Imereti: was opened in 2011 (by UMCOR). However, the enterprise stopped operation soon. The status has changed in 2015 when Diko Ltd rented the enterprise. The company employs 5 women and 5 men and sources 0.3-0.6 tonnes of milk daily from 7-8 households (mainly refugees) and a farm. The enterprise mainly produces Matsoni and Imeruli cheese. The products are packed and labelled. According to the management they plan to implement HACCP in the near future, however, they indicate that the service is expensive. The septic tank for liquid waste is not installed, surrounding of the enterprise is not fenced around. According to the technologist, it not easy to follow the standards that are set by the government, since it requires finances.
KI 4	Mikheil Kenchadze - Manager Atinati Ltd 571 707 257	June, 2017	Dairy Factory	Kutaisi, Imreti: has been operational since 1989. The company was financed via millennium programme (20,000 GEL) The company employs 10 women and 15 men. The throughput is 1.5 t/day in low season and 2 t. in high. Mainly produces Matsoni (raw milk), sour cream (milk powder) and cottage cheese. Sources from 5 large farms. The price of the milk is constant 1 GEL per litre. The enterprise owns several refrigerator cars which are used for distribution in Kutaisi, Zestafoni and Tskhaltubo. Besides, for distribution of the products to Batumi and Zugdidi two dealers are used. HACCP was implemented through facilitation of foreign expert invited from Netherland. The company sells its product under label Avangardi. The brand is well-known in Kutaisi. The main constraints for the business are unfair competition with home-made products and poor market control.
KI 5	Maka Doghonadze - Manager Zekari Ltd 598 338 344	June, 2017	Dairy Factory	Terjola, Imereti: is not operational yet. The company has built a new building for the future factory and ordered equipment in Turkey. Currently, the company is waiting for transferring of loan in the bank (Cartu Bank) to pay for the equipment. The capacity of the enterprise is 5 tonnes/day. The company plans to employ 10-15 women and men to produce Imeruli and Sulguni cheese, Matsoni, cottage cheese and other milk products. The sourcing area will be nearby villages where the company already had a meeting with LHPs. The company plans to begin operation in two months. Eka Burkadze made GMP&GHP assessment of the enterprise. The service was financed by USAID. The enterprise also constructed septic tanks for waste and solid water.
KI 6	Mikheil Tchankvetadze -Chairman Zestafonuri Cooperative 599 18 77 47	June, 2017	Dairy Factory	Rodinauli, Imereti: has been operational since October 2016. The enterprise employs 4 women and 6 men. Throughput 400 litres/day in winter, 1500 lt/day - currently. The enterprise produces Sulguni and Imeruli cheese. The products are packed and labelled, branded as Zestaponuri and sold to HoReCa sector and shops of Zestaponi, Kutaisi, Batumi, and Kobuleti. The enterprise sources mainly from its members, currently 27 HH (milk price 0.8-1 GEL). The enterprise got grant via Elkana (PIN) programme and HACCP is also implemented by the programme consultant. According to the manager main constraint for their business is unfair competition because of poor regulation and control of farmer level production of cheese.

KI 7	Zviad Tkeshelashvili – Technologist Okriba Cooperative 555 21 55 43	June, 2017	Dairy Factory	Kutaisi, Imereti: after several cessations the enterprise (financed via Elkana/PIN) was transmitted to the cooperative. Since January 2017 the enterprise has been operational. The enterprise employs 3 women and 6 men. Current, throughput of the enterprise is 300 litres/day. The enterprise mainly sources milk from its members (25). The enterprise has 1 vehicle for raw milk sourcing and 3 distribution cars. The enterprise produces mainly Matsoni, sour cream, Sulguni and Imeruli in small amount. The products are packed and labelled, branded as Madliani. They are sold mainly in Kutaisi, Samtredia, Zestafoni and supermarkets in Guria. Regarding HACCP, the enterprise is waiting for the journals to be received from NFA. The enterprise doesn't have any facilities for solid water and other wastes.
KI 8	Vazha Genebashvili- owner Chveneburi Ltd 593 383 399	July, 2017	Dairy Factory	Didi Dighomi, Tbilisi: has been operating since 2006. The enterprise employs 6 women and 9 men. According to the owner, during 2007-2013 the enterprise even processed 15 tons of raw milk daily, but nowadays, due to the unfair competition and poor control on incompliant processors, it processes 2.5 tons of milk once in two days. The milk is supplied by the private person from Dedoplistskaro with refrigerated vehicle and enterprise pays 0.90 GEL per-litter, while according to the owner, per-litter price in Dedoplistskaro is 0.50 GEL, there are many milk collection centres and totally 20-25 tons of milk is produced there. HACCP is implemented in the enterprise. According to the owner, he had to hire 3 different consulting companies to implement HACCP standards over 3 years (totally 12 000 GEL was spent). It produces Imeruli and Sulguni cheese and distributes the products by 2 distribution cars to the shops of Tbilisi. In winter, raw milk is replaced by milk powder, since the price of raw milk and accordingly the price of final product increases, causing problems in sales. So, according to the owner, to keep the factory operational and maintain well-trained staff, which cost him high price, in winter he has to use milk powder. The main constraint for the business is unfair competition, poor market control and absence of any assistance from the government to the business.
KI 9	Omar Kochadze – owner I.E. Nigar Mamuladze 593 339 929	July, 2017	Dairy Factory	Oshora village, Aspindza: has been operating since 2015. It is a family owned business where family member, 2 women and 3 men are employed. The small room in a house serves as a processing room. Approximately 150 litres of milk in summer and 80 litres of milk in winter is processes. The family has 15 cattle and in case of shortage it buys milk from neighbouring relatives. They produce Imeruli and Sulguni cheese, Nadughi, Matsoni and sour cream. The family owns small shop (9 sq.m.) nearby Grmaghele metro station, Tbilisi, where the products are sold. They distribute the products by refrigerator car. The last recommendations NFA issued were, hygiene norms, cleanliness, hot water and implementation of HACCP. The main constraints named by the owner is lack of finances to arrange the processing room according to the requirements.
KI 10	Giorgi Memanishvili - Director Chiizko Ltd 595 053 777	July, 2017	Dairy Factory	Lilo industrial zone, Tbilisi. has been operating since 2012. It employs 40 women and 27 men. The milk has been supplied from SJ, however, from 2015 the products are made from milk powder (5 tons/day). Imeruli cheese and factory made cheese are sold to Tbilisi and Ajara supermarket chains. From the total production, 80% The products are distributed by the enterprise (totally 7 distribution cars). HACCP and ISO 22100 are established. Imeruli cheese is branded as Kvelis Samkaro and factory made one as Berghofer. The main constraint indicated by the Director is the lack of milk.

KI 11	Tamaz Makharashvili – Quality Manager Georgian milk Ltd 599 62 06 20	July, 2017	Dairy Factory	26 Akhvlediani street, Orkhevi, Tbilisi: has been operational since 2004. The products are branded as Eco Food. The company employs 100 women and 220 men. Throughput is 40-50 tons/day. During fast time it decreases to 20-25 tons/day. The company uses milk powder for production of milk, Matsoni, sour-cream, cottage cheese etc. The products are packed and labelled according to the requirements. HACCP and ISO are established. The main constraint maintained is decrease in sales.
KI 12	I.E. Aslan Davladze - owner 599 233 620	July, 2017	Diary processor and seller	Imera vellage, Tsalka: has been operating since 2014. It is a family made products. The family owns 8 cattle and in case of shortage of milk buys it from neighbours (3 HH). The family produces Imeruli and Sulguni cheese, sour cream, Nadughi and milk and sells them at Tbilisi based small shop together with some vegetables and eggs. The shop which is rented is located in Dighmis Masivi. On average 100 kg of Imeruli, 10-15 kg of Sulguni, 5 kg of Nadughi and sour cream is sold weekly at the shop. Imeruli cheese is distributed from Tsalka by the family owned car in salty water, as for other products, they are sent from Tsalka to Tbilisi by public transport (Marshutka). All the dairy products are put in refrigerators at the shop besides Imeruli cheese, which is kept in salty water. NFA gave the permission to keep Imeruli cheese like this. On the label of the products, type of the product, entrepreneur's name and ID number are indicated. The last recommendations that was issued by the NFA is to keep separately cheese and eggs. The customers of the shop are nearby living population. The entrepreneur has not had any bank loan; neither has participated in any government grant projects.
KI 13	I.E. Khatuna Ghambashidze – owner 591 016 868	July, 2017	Shop of dairy products	8 Tsabadze str, Tbilisi. the entrepreneur has been renting a small kiosk (6 sq. m.) and selling dairy products since 2015. 2 women are employed. Imeruli, Sulguni and factory made cheese, Matsoni, butter, sour cream, Nadughi and cottage cheese are sold there. Intermediate collects dairy products from Kharagauli, Zestaponi, Dusheti and Khashuri villages (approximately 10 HH) and supplies the kiosk. All the products are made from raw milk and entrepreneur thinks to add Tserovani factory made cheese which is made from milk powder to have cheaper products. Matsoni is labelled and brought from Khobi Monastery. NFA has checked and gave the recommendations to maintain records in journals such as temperature of ref-counters, cleaning, using of special cleaning liquids etc. that were taken into account by the entrepreneur. According to her, NFA visits the kiosk in every two weeks. The entrepreneur has never participated in any government grant projects, neither has taken a bank loan.

KI 14	I.E. Natalia Fiodorova – owner 555 759 041	July, 2017	Shop of dairy products	33 Marjanishvili str. Tbilisi. the entrepreneur has been renting a small shop (4 sq. m.) and selling dairy products since 2015. Imeruli, Sulguni, Smoked Sulguni and factory made cheese, also, cottage cheese, Matsoni and sour cream are sold at the shop. Cottage cheese and sour cream are factory made ones, factory made cheese is distributed from NinoTsminda based factory, Sulguni cheese is distributed from Bolnisi based factory, Imeruli cheese and Matsoni is collected by the entrepreneur from Sachkhere and Kharagauli based families. The products are distributed to the shop by the car (not refrigerated one). The customers of the shop are population and 2 cafes. The entrepreneur indicated that in summer sales are decreased, since the population leaves the city for vacations. She indicated that, has got all the sufficient documents that are requested by the NFA while buying the products from farmers (“purchase act” with detailed information on farmers for traceability). The last time NFA checked the shop, the main recommendations given were to maintain hot water and renovate the floor of the shop that were corrected. The entrepreneur has a business loan from TBC bank. According to her, after several TV slots that were about the cheese made from milk powder, the customers ask her questions whether the cheese is made from the raw milk or milk powder. She indicated that in winter, sometimes she sells cheese made from powder.
KI 15	I.E. Lia Lomidze – owner 557 777 633	July, 2017	Shop of dairy products	III district, building 85, Tbilisi. has been operating since 2012, but has stopped the business 2 months ago. She had been renting a shop and selling dairy products, fruits and vegetables. Milk, Imeruli cheese, Sulguni cheese, Matsoni, Nadughi, sour-cream and cottage cheese were sold there. Sulguni cheese, sour cream, cottage cheese and Matsoni were bought from the factory based in Gori, while Imeruli cheese were collected by the entrepreneur herself from villages (approximately 30 HH). The most sold product was Imeruli cheese, 10-15 kg daily, Sulguni cheese was sold 2-3 kg daily, Nadughi 2-3 kg weekly, etc. the main consumers of the shop were nearby living population. The last recommendations that NFA issued were on labelling and keeping Imeruli cheese in salty water. According to her, all other dairy products were kept in refrigerators. At the moment the entrepreneur has stopped the business due to some personal issues and may restart it in September.
KI 16	Giorgi Papuashvili – owner I.E. Nona Nersesov 558 932 044	July, 2017	Dairy Factory	Dedoplistskaro: has been operating since March 2017. The entrepreneur has rented the factory with its equipment from other entrepreneur that was closed by NFA. The company buys milk from 15 HHs (approx. 300 litres) and from farms (approx. 2 tons) in every second day and produces Sulguni cheese and Nadughi. The price of milk varies from 0.55-0.8 GEL. 2 women and 6 men are employed at the factory. The milk is distributed by 3 milk collecting vehicles, each with capacity of 600 litres. The products are distributed and sold at Tbilisi based shops by refrigerated vehicle. The products are labelled. The HACCP is not implemented yet. According to the entrepreneur, he will observe whether the business will be profitable and then will decide to implement HACCP. The whey is taken by the nearby living population. The entrepreneur has been working in one of the dairy factories as a distributor and since then has decided to work in this business. According to him, previous owner of the factory has received cheap loan for the enterprise, but due to the critical incompliance like not having pasteurizer the process was suspended.

KI 17	Vasil Dzotsenidze – Manager Chveni Permeri Ltd. 595 701 100	July, 2017	Dairy Factory	11 Kavtaradze Street, Tbilisi: has been operating since 2008. It is a daughter company of Nikora JSC. The company employees 24 women and 6 men. From different dairy products that the company produces, the raw milk is used only for Imeruli and Sulguni cheese production. Approximately 3 tons of Imeruli cheese and 6-7 tons of Sulguni cheese is produced monthly. The milk is collected in Tsalka and Akhmeta and distributed to the factory by legal person. The products are distributed by the distribution company to the Nikora chain stores and are sold there. HACCP is established. The main constraint mentioned by the manager is that the price of butter depends on the world marker price which increases, hence causing increase the price of dairy products on local market and decreasing purchasing power of consumers.
KI 18	Ketevan Tvauri – owner of I.E. Zauri Tvauri 593 221 288	July ,2017	Shop of dairy products	Tbilisi: has been operating since March 2017. The family rents a small shop from relatives on lower price and sells Imeruli, Sulguni and smoked Sulguni cheese made from raw milk. The physical person collects the cheese in Zestaponi, from approximately 3 HHs and distributes to the shop by refrigerator vehicle. Approximately 30 kg of Imeruli and the same amount of Sulguni cheese is sold weekly. According to the owner, sales has decreased gradually in summer since citizens have gone on vacations. The products are kept in ref-counters. The entrepreneur has noticed that due to the high temperature keeping Imeruli cheese in salty water is not the right form of storage. The last recommendations NFA issued to the shop were renovation of ceiling and conceal wiring which has been corrected by the entrepreneur. The products are labelled with expiration date and contact information of HHs from whom the cheese is supplied. The entrepreneur does not have a bank loan; neither has participated in any government grant projects. According to the owner, the products have never been returned to the shop by customers. The owner mentioned that one of the reasons of decrease in sales is population’s poor economic condition, some of the customers buy the products from her and pay afterwards (“nisia”).
KI 19	Jemal Kuridze – owner of I.E. Marina Skhaladzer 599 616 168	July ,2017	Shop of dairy products	Tbilisi: has been operating since 2013. The family rents a small shop (6 sq. m.) and sells farmer made Imeruli and Sulguni cheese and factory made sour cream and cottage cheese (Kobuleteri). The cheese is collected from 2 HHs living in Bimi village, Baghdati on alternate days and distributed by the refrigerated vehicle to the shop. In each six months the HHs are testing the cattle on brucellosis the results are kept by the shop owner at the shop. The products are labelled with the contact information of HHs. On average 15-20 kg of cheese is sold weekly, however the number has decreased in summer. The products are kept in ref-counters. The family also has a separate shop for fruits and vegetables. The customers of the shop are nearby living population. The main constraint identified by the owner are lower priced milk powder made cheese and street sales where cheese costs approximately 1-2 GEL less.
KI 20	Irine Chitia – manager of Luka Ltd	July ,2017	Shop of dairy products	Vazha Pshavela IV, building 87, Tbilisi. Has been operating since 2012. Different factory made dairy products, farmer made Imeruli cheese, vegetables, fruit and meat is sold at the shop. Imeruli cheese is collected and distributed by the supplier from Zestaponi to the shop by refrigerator vehicle. The company has checked the quality of the cheese at the laboratory, also, according to the manager, the cattle has been tested on brucellosis. Approximately 100-150 kg of Imeruli cheese is sold their weekly, however, in summer sales has been gradually decreased. All the dairy products are kept in ref-

				counters and refrigerator room. The last time NFA visited the shop, they issued recommendations on farmer made cheese labelling that is corrected by the manager. According to her, the main constraint for the business is cheap powder made cheese and also other dairy products that are sold in big supermarkets and in streets. The government should require the same standards for all entrepreneurs and consumers should be aware about what are they consuming.
KI 21	I.E Mikheil Matiashvili -owner MM	June, 2017	Dairy Enterprise	Gurjaani, Velistsikhe village. Dairy Enterprise has been in operation since 2013. Enterprise daily is processing 2 tons of milk and producing mainly Sulguni, Smoked Sulguni, Sulguni with mint, Sulguni roulette, Sulguni sticks, which is 1750 kg weekly. Enterprise has established HACCP and sells production in supermatkets, like: Nikora, Smart, Ekonomiks, GL. Works only on raw Milk, which is collected from own farm and a small amount in nearby villages. It is facilitated by MOLI project
KI 22	Odlisi 599930903	June, 2017	Dairy Enterprise	Rcheulishvili str. 7 Telavi. This Dairy Enterprise has been in operation since 2010. Enterprise daily collects 2 tons of milk. Production is: 13 different types and packaging cheese: Muchli Cheese, Muchli Cheese with Pepper, Muchli Cheese with Garlic, Muchli Cheese with leek, Muchli Cheese with coriander, Muchli Cheese with Nuts, Mountain Cheese, Mountain Cheese with nuts, Mountain Cheese from Goats Milk, Parmesan, which is 2330 kg/weekly, Production is sold in: Aristeusi, Kartuli Kalata, Cheese Corner, Cheese House, Gemo Rcheuli, Internet Shop: www.soplidan.ge , Hotels: Holiday Inn, Rooms Hotel, restaurants: g.Vino, Herbuchmuller, Red Café. Milk is collected in Mountains and in local villages. It is facilitated by MOLI project
KI 23	IE Gocha Gagashvili- owner 579 621252 Tsivi Cheese www.tsivikveli.ge	June, 2017	Dairy Enterprise	Kurdgelauri village Telavi. Dairy Enterprise has been operational since 2008. It produces: Sulguni, Imeruli, Parmesan, Mozzarella, Gouda, Feta, Cheddar. Cheese is sold in: Carrefour, Foodmart, Ori Nabiji, also in Duty Free of Tbilisi International Airport. Enterprise daily collects 1.5 Tons of raw milk from local 50-70 farmers, it owns also the farm. It has established HACCP. It is facilitated by MOLI project
KI 24	I.E Levan Bezhanishvili –owner Shuamta 595 26 24 40.	June, 2017	Dairy Enterprise	Zaqariadze str. Telavi. I. Shuamta Dairy Enterprise has been operational since 2010. It produces 22 types of cheese: from it 10 kinds of Sulguni cheese, as well as Swiss type of cheese, and other types as well. Production is sold in: Smart, Goodwill, Foodmart and Fresco. Enterprise daily collects 2-3 Tons of raw milk from farmers living in Akhmeta, Phaveli, Alvani, Laliskuri, Kurdgelauri, Gurjaani and Ruispiri. Enterprise has established HACCP. Shuamta has been participated in different events and cheese festivals. It is facilitated by MOLI project
KI 25	IE Ramaz Janashvili - owner Naturaluri Rdzis Gemo (NRG) 595 40 58 00	June, 2017	Dairy Enterprise	Vaqiri village, Signagi. This small enterprise has been established recently. It collects 700 litres of milk from local farmers and produces Sulguni cheese, which is sold in Tbilisi based market: Baraka, Merkato, Best Market, Mitana and others. Enterprise is establishing HACCP now. It is facilitated by MOLI project
KI 26	Shiraqi (Shiraki LTD) 595 06 02 02	June, 2017	Dairy Enterprise	Arkhiloskalo village Dedoplistskaro. Shiraki enterprise has been in operation since 2007. It daily processes about 8 tons of milk, which is collected from Dedoplistskaro villages and its own farm. Also he processes 200 kg/week Powder milk for making imeruli cheese, Sour cream and Matsoni. Dairy enterprise produces: Butter, Cottage Cheese, Georgian Cheese, Imeruli, Sulguni, Matsoni, Sour Cream and Nadugi. Production is sold in supermarkets: Carrefoure, Nikora, Fresco, Smart, Nugeshi, Goodwill, Foodmart, Zgapari.

				Enterprise has established HACCP and received permanent recognition from NFA. It is facilitated by MOLI project
KI 27	Paata Mikautadze - owner 5591 11 12 03 Cheese Ltd,	July 2017	Dairy Enterprise	64 Iosebidge str. Tbilisi. The factory is not opened yet, but it is already equipped and ready to produce Imeruli cheese. They are going to produce cheese from powder milk. Prediction is 1-1.5 tons of powder milk per day. The facilities have been inspected by NFA and gave them permission for operation.
KI 28	I.E Ivane Zaridze - owner 599 29 88 98	July 2017	Intermediary	Tskneti. Enterprise have been in operation since 2000. They buy mainly factory cheese from Ninotsminda and Bogdanovka and sell in Agrarian market 'Dezertirebi' in Tbilisi. They have their own clients in the market, totally 18 clients, 10 from them are Females and 8 Males. Some amount of cheese is sold in Tskneti shops. Cheese is unpacked and unlabelled. Cheese is transported from Ninotsminda and Bogdavobka by Ford minivan. Winter is most active period for trade. Sometimes they are selling Sulguni cheese, which is also unpacked and unlabelled.
KI 29	Maka Kardenakhishvili-owner 593 74 71 29 Nini Ltd	July, 2017	Dairy Enterprise	24 Dodashvili street Tbilisi. They are producing Imeruli cheese from powder milk. Factory is equipped with proper equipment. They don't know what the HACCP is. In winter they are producing 800 kg cheese per day, in summer 400kg/day. They have 5 employees in full time, 3 of them are female and 2 males. They are operating for 2 years. One year ago they received permission from NFA for production. They sell cheese in cafes and restaurants and has laboratory tests of product.
KI 30	Nino Basharuli-owner 2 40 40 93; 2 40 40 94 Natural+ Ltd (Kalina Georgia)	July, 2017	Dairy Enterprise	43 Marneuli str, Tbilisi. They are producing Sulguni and Imeruli cheese. 500kg cheese per day. Milk is collected from villages of Kvemo Kartli. Sometimes milk is rejected because of high acidity. In peak season they are processing 4 tons of milk/day and in low season 3 tons of milk. Cheese mainly is made from raw milk, but other products source cream, Matson etc. are made from powder milk. They have 75 employees, 43 of them are Male and 32 are female. In December 2016 they established ISO. As representative was stated, the waste management system is done properly. Selling market: Carrefour, Zgapari, Ori Nabiji, Active working period is winter, because of tenders, through tenders they supply Kindergardens in Tbilisi, also Hotels, schools, Tuberculosis dispensary, and Military Army. In nearest future they are going to produce and sell new product which will be the pasteurized milk.
KI 31	Giorgi Lomidze-owner 557 27 78 44 Cheese house Ltd,	July, 2017	Dairy Enterprise	35 Ksani str Tbilisi. They are producing 300kg Imeruli cheese in a week, cheese is made from Powder milk. They sell cheese mainly in restaurants and hotels in Bakuriani. Also enterprise works on constraints that to be compliant with FS&H requirements. Active season Autumn and Winter. Has laboratory tests of product. All family members are involved in current dairy business and activities.
KI 32	Giorgi Ishkhneli-owner 577 61 11 88 Georgian Farm Ltd	July, 2017	Dairy Enterprise	3 Ushakovi str Tbilisi. Enterprise is equipped with modern equipment and 2 months ago they received recognition from NFA. They are producing Imeruli cheese, Cottage cheese, Sour Cream, Matsoni with Powder Milk. Product is not labeled and is unpacked. They sell products in Bakeries, also to several

				intermediaries. Daily they are producing 200kg- Cottage cheese; 100kg-Source cream; 10 kg-Matsoni; 50kg-cheese They took credit from bank for purchasing equipment. They have 7 employees, 2 of them are Males and 5 are females.
KI 33	Teona Shubitidze-owner 0322038 08 02 Gi &Gi Ltd	July, 2017	Ice Cream production	54 Oniashvili str Tbilisi. Teona is producing Ice Cream. Ice Cream under name Luca Pollare 350kg/day, which are produced with Pasteurized milk. They are purchasing 400kg/day pasteurized milk from Wim Bill Dan. Ice cream under Angelato 50kg/day is produced with powder milk. They have 150 employees, 40 of them are Male and 110 are female. Almost 60-70 employees are students. Enterprise has been working since 2008 and is compliant with FS&H requirements
KI 34	Lali Shubitidze -owner 2 35 44 36 Lideri XXI Ltd	July, 2017	Ice Cream Production	Station Squere 2 Tbilisi. Enterprise is producing Ice Cream using powder milk. 600 kg ice cream /day. They have 60 employees, 20 of them are Males and 40 are females. Enterprise is seasonal and due to this they have 10 employees in full time. It has been operational since 2006 and is compliant with FS&H.
KI 35	Kakhaber Mekoshvili - owner 599 50 13 49 I.E Kakhaber Mekoshvili	July, 2017	Butter production	5 Kindzmarauli str Tbilisi. They have been operational for 15 years. Enterprise is packaging the butter, which is importing from Urugvai and Also they purchase some amount of butter from Akhalsikhe, from farmers. The representative of enterprise wouldn't say the name of producer. Enterprise has 10 employees, 8 of them are Males and 2 are females, working in full time. Enterprise is equipped and is compliant with FS&H. It has recognition from NFA.
KI 36	Vitali Gelashvili 599 01 44 99 4 Bross Ltd	July, 2017	Ice cream production,	5 Orakhelashvili str. Lilo Tbilisi. Enterprise has been operational for 2.5 years. Enterprise is sessional. They have 30 employees, 10 of them are Males and 20 are females. They use powder milk and have distribution chain. Also other intermediaries buy ice cream for distribution to regions.
KI 37	I.E Zurab Merabishvili 555 65 75 60	July, 2017	Ice Cream production	Teleti vllagei Gardabani. Enterprise is processing 1-ton of raw milk per day for making Ice cream. Milk is delivered from Tsalka. Factory is compliance with FS&H and received recognition from NFA. Also it received preferential agro credit in 3%.
KI 38	Meri Makharadze – chairman of the Cooreprative Disveli 599 46 15 80	July, 2017	Dairy Enterprise	Bolnisi. Enterprise is producing 2 tons of milk per day for making cheese, mainly Sulguni. Milk is collected from Dmanisi, 90 households. Intermediaries are coming in place and buying cheese, which is sold in Tbilisi agrarian markets. 6 men and 6 women are employed in this cooperative.
KI 39	I.E Tamaz Mujirishvili 599 92 87 44	July, 2017	Dairy Enterprise	Ratevani village Bolnisi, Collects 2.2 tons of milk/day from Dmanisi municipality villages. Main product is Sulguni cheese, which is sold in Agrarian market (so-called dezertirebi) in Tbilisi. Enterprise is checking cheese in laboratory once in 6 months. They have 9 employees: 9 men and 5 women. They don't have recognition from NFA.
KI 40	Ruslan Nachkebia – owner of Zena Ltd 599 60 93 93	July, 2017	Dairy Enterprise	Krtsanisi. Gardabani, they are producing 0.2 tons of raw milk daily and also processing powder milk (300 liter) for making Imeruli cheese, Cottage cheese and Sour Cream. Enterprise has recognition from NFA and is compliant with FS&H requirements. The entreprise are financed by USAID. They are selling dairy products in supermarket Zgapari chain and in other small shops in Tbilisi. 1 women and 3 men are employed in the factory.
KI 41	Giorgi Giorgadze-manager of Vita Ltd 555 33 11 22	July, 2017	Dairy Enterprise	Tsalka, Factory is financed by Government - Agricultural Projects Managing Agency (www.apma.ge) and is processing 3-4 tons of milk/day. They are collecting milk from villages of Tsalka. The main product is Sulguni (70%), Imeruli (30%).

				Which are sold in Nikora, Ioli, Fresco, Smart, Carrefour. 7 women and 3 man are employed in the factory.
KI 42	Badri Gogoladze-owner of Cheese Hunt Ltd. 599 10 39 36	July, 2017	Dairy Enterprise	Ratevani village, Bolnisi: Badri Gogoladze is producing 5-6 tons of mik/day for making Sulguni, Imeruli, Smoked Sulguni, Cottage cheese. Milk is collected from 50 farmers from villages of Marneuli. Products are sold in Goodwill, Zgapari and Smart. 7 women and 13 men are employed in the factory. The factory is financed by RED project and also with Government State Preferential Agro credit.
KI 43	I.E Irma Gubeladze 555 48 84 89	July, 2017	Sante's Milk Collection Centre	Gomareti village, Dmanisi: Irma is collected milk for Sante. It is collected from 80-100 farmers from Dmanisi villages. Sante rejected to buy a milk two times in last year, referring that acidity of milk was high. 3 women and 5 men are employed in the center
KI 44	I.E Besik Lazareishvili 555 34 55 99	July, 2017	Dairy Enterprise	Ratevani village, Bolnisi: Enterprise is producing 2 tons of milk per day for making Sulguni (70%), Imeruli (30%). Milk is collected from 100-150 farmers from Dmanisi, Tsalka, and Marneuli municipalities. Enterprise has been in operation for 4 years. Product is sold in Smart, Fresco, Carrefour and in Agrarian Market. 8 men and 4 women are employed in the factory.
KI 45	I.E Zaur Makhniashvili 593 13 97 92	July, 2017	Sante's Milk Collection Centre	Dmanisi, Center is collecting daily 3 tons of milk in summer and 400-500 litres in Winter. Milk is collected from 100-150 farmers from villages of Dmanisi. The factory is compliant with FS&H. Milk is sold to Sante. 2 women and 3 men are employed in the enterprise.
KI 46	Davit Nakaidze 599 06 88 55	July, 2017	Sante's Milk Collection Centre	Imera village, Tsalka. Center is collecting 1 ton of milk in winter and 3 tons in summer. Milk is collected from 150 farmers in villages of Tsalka.(Arsarvani, Imera, Khadiki, Tbeti villages) Milk is sold to Sante. 2 women and 3 men are employed in the center.
KI 47	Mikheil Tevzadze-Orke Ltd, 579 979845	July, 2017	Dairy Enterprise	Tamarisi village, Marneuli. Orke Ltd is collecting daily 2 tons of milk from Marneuli villages, and produces Sulguni (70%), Imeruli (30%) which are sold in Universam supermarket, Tbilisi. Enterprise is not compliant to FS&H.
KI 48	Lia Demetrashvili 593164069 Agricultural Cooperative Goats Farm Imedi	June, 2017	Goats Farm and Dairy enterprise	Tetritskaro, Lia owns goats farm (about 50-60 goats) and produces goats cheese and milk, which is sold in a few restaurants in Tbilisi and via private orders taken from internet and phone calls. She produces about 50-70 liters of goat milk daily, which is high value added product and is sold in Tbilisi.
KI 49	I.E Ramaz Nazarishvili 599 16 17 23 Iveri (Brand name)	July, 2017	Dairy Enterprise	Shida Kartli, Gori. Produces 1-1.5 tons of milk per day for making Sulguni, Imeruli, Georgian cheese, Smoked Sulguni. It has been operating for 5 years. 9 women are employed in the enterprise. It has recognition from NFA and is compliant with FS&H requirements. They are checking cheese in laboratory once in 6 months. The factory is equipped with all necessary equipment. Intermediaries are coming in place and are buying cheese and then sell it in Gori ad Tbilisi markets and agrarian market
KI 50	Besik Gabunia, the director of Nika 1 LTD 598 60 80 60 Mtsvane Veli (brand name)	July, 2017	Dairy Enterprise	Shindisi village. Enterprise processes Powder milk 100kg/day for making Imeruli cheese, Cottage cheese (5kg baskets), Matsoni and Sour Cream (3kg baskets). Enterprise has temporary recognition from NFA. It has been operating for 3 years. 3 men and 3 women are employed there. They have got refrigerator car for distribution. The brand name is 'Mtsvane veli'
KI 51	Ketevan Khutsishvili Manager of the Mega LTD. The seller: Garika Parziani 593 22 74 41	July, 2017	Diary market	Tsintsadze str Tbilisi. the market is located in Gldani district, Tbilisi. 4 women are employed there and one man. They are selling dairy products, which are supplied from different regions: Kakheti (Sulguni, Imeruli), Kartli (Cottage Cheese, Sour Cream, which are made from raw milk and powder milk as well. and Matsoni from natural milk) Samtskhe-Javakheti

				(Georgian cheese) etc., The Milk Producers are providing distribution 1 time/week, 50kg is supplied cheese from each producer, 50 plastic cup of Matsoni, Source cream, Cottage cheese). The NFA gave to Mega LTD some notes and recommendations in FS&H to improve conditions during 1 month.
KI 52	I.E Ia Ghaziadze Vajha Maghaldadze – the distributor	August, 2017	Dairy Enterprise	Shida Kartli, Gori. The enterprise financed after 2008 by the OSCE, equipped with the new equipment. The enterprise was supported by the University/college and was hired during 5 years by Ia Ghaziadze. The activities were continuing during 1 year. They were producing Imeruli, Georgian cheese. They were collecting 600-700-liter milk daily from the nearby villages of Gori. The problem of closing was management.
KI 53	I.E Akaki Giorgelashvili 599 54 67 58	August, 2017	Dairy Enterprise	Kurdgelauri village, Telavi: The factory collects 400 liters' milk daily and covers 13 Farmers in Telavi. Milk is collected from villages Ujarma, Gomi, Kobadze, Tetrtsklebi and Verona. Enterprise is producing Sulguni and selling in Agrarian market of Telavi and Gurjaani. The factory operates almost 13 years. Factory did not meet FS&H requirements and has been closed recently, but they are continuing their activities anyway.
KI 54	I.E Aleksandre Modebadze Modebadze and Company 599 19 98 81	August, 2017	Dairy Enterprise	Dedoflistskaro, Factory has been operating almost for 30 years. In summer they are collected 3 tons of milk twice in a week, and in winter 500 kg of milk twice in a week. Milk is collected from villages around Dedoflistskaro from 50 farmers. Main products are: Sulguni cheese, which is sold in agrarian market and small shops in Tbilisi. 7 women and 3 men are employed in the factory. Enterprise has recognition from NFA
KI 55	Davit Gvelukashvili Agromretsvi Badiauri 593 25 02 60	August, 2017	Dairy Enterprise	Badiauri, Kakheti, the factory has been operating for 5 years. Currently enterprise is collecting 1-1.5 tons of milk daily in high milking period and 500 liters in low milking season from 12 Farmers living in Iormuganlo village. Enterprise is producing Imeruli cheese and selling in Agrarian market and small shops in Tbilisi. Enterprise is compliant with FS&H. It has recognition from NFA
KI 56	Besik Gozalishvili Director of Natural Milk Ltd	August, 2017	Sante's Milk Collection Centre	Dedoflistsako, Milk collecting center has been operating for almost 15 years. It is collecting 4 tons of milk per day in high milking season and in low milking season 1.5 tons of milk from 60 farmers. Milk is collected from 110-120 farmer's villages Kasris tskali, Eris Imedi, Kvemo Kedi and Arkhilo. They are collecting milk for Sante. 6 men are employed in collection center. They have recognition from NFA
KI 57	Bela Basazishvili 571 01 05 66	August, 2017	Sante's Milk Collection Centre	Alvani, Kakheti, center has been operational for 7 years. Currently are collecting 2-3 tone of milk per day in high milking season, and 100-200 litres milk in low milking season. Milk is collected from 50-70 farmers living in villages Alvani, Laliskuri, Ikalto. 2 men and 2 women are employed there.
KI 58	Giorgi Kikilashvili Gilashi Ltd 599 22 53 21	August, 2017	Milk Collection Centre	Dedoflistskaro, Kakheti. Factory has been operational for 8 years. Currently collects milk and produces Sulguni cheese, collects 2.2 tons of milk from 18 farmers and sells to others buyers (representative didn't say name of buyers of milk). 2 women and 5 men are employed in enterprise. They have recognition from NFA
KI 59	I.E Davit Botkoveli Brand Name – 'Nishebi' 593 58 13 55	August, 2017	Dairy Enterprise	Ruispiri, Kakheti. The factory collects 1.2 tons of milk in high milking period and 350 litres of milk in low milking period from 30 farmers. Milk is collected from villages Ikalto, Kistauri, Ruispiri, Alvani, Ojio. Enterprise is producing Georgian cheese, Cottage cheese, Butter. Product is labeled and packed under name "Nishebi". They are selling product in Kakheti, Ajara, Tbilisi. They have recognition from NFA
KI 60	I.E Giorgi Lolashvili 599 23 51 69	August, 2017	Dairy Enterprise	Dedoflistskaro. The factory has been worked since 2006. Currently collects 1.5-2 tons of milk from 30 farmers from

				villages situated around Dedoflistkaro. The main produced product is Sulguni cheese, which is sold in Agrarian market in Tbilisi. Factory is not working in winter time. They have recognition from NFA
KI 61	Jimsher Khatiashvili owner Mariami Ltd	August, 2017	Dairy Enterprise	Samreklo, Kakheti The factory has been worked since 2003, in 2014 was renovated to meet FS&H standards. Now collecting 3 tons of milk in high milking period and 1.2-2 tons of milk in low milking period from 170 farmers. Milk is collected from villages Samreklo, Samtavisi, Dedoflistkaro. Mainly Sulguni cheese is produced in enterprise, also cottage cheese and butter. Enterprise received Preferential Agro credit (40,000\$ in 3% interest rate). Enterprise has recognition from NFA
KI 62	Jemal Khatiashvili, Manager, Tibaani Kveli Ltd 595 56 52 51	August, 2017	Dairy Enterprise	Tibaani, Kakheti The factory has been operational for almost 8 years. Currently processing 200 and sometimes 500 litres of milk daily for making different types of cheese (Sulguni cheese matured in wine and honey, also Mozarella and etc.) Products are sold in Cheese Corner (Tbilisi), Cheese House (Tbilisi). Enterprise owns farm and milk is coming from this farm. Representative expressed willingness to export dairy products.
KI 63	Giorgi Gurabanidze Chairman of Agricultural Cooperative Alaznistavi 574 77 24 53	August, 2017	Guda Cheese Dairy Enterprise	Alaznistavi, Kakheti. Cooperative “Alaznistavi” has established in 2015, within the framework of the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) and with the financial support of the EU-funded project “Supporting Agricultural Co-operation in Georgia” as a traditional Tushuri Guda cheese-making co-operative; the same year the co-operative was granted the status of an agricultural co-operative by the Agricultural Cooperatives Development Agency. Also Elkana and Oxfam is financing the factory. The production farm of “Alaznistavi” is located at 2100 m above sea level, while the summer pastures of the cooperative is situated at 2000-3210 m above sea level. Within the alpine and sub-alpine areas. They are producing 3 type of cheese: (sheep’s milk, cow’s milk and sheep’s-cow’s milk mix (50/50). Factory collects 400 liters of milk from March to October. 1 woman and 3 men are employed in the enterprise. The members of cooperative have got their own cattle. The last year they exported 3 tons of Guda cheese to US via distribution company Laki Ltd. Enterprise is collected milk from members of cooperatives and also from other farmers. http://guda.ge/eng
KI 64	I.E Davit Buchukuri	August, 2017	Dairy enterprise	Tsalka, Davit Buchukuri has started cheese production since 2013. In summer he processes 1 ton of milk per day, Milk is collected from villages Khareba, Kokhta, Shipiak from 50 farmers. Main product is factory cheese, which is sold in agrarian market in Tbilisi. 3 women and 2 men are employed in the factory.
KI 65	Davit Gogiashvili Brand name - Sanakebo	August, 2017	Dairy enterprise	Ratevani village, Bolnisi, Factory started cheese production in 2008. In summer they are collected 5-6 tons of milk per day, Milk is collected from villages Sakdrioni, Tsintsikaro and Avralo from 150-160 farmers. Main products are Imeruli – 500 kg/day, factory cheese – 300kg/day, Sulguni 400 kg/day and smoked sulguni 200 kg/day, which is sold in Batumi based shops: Bumerang, Absolut and bakeries. 5 women and 9 men are employed in the factory.

KI 66	Darejan Kanteladze Santa Ltd 599 97 44 31	August, 2017	Dairy enterprise and cattle farm	Tsalka. They started cheese production in 2007. They own farm with 300 cows. In summer they are processing 3 tons of milk per day, 1.5 tons of milk is collected from village Santa from 30 farmers and 1.5 tons of milk is collecting from farm. Main products are Imeruli – 170 kg/day, factory cheese – 100kg/day, Sulguni 100 kg/day and Lori 20 kg/day, which is sold in Tbilisi based shops (Goodwill, Ori Nabiji,) and bakeries. 15 women and 15 men are employed part time in the factory. And 20 men are employed in production of Animal feed. They have recognition of NFA from 2016
KI 67	Kakhaber Koniashvili 599 18 87 79	June 2017	Chairman of Association of Dairy producers 'Dairy Georgia'	Association: The association was founded in 2006 under GRM programme The association have approximately 9 members, who are involved in decision making process. These members are large, medium and small dairy producers, like. Sante, Eco food, Amaltea. Sando, Chvneburebi, Mamuli 2006, Santa Ltd, and etc. Membership fee for large dairy producers is 600 Gel, for medium producers is 200 Gel. Also association have other 9 members, which are small producers who don't pay fee and don't have voice for decision making. The association was financed by Europe Foundation, MOLI project and RED project. The main activities are: <ul style="list-style-type: none"> • improving standards of FS&H in cheese factories, • to find some solutions and manage non fair competition of cheese producers The association is going to conduct research of cheese market and make assessment of constraints in this sector.
KI 68	Anna Mikadze 596 45 23 23	June 2017	Chairman of Guild of Cheese Producers	Anna is the Head of Cheese Producers Guild and very often organizes Cheese festivals in Georgia. She also supports small cheese producers to receive recognition from NFA. The Guild works with FAO to conduct research of geographical indications and appellations of Georgian cheese origin. She is a member of NFA Board, which is discussing different types of constraints in dairy sector. Works with Farmer to Farmer project to prepare study modules with practical activities for cheese making. Anna also have cheese factory located in Teleti village. She produces different types of cheese mainly for exhibitions and for sale in shops as well. She processes 1-1.5 t/day of milk in summer. Milk is collected from 10-20 farmers from villages Marneuli and Tsalka. Brand name is Sene. Products are sold in shops: Goodwill, Europroduct and some Hotels in Tbilisi. They have recognition of NFA
KI 69	Nikoloz Beniaidze 599 56 35 78	June 2017	Chairman of Association of Georgian Dairy and also member and founder of Guild of cheese producers. Owner of Shiraki Products – the dairy company	Association activities: The association was founded almost one year ago. This association have approximately 15 members, membership fee for big farmers is 50 Gel, for small farmers is around 50 Gel. Fee is not fixed; they can pay how much it's possible for them. Association is founded by EBRD and FAO. Now chairman of association plans to make reorganization of association and change the chairman, add some members and identify all activities which will be conducted by association for future. Currently does not have any specific activities. Guild of cheese producer – founded by Anna Mikadze. Nikoloz Benianidze is a very active member of this organization. As for activities they are involved in every meeting and conference. Currently does not have any specific activities. Shikari – Nikoloz is a Manager of the company. As he stated during the interview the recent changes which was made in

				technical regulations on dairy and dairy products, was initiated by Shiraki Products company.
KI 70	Arkadi Kakhadze 593 677 575	June 2017	Chairman of Ajarian Milk Suppliers Business Association under Ajara Chamber of Commerce and Industry	Batumi: The association was established in February, 2017 by the owner of dairy enterprise Natural Produktsia Ltd, Arkadi Kakhadze. The goals of the association are to advocate milk suppliers' interests on governmental and non-governmental level; facilitate establishment of dairy associations in other regions of Georgia; support the members in their efforts to establish a business and receive grants; provide capacity building and awareness raising trainings to its members on improved milk quality and productivity; provide periodic introduction of the existing legislation of dairy sector as well as the changes in the regulations to its members. At present the association has about 65 members from Khulo municipality and all of them supply milk to Dioknisi based cheese factory. Annual membership fee is 50 Gel.
KI 71	Iveri Gabarauli Milken Ltd 599281428 Brand Name - Milken	August, 2017	Dairy Enterprise	Rustavi, Enterprise has been in operation since 2012. In 2014 enterprise was financed by ALCP programme (www.alcp.ge). Daily collects 2-2.5 tons of milk and produces different types and packaging Sulguni cheese, Braided Sulguni, Smoked Braided Sulguni, Small Sulguni cheese, Sulguni Sticks, Also Georgian Type of cheese. Milk is collected daily from 150-180 farmers living in Gardabani municipality villages. Production is sold in supermarkets chain, such as: Foodmart, Ori nabiji, Smart, Madagoni, Ioli. Brand name is Milkeni. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 72	Zurab Dzmanashvili, Director Cheeseline Ltd, 558 165049 Brand Name - Cheeseline	June, 2017	Dairy Enterprise	Tsalaskuri village Gardabani, Enterprise has been in operation since 2012. In 2015 Cheeseline was financed by ALCP programme (www.alcp.ge). Currently daily collects 3 tons of milk and mainly produces Sulguni cheese and Imeruli cheese. Milk is collected daily from 200-220 farmers living in Gardabani, Tsalka and Marneuli municipality villages. Enterprise collects highest amount of milk in winter time from Marneuli villages. Production is sold in supermarkets, Bread Market, House Market, Foodmart,, and a lot of small shops and markets in Tbilisi and Rustavi. Brand name is Cheeseline. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 73	I.E. Aleksandre Naveriani, 595 62 85 50 Brand name - Sando	June, 2017	Dairy Enterprise	Kapanakhkchi village, Gardabani, IE Aleksandre Naveriani has been in operation since 2005, producing cheese in home conditions and in very small amounts. In 2015 IE Aleksandre Naveriani was financed by ALCP programme (www.alcp.ge). At that moment enterprise received Government agro credit cheap loan and built cheese producing building in Kapanakhkchi village, Gardabani municipality, also invested in cattle farm. Currently daily collects 2 tons of milk and mainly produces Sulguni cheese and Imeruli cheese in small amounts.

				Milk is collected daily from 100-150 farmers living in Gardabani villages: Kapanakhchi, Lelashkha, Tbiltskaro, Production is sold in Rustavi and Tbilisi based restaurants, also some supermarkets and markets: such as Madagoni, Vejini. Brand name is Sando. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 74	Tsezari Kakhadze Director Tsezari Dairy Products Company 598686406 Brand Name 'Tsezari'	July, 2017	Dairy Enterprise	Sakdrioni village, Tsalka , Enterprise has been in operation since 2007, in that period produced cheese a very poor conditions and daily processed 2-3 tons of milk. In 2012 Tsezari was financed by ALCP programme (www.alcp.ge), and with the facilitation of ALCP programme constructed all new enterprise building, which was renovated and expanded later. Company currently collects and processes 6.5 tons of milk daily from 300-350 farmers living in Tsalka municipality 8-9 villages. Tsezari supplies Carrefour supermarkets chains 400kg/day, and is considered to be one of the main suppliers of Sulguni cheese in Carrefoure supermarkets chain. He also exports cheese to US, New York and Los Angeles via distribution companies Laki LTD, and Sunbreath Corps. Approximately 500 kg/week, Brand name is Tsezari. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 75	Karen Simonyan 595 766010	July, 2017	Dairy Enterprise	Akhalkalaki . IE "Karen Simonyan" started cheese production in 2006. Currently the enterprise is in the process of the HACCP introduction. It processes 1, 5 tons of milk/day on average and 2, 5 tons/day on a peak season. Milk is collected from 80 small and 3 medium scale farmers in Khaveti, Erinja and Dabnia villages It produce only Georgian factory type cheese. 40% of produced cheese is sold in Akhalkalaki to the 7 Restaurants and several shops. 60% of the cheese is sold to the cheese intermediaries who sell cheese in Tbilisi. Has plans to start cheese export after HACCP introduction.
KI 76	Rezo Kachkachishvili 598 72 10 15	August, 2017	Dairy Enterprise	Akhaltzikhe . Tsipora Samtskhe Ltd started cheese production in 2012. The enterprise gained HACCP compliance in the Spring of 2016. This year the enterprise processed 7 tons/day on a peak season and 4 tons/day on average during the rest of the year. Milk is collected from 500 farmers out of which 400 are SSLPs in the villages of Akhaltzikhe and Adigeni municipalities. It produces Georgian factory cheese, Imeruli and Sulguni which is sold through the Ori Nabiji, Goodwill and Smart supermarket chains, though the Extra Meat and Agro business Group distribution companies and through direct sales to Batumi Redison Hotel, restaurants in Akhaltzikhe town and to the Rabati Jino Hotel. The owner is motivated to export its products to Greece and to the US.
KI 77	Rafael Karoyan 599 19 36 79	July, 2017	Dairy Enterprise	Akhalkalaki . I.E Rafael Karoyan started cheese production since 2003.he has 6 employees out of which 2 are women. He collects milk (both milk of cows' and sheep) from farmers 70 farmers out of which 50 are SSLPs. He processes 2 tons/day on a peak season and approximately 1,5 tons/day all year around. He produces only Georgian Factory cheese and sells it through the cheese intermediaries in Tbilisi and Gori. He plans to produce European cheese.
KI 78	Tsolak Grigoryan 595 26 64 26	July, 2017	Dairy Enterprise	Ninostminda .I.E Tsolak Grigoryan runs a dairy factory since 2012. He collects milk from 120-130 farmers. The factory has 5 to 7 employees out of which 2 are women. This year the factory processed 3 tons/day on a peak season and 1, 8 tons/day the rest of the year. It produces Georgian Factory cheese, Sulguni, small amounts of Chechili cheese and butter. He sells cheese through the cheese intermediaries in Tbilisi and Gori. As far as Tsolak is aware of part of his cheese is exported to the US through the intermediaries.

KI 79	Hakob Hambaryan 599 96 77 64	July, 2017	Dairy Enterprise	Ninostminda I.E Hakob Hambaryan has been producing cheese since 2015. Now he has 8 employees. This year it collected 4 to 5 tons of milk/day on a peak season and 3 tons/day on average all year around. Milk is collected from up to 100 farmers out of which 80 are small farmers. The factory produces Georgian factory cheese (both square and round in shape), Sulguni, Chechili, Lori and butter. It sells cheese in Tbilisi, Batumi, Poti, Kutaisi, Gori and Borjomi markets. Currently he is constructing a new cheese factory building and has got plans for HACCP introduction as construction is finished.
KI 80	Samvel Darbinyan 599 15 62 47	July, 2017	Dairy Enterprise	Ninostminda based milk processor was established in 2009. Currently he processes 6 tons of milk/a day on a peak season and 3,5 tons/day the rest of the year on average. He collects milk from 400 farmers of Ninostminda villages out of which 350 are SSLPs. The enterprise has 12 employees out of which 4 are women. The factory produces Georgian cheese, Sulguni, chechili, Imeruli, butter and sour crème and sells its products through the cheese intermediaries in Tbilisi. He has high motivation to upgrade and expand his business. Together with a partner (foreign citizen) he plans HACCP introduction and cheese export in Gulf countries and Iraq.
KI 81	Levan Beridze 591 918863	July, 2017	Dairy Enterprise	Aspinza .LLC “Akhali Meskheti” is a milk processing factory situated in Toloshi Village, Aspindza Municipality. New milk processing factory became operational from August 2013. This year it processed 5 tons/day on a high peak season and 3 tons/day on a low peak season. The enterprise collects milk from 150 farmers out of which 140 are SSLPs from Khertvisi, Toloshi, Atskvita, Pia, Naqalaqevi, Khizabavra, Saro, Tmogvi, Mirashkhani, Vachiani, Kartsakhi and Kotelia villages. The factory has 15 employees out of which 4 are women. It produces Georgian Factory cheese, Imeruli, Sulguni, tenili, Chechili, Nadugi, cottage cheese, sour cream and Yogurt. The factory sells its products through its 2 cheese shops in Tbilisi in addition to the big supermarket chains like Careful, Smart and Universal besides it supplies 1 hotel and 3 restaurants locally. In May, 2017 the factory gained HACCP compliance. Now the owners look for the export markets for their products.
KI 82	Misak Muradyan 593 267685	July, 2017	Dairy Enterprise	Akhalkalaki . Former IE “Misak Muradyan” who has been running a cheese factory since 2010 has currently established a friendship society together with his brother. It has 4 employees including 1 woman. Despite the size of the factory building they process relatively high amount of milk. He collects max 2 tons/day milk from 40 small scale farmers in the Sulda, Miasnikyan, Chamdzvrala and Vachiani villages of Akhalkalaki municipality on a peak season and approximately 700 liters/day when the milk production decreases. The enterprise mostly produces Sulguni cheese, butter and sour cream. He sells cheese in the agricultural markets of Batumi, Zugdidi and Tbilisi. He plans to expand the capacity of his enterprise.
KI 83	Maksim Giloyan	August, 2017	Dairy Enterprise	Akhalkalaki . Cooperative Mziuri Javakheti owns a milk processing factory situated in Akhalkalaki town since 2007. This year it processed 4 tons/day on a high peak season and 2,5 tons/day on a low peak season. The enterprise collects milk from 90 farmers out of which 75 are SSLPs from the villages of Akhalkalaki municipality. The factory has 8 employees out of which 2 are women. It produces Georgian Factory cheese, Lori, Chechili, Sulguni, Smoked cheese and butter. The factory sells its products in Tbilisi and Batumi, Gori, Khashuri, Ninostminda and Akhalkalaki mainly through the agricultural markets and to the small supermarkets. Plans to expand the cheese storage area.

KI 84	J-T-A Ltd Anzor Khinikadze 568050537 Brand Name 'Khino'	August, 2017	Dairy Enterprise	Tsalka , Enterprise has been in operation since 2008, daily collected and processed 1 ton of milk. In 2013 J-T-A Ltd was financed by ALCP programme (www.alcp.ge), and facilitated to be compliant to FS&H requirements and expanded later. Company currently collects and processes 4 tons of milk daily from 200-220 farmers living in Tsalka municipality remote villages. J-TA daily supplies Smart and Goodwill catering points, also Willmart, Absolut and Yalchin supermarkets in Batumi, also several markets in Tbilisi, Simba, Lidl, Luxotel. Brand name is Khino. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 85	Valeri Kakhadze Tsalka+ Brand Name 'Gumbati' 599 52 40 14	August, 2017	Dairy Enterprise	Gumbati village, Tsalka , Enterprise has been in operation since 2005, daily collected and processed 2-3 tons of milk. In 2013, when this enterprise was financed by ALCP programme (www.alcp.ge), and facilitated to be compliant to FS&H requirements, it was named IE Temur Kakhadze. Later the company renamed to Tsalka+ and financed by ALCP for expansion and product diversification. Enterprise constructed all new building in Gumbati village. Company currently collects and processes 6-7 tons of milk daily from 300-350 farmers living in Tsalka municipality villages. Company daily supplies Matchkhela restaurants chain, Mada restaurants chain and Carrefour, also enterprise has its own cheese selling point in Batumi agrarian market. Brand name is Gumbati. Enterprise has recognition from NFA and is compliant to FS&H standards.
KI 86	IE Guram Jakeli 551535429	Sept, 2017	Milk collecti Dairy Enterprise on center	Avranlo, Tsalka . Has had cheese small enterprise in Sakdrioni village since 1992, which was closed in 2016 due to non-compliance to FS&H requirements. After he established cooperative in Avranlo village in 2016, which collects milk for Sante, 4 tons/day in high milking period, Kushi, Ozni, Avranlo, Rekha, from 120 farmers. 6 men are working currently in collection center
KI 87	Dideda Ltd	Sept, 2017	Dairy Enterprise	Krtsanisi, Gardabani Enterprise has been in operation since 2017, daily processed 500 kg powder milk for making 700kg Imeruli. They are selling their products in supermarkets Vejini, Nikora, in Agrarian Market. They have recognition form NFA. 2 men and 7 women are employed in the factory they have temporary recommendation from NFA
KI 88	Ketino Devdariani 599 501385	Sept, 2017	Dairy Enterprise	Bareti village, Tsalka . Cheese enterprise, which had been established in 2004. Currently is collecting 1.5 tons of milk daily. Milk is collected from 80 farmers in Arsarvani, Choliani, Bareti villages of Tsalka municipality. 3 females and 4 men are employed in enterprise. Product is sold in Small shops in Tskneti and Tbilisi, Gldani, Daily they are selling 100 kg Sulguni cheese.
KI 89	Ruslan Khutsishvili 599535916	Sept, 2017	Dairy Enterprise	Khando village, Tsalka . Cattle farm and cheese production, have been in operation since 2015, farm produces 700 liters of milk daily. 4 females are working in farm and cheese making enterprise. They do not receive recognition yet, but already applied for it in NFA. Main products are Sulguni and Imeruli, which are sold in Hotel and restaurant owned by this owner.
KI 90	Nobeko Ltd (Former Dedoplistskaro Products) 599 51 32 82	Sept, 2017	Dairy Enterprise	Dedoplistskaro, Kakheti . Enterprise has been established since 2009 as an Individual Entrepreneur and since 2013 it has continued operations as a Nobeko LTD, 3 females and 7 males are working in enterprise, owns farm, and also collects 3 tons of milk from local 120 farmers, from Dedoplistskaro villages: Ozaani, Gamarjveba, Arboshiki, Samreklo, Khornabuji. Sulguni, Imeruli, Butter, Nadughi, which are sold in Carrefour, also small markets in Tbilisi, agrarian market in Gldani and Navtlugi. Was financed by MOLI project. Has recognition and is compliant to FS&H. It is facilitated by MOLI project

KI 91	Kvarlis Baga 595 30 09 70	Sept, 2017	Dairy Enterprise/Farm	Kvareli , Cattle farm was established in 2010, received preferential agro credit 6000,000 USD, 15 females and 20 males are employed there, is located in Kvareli, 12 tons of milk per day is produced and is supplied to different dairy companies (representative did not want to say company names)
KI 92	Giorgi Tokhadze Director Of Kartuli Natsarmi Ltd 555 28 83 45 Brand Name “Kartuli Natsarmi”	Sept, 2017	Dairy Enterprise	Tbilisi - Enterprise has been in operation since 2014, employed 6 men and 6 women, daily collects 3 tons of milk from 10 farmers from villages Marneuli, Tsalka and Dedoplistskaro Municipalities. They are producing Sulguni cheese and Smoked Sulguni cheese (120kg/day), Imeruli Cheese (350kg/day). The Main suppliers are: Goodwill, Carrefour supermarkets chain, Nikora supermarkets chain. They have temporary recognition from NFA.
KI 93	Dima Chalakheshashvili Director 555939343 Brand Name “Lianka”	September 2017	Dairy Enterprise	Ozaani Village, Dedoplistskaro , - The factory daily collects 5-6 tons of milk in high milking period and up to 2 tons of milk in low milking period from 120 farmers. Milk is collected from villages Tsiteltskaro, Dedoflistskaro Municipalities. Enterprise is producing Sulguni cheese. They’ve employed 15 men and 2 women. Product is labeled and packed under name “Lianka”. They are selling product in Tbilisi agrarian market and small shops. Last year 2016 they got Temporary recognition from NFA. The enterprise was financed by the Moli project.
KI 94	Merab Dzirkvadze Tsintsikaro+ Ltd 598 98 97 84	September 2017	Dairy Enterprise	Tsintsikaro village, Tetrtsikaro , Enterprise has been in operation for 4 years. It is located in Tsintsikaro village, Tetrtsikaro municipality. Currently It is collecting 2 tons of milk from Tetrtsikaro villages: Golteti, Tsintsikaro, Kosalari, from 60-70 farmers. Enterprise is producing Sulguni (175kg/day) and Imeruli (100kg/day) cheese. Cheese is sold in Tbilisi based Supermarkets chain Zgapari, Foodmart and several small shops. 3 women are employed in enterprise. Currently they are finishing the construction of all new building for enterprise, which will be operational from the end of September, 2017, enterprise has been financed by ALCP programme. They do not have yet the recognition from NFA
KI 95	Gia Khutsishvili Director of Restaurant Greenwich, (Former Director of Restaurant Oda and Former Manager of Restaurant Mravalzhamieri)	September, 2017	Restaurant	Natakhtari, Mtskheta-Mtianeti , As the director stated, current restaurant Greenwich is consuming the cheese made from natural milk. 10kg/day. Cheese is supplied by supplier, collecting cheese from Zestaponi and Kutaisi villages. Former restaurant Oda was consuming cheese, purchased in so-called Dezertirebi Agrarian Market in Tbilisi, 20-30kg/day (as he stated they did not know whether this cheese was made from natural milk or from powder milk). Former restaurant Mravalzhamieri, in Tbilisi, was consumed 100kg cheese daily. Cheese was supplied by supplier, which was collecting cheese in Kutaisi and Zestaponi villages.
KI 96	Tiko Khvedelidze Representative of Tsitelkuda Caterng	September, 2017	Restaurant	Samgori Tbilisi , this restaurant daily is consuming 15 kg of Imeruli cheese, Cheese is supplied by Intermediary, which is collected in Sachkhere villages.
KI 97	Nana Iakobashvili Restaurants and Catering chain ‘Good Like’	September 2017	Restaurants chain	Tbilisi , This restaurants chain owns 5 restaurants and catering points in Tbilisi, daily consuming 50 kg of Imeruli cheese, half of cheese is supplied by Agroconsortium Tserovani, which is powder milk cheese and half is supplied by intermediary, which is collecting Imeruli type of cheese in Zestaponi villages.
KI 98	Sante JSC Information Source name unknown	September 2017	Dairy Enterprise	Tbilisi, 10 Km Kakheti highway , the enterprise has been collecting 30 tons of natural milk daily from Kvemo Kartli and Kakheti regions. Enterprise is producing different types of dairy products, such as: Matsoni, Cottage Cheese, Sulguni Cheese, Yoghurt. Daily it is producing 1 ton of Sulguni cheese. All products are sold in many supermarkets chains and non-

				chain supermarkets in whole Georgia. Dairy enterprise daily processes 400-450 ton of powder milk.
KI 99	Agroconsortium Tserovani Information source name unknown	September 2017	Dairy Enterprise	Tserovani village. This dairy enterprise is processing daily only powder milk, which is 60 tons of milk powder per day, and produces about 10 tons of Imeruli type of cheese, which is distributed to many Chain supermarkets, non-chain supermarkets, also small markets, agrarian markets, restaurants in whole Georgia.
KI 100	Jemal Chkonidze 577955163	September 2017	Milk Collection Center	Karabulakhi village, Dmanisi., He owns the farm, and is producing daily 100 litres of milk, which is sold to private intermediary (did not say the name) 1 female and 3 men are working in farm.
KI 101	Axali Stili Levter Kutsia 551225050		Farm	Bolnisi, Owns the farm, which is producing 300 litres of milk daily. One dairy company is buying the milk every day (representative did not want to say the name of company), 2 females are working in farm.
KI 102	Rezo Gamrekelidze Owner Luka teo Ltd	October, 2017	Dairy processor	Chakvi, Ajara: has been operating since 2015. The company had incompliant processing facility (60 sq.m.) in Rokhi, Bagdadi but could not handle operating of it form Chakvi village, Ajara, where the owner and his family lives. According to the owner, he uses the cellar of his house for the production of dairy products such as: Sulguni balls, smoked braided Sulguni, smoked sticks of Sulguni, Sulguni rolls with ham. He collects milk from nearby living farmers of Chakvi, Khala, Chaisubani three times a week in summer and twice in winter. In summer the company has processed up to 3-4 tons of milk per month and 2-2.5 tons of milk in winter. The owner collects milk from the farmers by himself and the price is fixed, 1 GEL per litre. Mr. Gamrekelidze has 20 years of experience in the field, he used to work in Ukraine and now his son owns the dairy Factory there, processes up to 15 tons of milk daily and makes different types of Sulguni cheese. The owner has discussed with the local Gamgebeli topic of purchasing the land and building the compliant factory in Khala, Kobuleti for the future. Nowadays, the company sells its products in Goodwill, Willmart, Yalchin chains and small shops. 2 years ago, he participated in cheese festival organized by Ana Mikadze.
KI 103	David Slabinski	September, 2017	Dairy Consultant	David used to work as a Dairy technology consultant for ALCP programme for several years. Also he owned dairy enterprise years ago. Provides consultations for dairy enterprises.