

# Economic Rehabilitation Works

Issue 2

March 2009



# A unique initiative

When launching the Economic Rehabilitation Programme, the Sides\* of the conflict settlement process agreed unanimously that projects for the economic rehabilitation of the conflict zone (and adjacent areas) would provide an effective mechanism for confidence-building and, ultimately, for a resolution of the conflict. It was also understood that economic rehabilitation could:

- create opportunities for developing regional trade and transit, using the potential of the Trans Caucasian Highway (TRANSCAM)
- improve the investment climate
- help strengthen peace and security in the whole region.

The first milestone in developing the programme came in November 2005, when the OSCE Mission to Georgia launched a major new initiative – a Needs Assessment Study. This yielded a mutually-agreed list of urgent projects for socio-economic infrastructure in the zone of conflict and surrounding areas. The international community responded to this initiative by funding the study, and by pledging – at a specially convened conference in Brussels in June 2006 – some €8 million for implementation of the projects upon which the Sides agreed.

Once established, the programme enjoyed some important successes, particularly on the ground with communities. However the deteriorating political and security situation created a very challenging environment, and the outbreak of fighting in August had a severely adverse effect on the programme.

After ERP assessment of the circumstances of farmers and SMEs in accessible communities the donors wished to continue with economic rehabilitation in the area.

At this stage, access for all involved communities, as originally envisaged for the ERP, was impossible. Therefore as an effective interim solution, the Transitional Economic Rehabilitation Programme (TERP) was launched. Through targeted projects for immediate delivery, the TERP aimed to help re-build what had been lost to the SMEs and smallholdings, and to go forward with the programme's original concepts of exponential, sustainable development in the area.

\*The Sides: Georgian, South Ossetian, North Ossetian and Russian.

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Cover picture: OSCE/Martha Freeman An Ossetian farmer in July 08 who took part in a project for greatly improved silage crop production

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The outbreak of fighting in August 2008 severely affected those communities involved with the ERP, and access to some communities was lost (which was still the case at time of publication).

This issue covers how the expertise and tools of the Economic Rehabilitation Programme (ERP) adapted quickly to these developments, and why the Transitional Economic Rehabilitation Programme (TERP) was launched after the conflict.

Throughout this publication, the zone of the Georgian-Ossetian conflict will be referred to as 'the ZoC'. Locations mentioned may be known in the Ossetian language by different names.

Those projects completed before March 2008 are presented in detail the first issue of 'Economic Rehabilitation Works', However, a list of all the projects completed since the very start of the programme can be found at the end of this book.



## The OSCE-led Economic Rehabilitation Programme for the Zone of Conflict and surrounding areas, between March to August 2008.

By the end of July 2008, the ERP was registering some important results.

Rapid impact projects were running side by side with longer-term initiatives.

The local population was noticing building works for schools and water systems, and those finished were already in use. Georgian and Ossetian contractors who won the tenders worked on projects sometimes side by side, and under the supervision of the ERP's mixed international, Georgian and Ossetian engineers. Expert assessments had been produced to elaborate plans for substantive works. Construction projects were earmarked and were on the table for decisions by the Steering Committee of the Sides, the donors and the OSCE.

Business development initiatives were producing exponential results and interest among entrepreneurs and smallholders was growing as they began to see the results.

Agribusiness, a major source of inherent business opportunity in the region, was a particular focus for the business development sector of the programme. These initiatives were welcomed by local farmers, and by the associations the ERP helped form.

Seeking always to combine value and sustainable results, the interlinked projects were designed to target real needs - to develop incrementally the standard of living for the local population and prospects for entrepreneurs.

The beneficiaries were aware of the international community's direct interest and financial support for the programme. Donors and international delegations visited some of the completed projects, strengthening that link further.

The projects offered an important and productive space to nurture confidence between the communities at a time when tension on the ground was running high. Beneficiaries understood this concept and were working together. Georgian and Ossetian communities took part

in the projects, sometimes separately, sometimes together, which were run by mixed teams of International, Georgian and Ossetian experts.

The ERP office in Tskhinvali created a base for the mixed ERP team of administrators, engineers, business development specialists, agronomists, and liaison officers; and provided an 'open house' for local entrepreneurs, contractors and experts as well as visiting donors, delegations and local stakeholders.

Thus the programme was well established. The groundwork for the initiative had been done and the seeds had been sown; and in the same way that farmers were being encouraged by the first green shoots of their new, high-quality crops, the programme itself was set to cascade its impact further given the political will of the stakeholders.

However, there were considerable hurdles and ad hoc disputes in the process which threatened progress.

The deteriorating political and security situation was a difficult context in which to develop the confidence needed for full engagement of the Sides. Steering Committee meetings were challenging at times, as the parties addressed implementation issues that by nature required confidence to succeed.

Delays caused by disputes frustrated communities waiting for their projects to be completed.

One example is that of the Dzari school renovation, where the Georgian side needed considerable time and increased confidence to agree on the transportation of the final consignment of building materials to the site in Ossetian controlled territory. The agreement for a number of trucks to proceed to the site eventually came in late July. The process had held up the building work considerably, and made the school unusable at the time of construction. Building work is seasonal – delays can also have expensive implications.

Another example of the challenges to the programme comes during the establishment of farmers' associations through which the ERP could deliver more effective training assistance, access to quality stock and modern farming equipment. The Ossetian side needed considerable time and increased confidence to agree to proposals to set up associations for Ossetian farmers. Agreement finally came in May 2008. This delay meant that many Ossetian farmers interested in the associations had not had time to begin to benefit from the programme in the same way as the Georgian farmers' associations had. Farming is seasonal – delays mean farmers must wait until the next year to sow new seed.

However, it is not intended that these examples and this publication present a comprehensive account of the ERP process, and all its complexity, challenges and sensitivities: political developments and security considerations; or the innovations and encouraging progress. Rather, this issue aims primarily to list the basic facts and figures of successful projects achieved, of which there are a considerable number despite political deadlock.

The OSCE-led work for economic rehabilitation after August 2008 is outlined later in this publication.

The previous publication in the series, Economic Rehabilitation Works, Issue 1 (March 2008), introduces the rationale and operational ethos of the programme.





## The right expert analysis for the right results

The ERP's approach ensures that a thorough and expert needs assessment of the various sectors has been carried out with a view to designing meaningful, practical project solutions.

For example, in order to tailor-make agricultural projects to provide real benefit to farmers living in the ZoC, the OSCE ERP appointed an international expert team to lead a two-week assignment to determine the needs of private sector farmers in the ZoC.

During the process of the USAID funded study, which included extensive visits throughout the ZoC and surrounding areas, focus was placed on practical issues at hand, as well as longer-term development potential. Resulting projects from this study directly benefited the the farmers by offering immediate development projects which deliver tangible results.

This study offered an efficient solution to provide a springboard into further activities. For example, at the time of completion of the study, the ERP launched the first project to introduce modern agricultural machinery and equipment to farmers, and another to improve the stock of both the arable and dairy sector.

Programme sector:

# Business and agribusiness development



“We were always glad to see the OSCE on our farms.

For each farmer, it meant that they were going to tell us something new, something innovative, and that they would give us a hand. This was never blind assistance, but plans for achieving results over a period of months or even years.

It wasn't a hand-out. It was always part of a programme, and if I was to spend money, this would be to achieve some desired result in the future. We were putting our hope in these programmes.”



## AGRO-2008: the 20th International Agricultural Exhibition-Fair in Kiev

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**Cost:** € 14,043

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**Donors:** USAID 

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**Timetable of work:** 7 to 16 June, 2008

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**Project Status:** completed

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Study visits overseas: giving farmers insights into contemporary agricultural production techniques and building a network with experts and suppliers.

In 2007, the ERP successfully organised a visit for four Ossetian and four Georgian farmers to a leading international agricultural exhibition in Kiev, as well as an opportunity to attend a workshop in Israel on dairy production.

There were a number of significantly satisfying results, including helping the farmers to generate numerous contacts for the potential supply of equipment, veterinary medicines, and in the case of the trout farmers' association, quality egg stock.

Based on the value noted in the previous project, a new programme of visits was drawn up for the agribusiness owners for 2008.

This project gave 12 Georgian farmers residing in Georgian-controlled territory of the ZoC the opportunity to explore modern agricultural production. Originally, it had been envisaged that 10 Georgian and 10 Ossetian farmers would attend together, but at the last moment, an issue over suggested Ossetian participants was not resolved in time to enable the participation of Ossetian farmers.

### Value for the farmers

The Expo's conferences, seminars, presentations and trade stalls demonstrating the latest innovations, helped the farmers improve the quality and volume of their agricultural products and access specialised equipment in the following areas:

- Agricultural Machinery, Equipment, Accessories and Spare Parts
- Irrigation and Drainage Systems
- Machinery and Equipment for the Food Industry
- Plant Protection and Fertilizers
- Seed and Plant Production
- Horticulture, Fruit-Growing and Vegetable Gardening
- Livestock Farming and Breeding
- Livestock Feed Production
- Veterinary Medicine
- Fish Farming


### Other practical benefits

The farmers representing the ERP's two vegetable producers' associations began negotiations with a Ukrainian importer to sell their anticipated harvests of tomatoes, cabbage and beets in the late summer and early autumn of 2008.

Also, representatives of the programme's trout farmers' association met again with representatives of the Danish company from which they had purchased 200,000 rainbow trout eggs in November 2007. The company invited up to 10 trout farmers from the ZoC to their production site in Poland in September 2008 to undergo intensive and comprehensive training in production.

## AGRO EURASIA 2008 – 3rd Agricultural, Stock Breeding, Seed Raising, Sapling, Poultry and Dairy Industry Fair, in Istanbul

**Cost:** € 29,254

**Donors:** USAID 

**Timetable of work:** 5 to 9 th August 2008

**Project Status:** completed

### Value for the farmers


Twenty-one participants including Georgian and Ossetian farmers, agronomists, and veterinarians attended this industry fair to examine modern agricultural production techniques in the following areas:

- Agricultural Machinery, Equipment, Accessories and Spare Parts
- Greenhouse Technologies
- Water and Irrigation Technologies
- Fertilizers
- Crop Protection
- Seedlings, Saplings and Horticulture
- Organic Agriculture; (8) Animal Husbandry and Equipment
- Poultry production

While at the industry fair, fighting erupted in the ZoC and the study visit participants consoled each other while trying to contact families and friends to learn more about the situation in the region. Despite the closure of Tbilisi airport and the security situation on the ground, all participants returned safely from Turkey.

## AGRORUS 2008 – 17th International Agricultural Industry Exhibition-Fair, in St Petersburg

**Cost:** € 4,736

**Donors:** USAID 


**Timetable of work:** 21 to 28 August, 2008

**Project Status:** cancelled

It was envisaged to send 10 Georgian and 10 Ossetian farmers, agronomists and veterinarians from the ZoC to gain knowledge of contemporary production techniques across various sub-sectors of the agricultural industry. It was hoped they could share insights with other farmers on their return. The visit was cancelled after the outbreak of fighting in the ZoC.

# Improving livestock through introducing artificial insemination for the dairy and beef sectors

**Final actual cost:** € 17,357. Full implementation throughout the ZoC, including the involvement of specialists due in the summer, was interrupted by the fighting in August

**Donors:** Sweden 

**Location:** Breti, Kvemo Khviti, Mereti, Ruisi, Zemo Khviti, Ditsi, Sasireti, Gori, Shindisi, Dirbi, Sagolasheni, Khvedureti, Karbi and Tirdznisi

**Project Status:** Support to farmers interrupted by the fighting in August

## OSCE ERP action for solutions

The OSCE ERP imported 720 doses of bull semen – Jersey (576 doses), Swiss Brown (108 doses) and Black Angus (40 doses) – for the artificial insemination of dairy and beef cattle in the ZoC.

It also recruited an international expert to provide training and technical assistance to six veterinarians from the ZoC in modern techniques, who will in turn go on to work with local farmers, cascading theoretical and practical know-how of livestock genetics

The international consultant trained the local veterinarians in modern techniques for scheduling calving; correct use of heat-facilitating hormones; equipment requirements for artificial insemination; on-farm hygiene specifications; optimal storage of semen; transportation of semen from tank to farm; detection of heifers in heat and scheduling; and the latest techniques in artificial insemination.

It is envisaged that the veterinarians will go on to assist interested ZoC farmers in determining the optimal breed of semen for their heifers. The veterinarians also were set to perform the artificial insemination of the heifers during March – December 2008 in accordance to the schedules determined by the farmers.

## Update from March 2008 onwards

Farmers were being enabled to improve their stock and its productivity by introducing strains of dairy and beef varieties prized for excellent quality high yield product. They were set to benefit from direct assistance from vets trained in the latest methodologies for successful insemination.

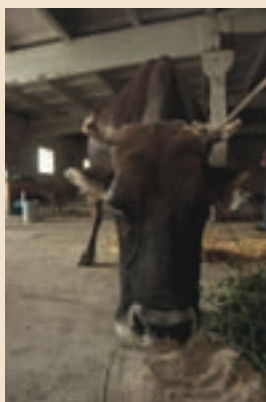
The project was interrupted by the outbreak of fighting in August. Many of the farmers subsequently lost their stock or smallholdings. However, the ERP urgently redirected its assistance in this area as soon after the armed conflict as possible. Please see page 38.

## Challenges & solutions

The primary purpose of this project is to increase quality of milk and beef produced in the ZoC and surrounding areas, by giving farmers access to imported semen from quality breeds for their cattle stock.

After the dissolution of the Soviet Union in 1989, artificial insemination programmes in the area collapsed. It was not until 2002 with significant support from international donor organisations and local farmer organisations, that artificial insemination programmes in Georgia were revitalised.

The OSCE ERP developed this project to include recommendations made by an international consultant contracted to assist in designing projects to practically benefit farmers in the dairy sector, and provide access to modern farming machinery.








# Introducing modern techniques of beekeeping

**Cost:** €27,140

**Donors:** Sweden 

**Timetable of work:** March to August 2008

**Location:** Tskhinvali and the villages of Dampalet, Djer, Khslep, Zgubir, Tamarasheni, Tiniskhidi, Kemerti, Achabeti, Kekhvi, Breti, Kareli, Eredvi, Avnevi, Koshki, Nikozi, Kurta, Plavi, Abisi, Khvedureti, Chvarebi, Kheiti, Nuli, Sagolasheni, Gvlevi, Tortiza, Kheltubani and Tkviavi

**Project Status:** Support to farmers interrupted by the fighting in August

## Challenges & solutions

This tailor-made package of assistance aimed to increase yield, quality and marketing of beekeeping products from farmers in the ZoC through providing access to modern beekeeping technology and bee stock.

### Why boost this sector?

Beekeepers in the ZoC face many obstacles to production, including insufficient knowledge of modern methodologies and skills; outdated bee-hive construction; and lack of developed product processing and marketing processes.

In line with the overall OSCE ERP approach, focus was put on delivering practical solutions for tangible results, and building incrementally upon registered achievements. After the success of the ERP's project in 2007 to provide basic consultancy to novice and more experienced beekeepers, the next step was developed with care to build on the recommendations of the international and local consultants brought in for the previous project.

In the course of the first project, the need for quality strains and improved technology was identified among the enthusiastic existing and potential beekeepers.

## Value for the beekeepers

To develop modern techniques of beekeeping, three local ERP experts (two Georgian and one Ossetian) held 11 training seminars in Tskhinvali and the villages of Abisi, Tirdznisi, Kurta, Mereti, Dzevera, Avnevi, Kheltubani and Zegduleti. 107 beekeepers, of which 60 were Georgians and 47 Ossetians from 31 locations, attended the customised training which focused on:

- Raising queens
- Producing royal jelly
- Improving the quality of honey
- Optimal use of beekeeping equipment
- Identifying market opportunities for bee products
- Accessing quality medicines to combat disease

A major component of this project was to give beekeepers access to quality stock, and advise on optimal husbandry and equipment.

In April and May, the ERP organised the delivery of 386 beehives and 570 quality bee families with queens to 81 beekeepers (56 Georgian and 25 Ossetian) from 28 places in the ZoC. The farmers paid for their new stock in manageable instalments. Bespoke individual technical assistance was also given on a weekly basis to ensure the success of the entrepreneurs with their new stock once it had arrived.

In line with the ERP approach to encourage entrepreneurship and smallholding development, the beekeepers were to pay for their new highly-productive stock. They had given a 30% advance payment for the beehives and queen, worker and drone bee sets by the end of March 2008. According to the agreements, the beekeepers were required to pay the remaining 70% on or before December 15. The changed circumstances from August onward altered that expectation, and it was decided with the donors (Sweden) to grant the outstanding balance.



Before conflict erupted, The ERP, in collaboration with the Georgian Professional Beekeepers Association (GPBA), had begun to help the beekeepers identify and secure markets for their queens, royal jelly, honey, propolis and beeswax. Plans were also being made to organise in the autumn beekeeping and honey-product fairs in Tbilisi and Tskhinvali to assist the beekeepers in introducing and marketing their products.

Encouraged by early results, the enthusiastic response of the entrepreneurs and the bespoke assistance offered to beekeepers to help maximise productivity, it was anticipated that the 81 beekeepers' new beehives and bee families would produce, on average, 10 kilograms of honey per hive, totalling 5.7 metric tons of honey in 2008. It was also expected that the honey production levels would increase by almost 100% in 2009 and produce over 10 metric tons of honey.

The armed conflict in August severely affected beekeeping and productivity in the area, and along with it the anticipated results of this project.



Sergei from Tskhinvali was one of the potential entrepreneurs who benefitted from the ERP beekeeping projects and went on to develop a business.

After taking part in the project 'Improving the yield and quality of beekeeping products' in 2007, he sold his car and used some of the money to hire his carpenter neighbour to build hives.

In March 2008, the ERP project 'Introducing modern techniques of beekeeping' gave him further training and ensured access to the quality strain of bee families he wanted to buy.

To help Sergei and sustain his business in the early stages, the ERP provided him and his fellow project beneficiaries with customised professional support through a locally contracted beekeeping expert.








## Introducing new seed varieties for quality silage production

**Cost:** €21,408 (Full implementation and access throughout the ZoC was interrupted by the fighting in August )

**Donors:** Sweden 

**Timetable of Works:** intended January – December 2008, but actually ran until August

**Location:** Tskhinvali, Tsinagari, Tbeti, Breti, Sagolasheni, Dvani, Tsveri, Dirbi, Kodavardisubani, Zemo Nikozi, Zemo Khviti, Kvemo Khviti, Shindisi, Pkhvenisi, Shertuli, Kveshi, Tirdznisi, Megvrekisi, Zerti, Medjvriskevi, Kheltubani, Gvlevi, Urbnisi, Kareli, Kvenakotsa and Leteti

**Project Status:** Implementation interrupted by the fighting in August

### Challenges & solutions

The primary objective of this project is to provide members and non-members of eight farmers' business associations operating in the ZoC and adjacent areas, with access to new seed varieties for the production of quality silage for dairy and beef cattle.

### Why boost silage production?

The quality of forage seeds for silage production impacts directly the quality and quantity of dairy and beef.

Prior to the break up of the Soviet Union and the advent of the conflict, agricultural farming has suffered. There were several kolkhozes (e.g., socially-owned collective farms) operating in ZoC villages, such as; Dirbi, Variani and Kvemo Khviti, which supplied seeds to sovkhoses (state-owned farms).

Once the sovkhoses and kolkhozes collapsed in the early 1990s, farmers operating in the ZoC lost access to the supply of quality forage seeds for silage production, resulting in a significant decrease in the quality and quantity of milk and meat products produced in the region.

This project builds upon previous ERP work to design projects to practically benefit farmers in the dairy sector, and provide access to arable farming machinery.

Action being taken by the ERP to improve the situation includes:

- launching a public tender to invite producers of quality forage seeds to supply a projected six metric tons of maize (3.3 MT), alfalfa (2.4 MT), and sorghum seeds (0.3 MT) to be drilled in March to April 2008 on an estimated 300 hectares of agricultural land
- recruiting one Ossetian and one Georgian agronomist to provide technical assistance to the farmers
- contracting the Georgian non-governmental organisation Rural Agricultural Service (RAS), to train the agronomists in the following areas of forage and silage production: drilling, production and harvesting techniques; fertilizer and agro-chemical use; design of feed ratios for livestock; and production of silage
- assisting farmers to purchase quality forage

### Value for the farmers between March 2008 and August 2008

Forty-eight farmers in the ZoC were helped to access quality maize, alfalfa and sorghum seeds to improve the quality and volume of production of silage for their livestock.

They paid 30% of the cost of the seeds prior to the ERP placing the order with the selected suppliers. By April, the farmers were sowing the seed (sharing the equipment supplied by the ERP project to access modern agricultural machinery). They were set to pay the remaining 70% in December 2008.

Farmers also benefited from training in the management of all phases of the production of maize, alfalfa and sorghum for silage. The outbreak of hostilities prevented the planned consultation of agronomists on the development of efficient and effective ratios for the farmers' livestock feed rations.






Because the vegetable farmers participating in this project gained access to the ERP's five-row cultivation machines and four-row drilling machines, they were able to reduce their production costs by more than 90%. Their average operational costs per hectare fell from €475/hectare rather than €43/hectare. Thus, the farmers reduced their production costs by €20,304.



# Improving the quality and yield of tomato and cabbage production

**Cost:** € 42,120

**Donors:** Norway, Sweden & Estonia 

**Timetable of Works:** March to August 2008

**Location:** Tskhinvali and the villages of Breti, Sagolasheni, Tsveti, Dirbi, Kvenakotsa, Bebnisi, Zemo Khviti, Shindisi, Kheltubani, Medjvriskevi and Tortiza

**Project Status:** Implementation interrupted by the fighting in August

## Challenges & solutions

This project aimed at successfully introducing labour-saving and yield-boosting equipment for tomato and cabbage production.

### Why boost this sector?

Tomato and cabbage are major crops in the area, often produced by smallholdings. Modest as it is, for some of the farmers it is the main source of income. Cultivation of these crops by hand has been basic and yield has been moderate. The introduction of specialist seed trays and planting equipment dramatically increases germination, seedling survival and the quality and quantity of product.

### OSCE ERP action for solutions

A local ERP expert delivered technical training and customised support to farmers in 11 locations (10 Georgian villages and Tskhinvali), and helped form associations including designing the associations' charter and bylaws, and delegation of members' responsibilities.

## Value for the farmers

Two tomato and cabbage growers associations and 42 farmers took part in this project.

They paid for imported quality seeds, and were given specialised seed trays. By June, most of the seedlings had been planted using transplanting machines provided by the ERP.

These growers networked with other farmers in the area as they borrowed the tractors ERP provided to the agricultural machinery associations set up by the programme.

With the ERP-provided seed, the farmers were encouraged by their achievements:

- Increased germination yield from 60% to 97% though using ERP-supplied polystyrene trays rather than the previous hand-planting
- produced 1,400,000 vegetable seedlings (1,190,000 tomato; 168,000 cabbage and 42,000 pepper and cucumber)
- In addition, by gaining access to the ERP's polystyrene seedling production trays, quality seeds, compost and fertilizer, the farmers reported an increase of germination of the vegetable seedlings from transplanting onto 47 hectares of land using the ERP's two four-row vegetable drilling machines
- Reducing production cost by more than 90% by using the ERP's five-row cultivation machine
- Making use of the weekly visit by the local ERP expert who provided customised assistance on compost preparation, seeding, irrigation, disease control, transplanting and optimal use of equipment


Until August, the project was registering noticeable success amongst participating farmers. Seedlings were transplanted in the field, and increased crops of new varieties were being anticipated.

However, the project was interrupted by the outbreak of fighting in August. Some farmers fled their smallholdings altogether, while others harvested disappointing yields since they could not water their crops at critical times. However, the ERP urgently redirected its assistance to this sector, as soon after the armed conflict as possible.



## Providing farmers with access to modern agricultural machinery and equipment

**Cost:** € 280, 365 (Full implementation and access throughout the ZoC was interrupted by the fighting in August )

**Donors:** Sweden 

**Timetable of Works:** January to July 2008

**Location:** Gromi, Akhalubani, Zemo Khviti, Breti, Kvemo Khviti, Sagolasheni, Breti, Kvemo Khviti, Zerti, Kvenakotsa, Shindisi, Aradeti, Tseri, Dirbi, Dvani, Takhtidziri, Medjvriskevi, Karbi, Kere, Kirbali, Dzevera, Karaleti, Pkhvenisi and Shertuli. intended for throughout the ZoC and adjacent areas

**Project Status:** concluded

### Challenges & solutions

The primary objective of this project is to organise farmers operating in the ZoC and adjacent areas into groups and provide them with access to modern agricultural technology to improve the quality and volume of their crop yields.

#### Why providing machinery is so urgent

Since the dissolution of the Soviet Union and the advent of the conflicts, the agricultural activities of farmers operating in the ZoC have suffered. Agricultural machinery in the ZoC has been stolen or deteriorated to the state that it is barely usable.

Because of the lack of agricultural machinery and equipment, the majority of farmers in the ZoC are relegated to preparing their soil, and planting and harvesting their crops by hand.

### OSCE ERP action for solutions:

- OSCE ERP to identify urgent technology needs after extensive field visits and completing a previous project to design future projects to practically benefit arable farmers
- recruit an international consultant on agricultural association development
- send an ERP representative to the International Agro Fair in Adana, Turkey, to learn more about modern agricultural machinery and scout for potential experts and suppliers
- launch a tender for machinery

The farmers are set to be organised into regional associations. The ERP would offer members and non-members of these associations access to a wide range of agricultural machinery and equipment, including; tractors, ploughs, balers, drilling and silage equipment and harvesters, and provide them with the capacity to efficiently till their soil, drill their seeds and harvest their crops.



### Value for the ERP

It was intended to set up eight regional agricultural machinery and equipment service associations in both communities. Four were successfully set up in Georgian communities, and the loaned machinery was delivered to them through May to July 2008.

Once the South Ossetian authorities had accepted proposals for organising Ossetian farmers into associations in May 2008 the OSCE ERP began to re-tender the agricultural machinery and equipment for them. However, the outbreak of fighting in the summer interrupted this process and the tender was suspended.

Despite the setbacks to forming the full complement of farmers' associations, 42 farmers from 23 villages became founders of these associations.

### OSCE ERP action for solutions

The ERP recruited an international expert to help the newly registered associations by:

- field visits to offer customised technical assistance
- delivering two days of seminars focused on association development.

The ERP provided the associations with access to:

- 4 82-Horsepower Tractors
- 4 Cereal Seeding Machines with Fertilizer Tanks
- 4 Rotary Tillers
- 4 Ploughs
- 2 6-Row Pneumatic Seeding Machines with Fertilizer Tanks
- 4 Agro-Chemical Sprayers
- 4 Sickle Bar Mowers
- 4 Baling Machines
- 4 Trailers
- 2 Maize Combine Harvesters
- 4 Forage Harvesters
- 2 Maize Choppers
- 1 Manure Spreader
- 4 Cultivators

### Value for the farmers

The four regional agricultural machinery and equipment service associations began offering services to farmers in their respective regions in July 2008. These associations became important to the members during and after the events of the summer.





## ERP results - Sustainability despite adverse conditions

The farmers of the newly formed associations helped each other during the summer conflict. Some drove their moveable equipment to safer locations to prevent shelling damage or theft. Therefore, only one 82-horsepower tractor and a forage harvester were lost. The associations which lost this equipment now borrow from other associations.

Despite the conflict, the four regional agricultural machinery and equipment associations successfully served more than 450 farmers and helped cultivate 841 hectares of land.

Work with the machinery began once the security situation allowed and the land had been cleared of unexploded ordnance.

By year's end, the ERP's four regional agricultural machinery and equipment associations and two tomato producers associations provided the following services to member and non-member farmers with the ERP equipment:

- Harvested maize on 192.5 hectares of land
- Mowed 135 hectares of alfalfa;
- Ploughed 69 hectares of agricultural land
- Produced 2,500 bales of forage crops on 9 hectares of land
- Seeded 351 hectares of land with winter wheat seeds
- Cultivated 15 hectares of land
- Sprayed agro-chemicals on 25 hectares of land
- Harvested forage for silage on 2 hectares of land
- Transplanted tomato seedlings on 47.8 hectares of land

Please note that at that stage, the four established regional associations were made up of Georgian farmers. In May 2008 the South Ossetian authorities had accepted proposals for organising Ossetian farmers into associations, and farming machinery was being procured for them. But the outbreak of fighting in the summer interrupted this activity, therefore the fledgling associations of Ossetian farmers had not received their equipment. Access to these farmers has been lost since August 2008.



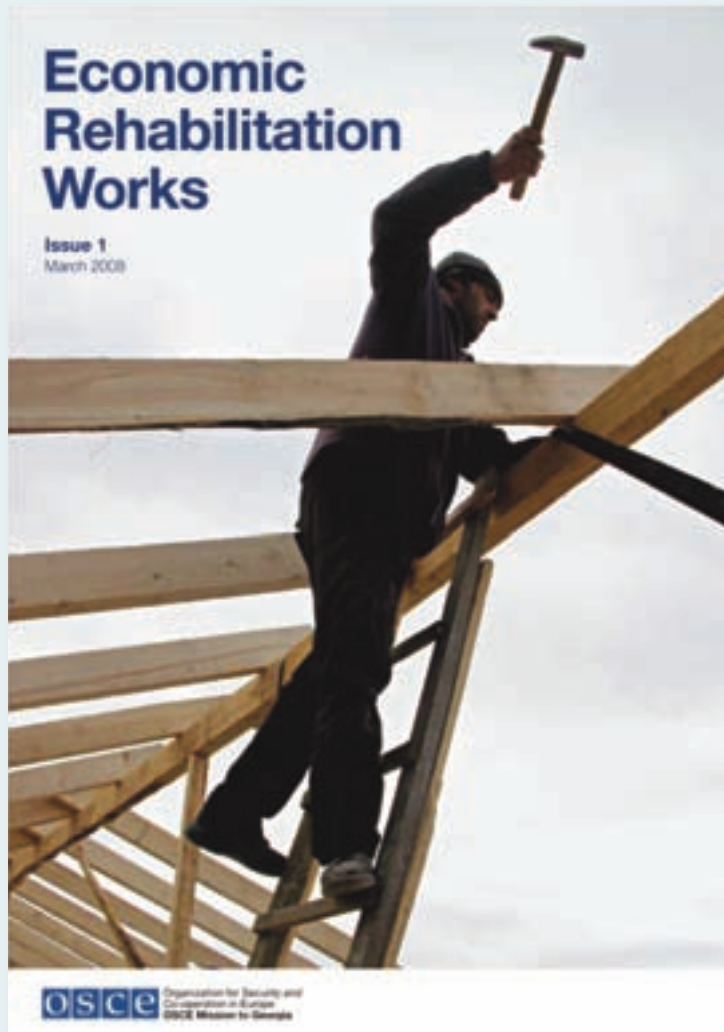
In March 2009, due to the circumstances in which the programme was operating, the donors decided to donate the agricultural machinery which had been loaned up to that point to the established farmers' associations.



Programme sector:

# Rehabilitation of infrastructure





By the time the last issue of 'Economic Rehabilitation Works' March 2008 had been published, the programme had registered the following results:

- Bringing drinking water to four villages by renovating the Ksuisi-Disevi pipeline (€86,490, donated by Finland, Turkey and the UK)
- Bringing drinking water to Avnevi, Nuli and Kimasi villages by constructing a gravity-flow pipeline from spring sources (€158,517, donated by Norway and the UK)
- Rehabilitating a secondary school in Ortevi village (€38,210 donated by Finland and Norway)
- Rehabilitating the largest of the Tskhinvali reservoirs (€121,177 donated by Andorra, Lithuania and Poland)
- Building a school and clinic in the village of Sveri (€54,642 donated by Czech Republic and Italy)



Headway had been made in the rehabilitation of the school in Dzari. But the project was challenged severely by the delay in delivery of building materials to the site. Building ground to a halt and confidence between the sides deteriorated over the issue.

However, in late July, a solution was brokered by the ERP, and the Georgian side agreed to proposals to begin the transportation of several truckloads of materials. Soon after that time, the outbreak of fighting meant the suspension of this sector of the ERP.



By August 2008, a range of preparatory or complementary expert assessment projects were completed, as a vital first stage for a variety of envisaged construction works to benefit communities:


- The engineering assessment of works for the rehabilitation of the Znauri-Mukhuri pipeline for drinking water was completed at the end of 2007 (€23,030 donated by Belgium). The envisaged construction of the water pipeline about 40 km west of Tskhinvali would include the villages of Dzagina, Akhalsheni, Koshatikau and Nedlad
- The project for the design of implementation strategies for water-related projects of the ERP aimed to provide additional international engineering expertise for envisaged works in June 2008 (€8,668 donated by Germany)
- A preliminary study and design works were elaborated for the rehabilitation of the orphanage in Tskhinvali in spring 2008 (€12,031 donated by Finland)
- A stability assessment for the rehabilitation of structurally damaged schools was performed in summer 2007 for the schools in Disevi, Gromi, Khetagurovo and Vanati (€10,093 donated by Hungary)
- The rehabilitation of the sports hall in Vanati required design and stability calculations for the roof of the building, which were finalised in summer 2007 (€1,346 donated by Georgia)
- The ERP engineers recommended a prefabricated construction solution for the envisaged rehabilitation of Kvaisa school (north of the ZoC). Respective assessments and tender documents were elaborated between summer 2007 and spring 2008, in close co-ordination with the Kvaisa community (€7,839 donated by Italy)
- The rehabilitation of the hospital in Tskhinvali required a specific design study of the current buildings. The design was finalised in summer 2007 (€8,832 donated by Finland), and served as a bases document for further recommendations and steps to be taken. Following the design study, the rehabilitation of the hospital's boiler house began with an engineering study in autumn 2007 to prepare for tendering the construction works (€2,030 donated by Germany)
- In order to start the rehabilitation of several roads, an engineering design was elaborated in January 2008 for the rehabilitation of a retaining wall at one of Tskhinvali roads in need of stabilisation (€963 donated by Finland)
- The envisaged rehabilitation of irrigation networks required the elaboration of a comprehensive geological and engineering survey of the existing networks and their structures. The survey was completed between September and December 2007 (€15,131 donated by Sweden)
- Implementation of gas and electricity-related projects did not find full agreement between the sides. However, agreement was reached for the purchase of two gas leakage detectors (€2,132 donated by European Commission)

The planned infrastructure work, including the consultation and agreement process at the Steering Committee, was halted at the outbreak of fighting in August 2008.

# The ERP activity was interrupted in August 2008





A photograph of a blue tractor in a field of dry, brown stalks. The tractor is positioned on the right side of the frame, facing away from the camera. The field is filled with tall, dry stalks that are out of focus in the foreground. The sky is overcast and grey. The text is overlaid on the left side of the image.

“Almost all of my farm was destroyed by the war. For me it was difficult to come to terms with the fact that everything I had created by hard work was lost in a day. I did not even have the desire to do anything again if there was no assistance from the OSCE. I did not even have financial resources left to reinvest. For me assistance was crucial. Even if assistance is small, it stimulates a man to go back to work, to create something.

I have people working for me - they will keep their jobs. We'll try to play a role in economic rehabilitation of our region. There will be no investments here, because we are still in a tense situation. No investor will want to invest money here, especially in agriculture, which is a risky business. That's why the work of the international organisations in our region is so important. A little assistance from their side combined with our small financial resources combined may help us keep existing farms going and gradually develop, create jobs and somehow help resolve conflict.”

– Zurab, a dairy farmer from Zemo Khviti



## The development of the Transitional Economic Rehabilitation Programme

Before the fighting in August, the ERP had registered some important successes particularly on the ground with communities.

However, the deteriorating political and security situation proved a challenging environment in which to work, and the eventual outbreak of conflict in August had a severe effect on the programme and its beneficiaries.

But the successes of the ERP endured in the minds of the beneficiaries, and in a time of severe loss – sometimes total loss of business – encouraged them to re-build in the spirit of the programme.

From August onwards, an ERP assessment of the situation in accessible areas revealed that farmers who had been involved with the programme had helped each other through the ERP-organised associations. They protected and shared ERP-loaned resources at vital times and were keen to continue with the programme. The donors were also keen and wished to contribute to stabilisation.

At this stage, the involvement of all communities originally envisaged for the ERP was impossible. Access was lost to Ossetian communities and those members of the ERP team who lived in Tskhinvali.

But having in mind the importance of stabilising the traumatized area, an interim and effective solution, the Transitional Economic Rehabilitation (TERP), was launched for accessible

parts in the Shida Kartli region. ERP expertise, logistical experience and donor support was transferred to the TERP for urgent and targeted results.

The previous ERP successes meant the OSCE's TERP offered the unique advantage of being able to quickly deliver well-designed assistance to communities who had developed great confidence in the programme, and were already organised into ERP associations, which in turn would cascade assistance.

Through meaningful and targeted projects for immediate delivery, the TERP aimed to help small-holdings re-build what had been critically lost and go forward in terms of the original programme concepts of exponential and sustainable development to improve the context on the ground.

# The Transitional Economic Rehabilitation Programme




Programme sector:

# Re-building businesses and sustaining development



## Reviving trout production in the accessible areas affected by the August 2008 fighting

**Cost:** €30,320

**Donors:** Sweden 

**Timetable of Works:** October to December 2008

**Location:** Bebnisi, Karaleti, Gori, Tortiza and Kareli

**Project Status:** Completed



**“We have not recovered yet after the war. We suffered huge damage. What we are trying now is to win back the market. We have not yet balanced our books. It was only the OSCE through its injections of assistance who put us back on our feet.**

**The OSCE gave significant assistance to us right after the war. It was OSCE that linked us with experienced Polish fish producers. Because of the training in Poland we achieved significant progress in developing this farm.**

**The OSCE helped us import quality fish eggs and fish feed from Poland. In the past we used other feed, but the effect was not as good. Our new feed is ecologically clean and better quality. In my experience I have never seen such a good product. You can judge the quality of feed by looking at fish.”**

**– Aleko, the trout farmer from the Caucasus Fish Producers’ Association.**

### Challenges & solutions

The primary and urgent objective of this project was to restock the farmers with feed, fish and apparatus that had been lost as a result of the fighting in August 2008, and enable them to start re-building their businesses.

During visits to the farms the OSCE ERP experts noticed a significant lack of knowledge in agricultural production. Farmers had no access to new information on modern technologies and approaches in the agribusiness sector.

### Why boost this sector?

Previously, the ERP had registered tangible successes of efforts to increase the sustainability and productivity of fish farming. Associations had been set up and the member farmers had been enthusiastic about the development of their business in terms of increasing yield and quality of their fish, as well as widening their market.

The August conflict took its toll on the fish farmers’ business. Fish stocks and vital feed had been lost at a time when the farmers had been set to deliver an agreed tonnage to a new buyer in Azerbaijan (a market opening identified with ERP help).

The effects of the fighting and the deteriorated security situation was gauged through TERP fact-finding visits in August and September to the farmers accessible after the fighting (in the Shida Kartli region).

This helped the TERP team reassess what the farmers need most urgently to get their businesses back on track, and to prevent loss of momentum in efforts to build and strengthen farmed fish production.

### OSCE TERP action for solutions:

In October, the TERP delivered to the ERP-organised Caucasus Fish Producers’ Association (CFPA)

- 20 metric tons of trout feed, 650,000 rainbow trout eyed eggs
- 20,005 kilograms of trout feed
- an oxygen meter

### Value for the farmers


Because of the influx of trout eggs and trout feed, at a critical time, the CFPA members have been able to restart their small-scale farmed trout production enterprises and return their enterprises to sustainable and growth-oriented businesses.

The farmers were encouraged by their ability to partially meet their agreement to deliver fish to a new market in Azerbaijan, despite the conflict’s consequential setbacks to their businesses.

In March 2009, the CFPA farmers went on to purchase an additional 25 metric tons of farm quality trout feed from suppliers they met through previous ERP-organised trade fair visits.

# Boosting sustainable aquaculture production through introducing innovative techniques and diversification

**Cost:** € 18,403

**Donors:** USAID 

**Timetable of works:** October 2008

**Project Status:** Completed



## Challenges & solutions

This project aimed to boost and diversify the business of trout farmers in areas affected by the recent conflict. A study visit to an international specialist company was custom designed for the trout farmers in the areas accessible to the TERP team.

### Why boost this sector?

The August conflict took its toll on the farmed fish production in areas directly affected by the fighting. After an immediate and urgent TERP package to re-stock the farmers with feed and livestock lost during the conflict in 2008, the TERP team assessed the real needs on the ground to help the fish producers re-build, diversify and create sustainable growth in their businesses

### OSCE TERP action for solutions:

One of the first things the TERP organised in response to the identified immediate needs of the fish farmers was to arrange for them to have a bespoke working visit to understand and assimilate modern techniques of aquaculture production.

The Polish subsidiary of the Danish fish feed producer, Aller Aqua (a company from whom they had learned modern techniques previously with appreciated results) offered the training.

### Value for the farmers

Eleven members of the ERP's Caucasus Fish Producers' Association, accompanied by two TERP staff, took part in a customised four-day training programme on modern techniques of aquaculture production which included:

- Visits to modern sturgeon, farmed trout, European catfish, and African catfish farms in the towns of Konin, Bytow and Zelkowko

- Introducing modern techniques of fish fry production, feeding, and production of fish fillets and sturgeon caviar for export to countries in the European Union
- Addressing the need for installing modern water recirculation systems, heating systems, bio filters and oxygenation systems on their trout farms
- The examination of the profits from using modern systems and modern equipment – which revealed to Georgian trout producers that the trout farms in Poland produce 10 times more trout annually than the Georgian farmers with the same-sized farms
- A visit to a fish feed production plant in Poznan, where 26,000 metric tons of fish feed are produced annually for export to more than 20 countries
- Training in all aspects of fish feed production, including; feed ingredients, storage, packaging and operational management systems
- Training in modern techniques of identifying, curing and preventing farm trout diseases

During their visits in Poland the fish producers also bought modern equipment and supplies for farm trout production, including; nets and uniforms.

Inspired by the visit and the comprehensive training in Poland, the members of the Caucasus Fish Producers' Association intend to diversify their product and construct two modern farms for the production of African catfish.

The TERP assisted the Association in acquiring information on the design, technical specifications and equipment needs for these farms from successful Polish catfish producers.

# Reviving dairy and beef cattle production in the accessible areas affected by the August 2008 fighting

## Challenges & solutions

This project was designed to help farmers residing in the accessible areas affected by conflict to rebuild and expand their dairy and beef production.

### Why boost this sector?

The dairy and cattle sector was damaged in the areas affected by the fighting. In some cases, entire herds were lost and farm buildings sustained shelling damage. Unexploded ordnance affected pasture area and the deteriorated security situation took its toll on production.

Before the fighting in August, the ERP had successfully delivered projects to boost this sector through providing access to the latest farming techniques, including stock improvement through artificial insemination.

From August onward, during assessments of the extent of the damage to this sector, it became apparent to the TERP team that there was growing interest among farmers to improve the yield and quality of their beef and dairy through introducing characteristics of new strains.

For this reason, and to restart momentum for development of this sector, plans to continue and expand upon the previous ERP artificial insemination project within a second phase were drawn up.


### OSCE TERP action for solutions:

Building upon the interest and expertise generated in the ERP's previous project, an international expert was recruited to train eight vets and farmers in the Shida Kartli region on the following techniques of diversification through artificial insemination:

- Modern techniques for scheduling calving
- Optimal use of heat-facilitating hormones
- Equipment requirements for artificial insemination
- On-farm and veterinarian's hygienic requirements for artificial insemination;
- Optimal storage of doses
- Transportation of semen from tank to farm
- Detecting heifers in heat and scheduling times for artificial insemination
- Modern techniques in artificial insemination

This specialised capacity-building training complemented the donation of imported bull semen and equipment.

**Cost:** € 15,163

**Donors:** Sweden 

**Timetable of Works:** February to March 2009

**Location:** Medjvriskhevi, Berbuki, Pkhvenisi, Garejvari, Tsedisi, Shindisi, Kheltubani, Skra, Sveneti, Dzevera, Arashenda, Marana, Gori, Kvemo Nikozi, Zemo Sobisi, Uplistsikhe, Doesi, Tiniskhidi, Kvarkheti, Khidistavi, Ruisi, Aradeti, Tsromi, Khtsisi, Sagolasheni, Dzlevijvari, Samtserisi, Breti, Kvenakotsa, Dirbi, Urbnisi, Variani and Kareli.

**Project Status:** Completed

### Value for the farmers

Apart from the practical and theoretical training sessions held for three days in Gori and Gvlevi, the farmers and vets associated with the professional Zoo-Veterinarian Association received the following stock from the TERP:

- 1,650 doses of Jersey bull semen
- 300 doses of Brown Swiss bull semen
- 50 doses of Black Angus bull semen
- 2,000 insemination gun covers
- 2,000 insemination gloves
- 4,000 ear tags for the cows and calves
- Seven /three ear tag applicators

In addition, the TERP sponsored a public advertising campaign through local television and posters to publicise the association's services.

By late February 2009, the association had successfully inseminated 112 cows in 35 villages.

**“Domba is the first calf born through artificial insemination in the Shida Kartli region. Now you compare the five-month old elder brother (in background of lower picture) and this one born through artificial insemination. My new-born calf was almost his size at birth...you see the difference, don't you?”**

**– Tamaz, dairy farmer in Breti**








“I suffered huge economic losses during the war. At the beginning I will have land on lease. On this land I will try revive my farm.

For me the assistance from the OSCE was very important, because I had no finances to start my business from scratch. They provided me with seeds for a cut price which aren't available in Georgia... and it gives me breathing space. We'll be able to produce grain seed of high quality that we can sell. And we will also be able to grow more productive crops. In the past we grew three tons of grain per hectare. Now we'll be growing four or more tons.”  
- ERP association farmer, March 2009

## Reviving wheat and forage crop production in the accessible areas affected by the August 2008 fighting

**Cost:** €46,149

**Donors:** Sweden 

**Timetable of Works:** December 2008 to March '09

**Location:** Osiauri, Kareli, Urbnisi, Ali, Kvemo Khvedureti, Tskhramukha, Breti, Bebnisi, Shindisi, Kaspi, Aradeti, Tsveti, Medjvriskevi, Surami, Vaka, Kekijvari, Tezeri, Mtskhetijvari, Akhalsopeli, Kvenakotsa, Patara Akhalsopeli, Tsromi, Gomi, Gvlevi, Tsagvli, Kareli, Shertuli, Nabakhtevi, Sanebeli, Akhalshevi, Zemo Khviti, Gori, Kekijvari, Apnisi, Khashuri, Zerti, Kere, Ruisi, Brili, Surami, Bredza, Khtsisi, Sative, Berbuki, Tkotsa and Tirdznisi.

**Project Status:** Completed

### Challenges & solutions

The focus of this project was to provide more than 128 farmers operating in 45 villages in the areas exposed to the recent conflict within the Shida Kartli region with access to new seed varieties for quality spring wheat and forage crops for dairy and beef cattle.

#### Why boost this sector?

The TERP team identified the need to help farmers whose crops had been severely affected or destroyed to re-build their smallholding and diversify for greater crop quality and productivity.

Once the land had been cleared of unexploded ordnance, the challenge was to make sure the farmers could get quality imported seed which significantly boosts crop yield and provides a higher grade of feed for dairy and beef cattle.

#### Value for farmers

Building on the experience of a successful previous project, the TERP provided the farmers with imported and certified seed:

- 61,000 kilograms of spring wheat
- 2,105 kilograms of alfalfa
- 1,835 kilograms of maize

To help ensure maximum success, the TERP organised training for the farmers by a local NGO, Georgian Rural Development Fund (GRDF), in the villages of Breti and Osiauri, on:

- Drilling, production and harvesting techniques
- Fertilizer and agro-chemical use
- Irrigation
- Soil testing and determination of type and quantity of corresponding fertilizer

#### Value for the farmers

The plan behind the seed distribution was to ensure maximum accessibility for farmers in the region. Initially, the seed was given to the four existing ERP regional agricultural machinery and equipment service associations who in turn provided members and non-members with modern agricultural technology to prepare their soil, plant the wheat and forage seeds, fertilize, spray agro-chemicals, harvest and bale the crops, as well as transport the crops to their cattle farms and to the regional bread factories.

128 farmers from 45 villages in Shida Kartli were able to plant the 64,940 kilograms of seeds on 730 hectares of land. The TERP also distributed 10 soil testing kits to help them create the optimal germination and growing conditions.

#### Multiple value added

The new quality forage crops harvested complement the project to introduce improved livestock (the TERP's artificial insemination project), and are anticipated to have a direct impact on improving the quality and volume of dairy and beef production.

# Introducing modern techniques in apple, stone fruit and berry production

## Challenges & solutions

The project aimed at starting a series of activities to introduce farmers to advanced methodologies for fruit production, to identify sources of suitably high-quality stock for the farmers and to seek out potential locations for nurseries and demonstration fruit farms in the Shida Kartli region

### Why boost this sector?

Fruit production smallholdings have been traditionally an important source of modest income for farmers in the region.

As with all other farming in the area, the August conflict had serious implications on productivity of this sector. Unexploded ordnance and the inability to water crops and orchards at critical times affected the farmers' livelihoods. The deteriorated security situation had a negative impact on their forecasts for their businesses.

It was clear to the TERP team during their assessment of the area in autumn 2008 that in order to enhance the chances for farmers to re-build and create sustainable growth for their business in the area, the farmers had to introduce advanced techniques for improved yield of quality product.

## OSCE TERP action for solutions:

The TERP hired an international fruit production expert to:

- Offer two training sessions in modern techniques of apple, stone fruit and berry production
- Identify new beneficial and compatible varieties and reputable suppliers of fruit for the region
- Recommend locations for nurseries and demonstration farms where the orchards would serve as a learning tool

The TERP team visited farmers in Bebnisi, Breti, Sagolasheni Shindisi and Tsver. They examined existing techniques, fruit varieties and challenges of producing and marketing strawberries.

### Value for the farmers

Through the training sessions, 57 farmers were introduced to:

- new apple, peach, plum, nectarine, raspberry, blackberry, and strawberry varieties and establishing modern apple orchards
- grafting and pruning techniques;
- the importance and use of optimal irrigation
- disease prevention


The international fruit production expert visited potential sites for the establishment of the TERP's demonstration orchards for stone fruit and berry production

### Value for the TERP

This experience of this project clarified the next steps for project design for practical and effective results in this sector.

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**Cost:** € 9,027

**Donors:** USAID 

**Timetable of Works:** November 2008

**Location:** Accessible area affected by the August fighting and adjacent areas in the Shida Kartli region

**Project Status:** Completed

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# Enabling fruit farmers to diversify and boost yield through new varieties and modern nursery techniques

## Challenges & solutions

The primary objective here was to introduce new quality stock to the fruit farming sector, and to provide initial technical support to boost potential benefits from the new varieties. Another important component of the project was to enhance sustainability through establishing nurseries for future access to quality plants of these varieties.

### Why boost this sector?

TERP work had begun in the previous project to help fruit production smallholdings re-build after the August conflict, and to get back on track with the wider concept of the programme to develop the sector.

The previous activities helped design this project to introduce new varieties and offer support to the farmers during the process.

### Value for the farmers

The influx of these new apple rootstocks, scion pieces and technical assistance in apple tree propagation will enable apple farmers in the Shida Kartli region to plant new apple varieties on their land in 2010. The establishment of the new nurseries to produce quality apple trees on a sustainable basis will help farmers seeking to expand and/or upgrade their existing apple orchards.

23 apple farmers were given access to:

- 69,868 apple rootstocks – 56,210 M-9 rootstocks and 13,658 M-106 rootstocks
- 60,934 scion bud sticks comprising seven varieties – Golden B 527, Fuji Raku, Gala Must, Granny Smith, Braeburn, Ida-Red and Embassy
- paraffin wax and grafting tape

In terms of other fruit production, the establishment of two nurseries for the new varieties of cane berry and strawberry plants means farmers can replenish their stock and other farmers wishing to diversify later may do so.


17 fruit farmers received a total of:

- 36,000 strawberry plants of four varieties – Fern, Seascape, Chandler and Camarosa
- 1,000 blackberry plants – Chester and Triple Crown
- 3,000 raspberry plants – Tulameen, Fall Gold, Glen Ample and Glen Cloud
- 750 redcurrant plants – Rovada, Roodenus and JHR V Tetes
- 250 blackcurrant plants – Tsema
- 500 gooseberry plants – Hinnomaki and Achilles
- two drip irrigation systems
- trellis posts, wire and cross arms, and cement

A series of expert training seminars on relevant up-to-date techniques was delivered by the TERP expert. The farmers also benefited from individual technical assistance for the successful starting up of cane berry orchards, and the preparation of raised beds and planting.

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**Cost:** € 139,556

**Donors:** Sweden and Norway 

**Timetable of Works:** March 2009

**Location:** Bebnisi, Bershueti, Breti, Tortiza, Kaspi, Gvlevi, Medjvriskevhi, Skra, Gori, Zemo Khviti, Sagolasheni, Kvenakotsa, Zerti, Kvemo Akhalsopeli, Ptsa, Dzlevijvari, Tseri and Shindisi.

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**Project Status:** Completed

# Promoting good governance in financial management in agricultural associations

## Challenges & solutions

The primary objective of this project was to promote good governance and help agricultural associations raise their financial management to international accounting standards

### Why boost this sector?

As part of the overall aim of developing agribusiness in the area, fostering good governance makes an important contribution.

The ERP had successfully set up eight agricultural associations which have benefited from training and access to new techniques and quality stock.

However, for sustainable growth, bespoke training in financial management has also been required for these associations to complement capacity-building activity in agricultural techniques.

### OSCE TERP action for solutions:

The TERP designed and organised training seminars and technical assistance for the bookkeepers of the agricultural associations, to provide them with the skills and capacity to appropriately govern the financial accounting and bookkeeping aspects of their enterprises' activities.

## Value for the farmers

The Gori Branch of the Federation of Professional Accountants and Auditors of Georgia conducted 16 intensive training sessions in modern techniques of accounting and bookkeeping for the bookkeepers of eight ERP-established agricultural associations.


Customised good governance training in financial management was delivered, focusing on:

- Processing of source documents
- Preparing and maintaining books of prime entries and operations
- Processing memorandum entries
- Preparing and maintaining ledgers
- Maintaining the association's cash book
- Preparing trial balances
- Preparing payroll registries
- Processing cash payments and receipts
- Periodic inventory control
- Preparing tax returns
- Preparing financial statements, including; balance sheet, income statement, statement of cash flows, statement of changes in equity and notes to the financial statements

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**Cost:** €947

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**Donors:** Norway 

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**Timetable of Works:** February and March, 2009

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**Location:** Accessible area affected by the August fighting and adjacent areas in the Shida Kartli region

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**Project Status:** Completed


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## Promoting good governance in capacity-building of agribusiness enterprises

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**Cost:** € 18,426

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**Donors:** Norway 

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**Timetable of Works:** March to April 2009

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**Location:** Accessible area affected by the August fighting and adjacent areas in the Shida Kartli region

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**Project Status:** Completed

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### Challenges & solutions

This project aimed at helping farmers of small-scale agribusiness enterprises to use modern techniques of managing operational and production activities.

#### Why boost this sector?

To help develop fruit and forage crop enterprises, the TERP arranged several opportunities for farmers to improve techniques and stock quality.

The farmers will maximise benefits and sustain growth via improved management skills resulting in more efficient operations and production.

### OSCE TERP action for solutions:

Complementing the successful projects to introduce new seed varieties and techniques in fruit and forage crop enterprises, the TERP organised parallel training and technical assistance to increase management capacity and so expand and diversify agribusiness.

Georgian Rural Development Fund agricultural experts were recruited to deliver the assistance. Three further Georgian operations management experts were brought in to assist in the implementation and to help monitor the crop enhancement projects.



#### Value for the farmers

Whilst diversifying and enhancing their productivity with new strains and technical agricultural assistance, the TERP's apple, berry, wheat, maize and alfalfa farmers developed their management skills.

Since receiving 24 days of customised training, the farmers have increased their capacity to optimise the impact and sustainability of their on-farm activities.

## Designing a vocational education and livelihood project

**Cost:** € 4,382

**Donors:** Estonia and USAID  

**Timetable of Works:** November to December 2008

**Location:** Accessible area affected by the August fighting and adjacent areas in the Shida Kartli region

**Project Status:** Completed

### Challenges & solutions

This activity aimed to provide a post-conflict assessment of the vocational training needs of unemployed people in the area affected by fighting in August, and to design a project that addressed some of these needs.

### Why boost this sector?

The deficit of a qualified labour force identified by the ERP during the early stages of the programme was exacerbated as a result of the 2008 fighting and the influx of Internally Displaced Persons (IDPs) to the areas accessible in Shida Kartli.

### OSCE TERP action for solutions:

The TERP engaged an international expert and three local researchers to identify the professional development aspirations of the unemployed IDPs and indigenous populations in accessible areas affected by the fighting in August.

The team also addressed the skills and trades that are undersupplied and in demand by the existing micro, small and medium-sized enterprises operating in the region.

Based on these findings, the TERP designed a project for a series of vocational training opportunities.

# Rehabilitation of infrastructure



# Providing an engineering assessment for the rehabilitation of the irrigation networks in the Shida Kartli region

**Cost:** €60,513

**Donors:** Germany 

**Timetable of Works:** November to December 2008

**Location:** Accessible area affected by the August fighting and adjacent areas in the Shida Kartli region

**Project Status:** Completed

## Challenges & solutions

The aim of this project was to conduct a comprehensive assessment of the infrastructural and technological requirements to supply irrigation water to 32,000 hectares of land in areas exposed to the recent conflict within the Shida Kartli region.

### Why undertake this survey?

The irrigation system and its headworks are in urgent need of repair. Water sources have also been unreliable and this has caused tensions.

Reliable irrigation is vital to farming productivity, it also encourages farmers to stay on their smallholdings and develop their agribusinesses.

## OSCE TERP action for solutions:

The TERP contracted three international irrigation engineering consultants and local experts who examined the system and identified the needs in the local community for irrigation water.

The TERP experts submitted a proposal to rehabilitate the following components of the existing irrigation networks within the Shida Kartli region:

- The headworks at Karbi, Nikozi, and Mejvriskhevi
- The Canals and branches of Tiriphoni, Saltvisi, Didi Rui and Dzlevisjvari
- Lake Nadarbazevi Reservoir, Pumping Station, Canal Network and Branches

Data was supplied to provide a basis on which to invite qualified local specialist contractors to submit project design documentation and cost projections for the rehabilitation works.

Based on the findings and available information, the expert team projected that the total costs to rehabilitate the headworks, main canals, secondary canals, Khurvaleti pump station and pipeline would require a minimum of €12,831,092.

The breakdown of the total estimated costs was:

<b>Nikozi Headwork:</b>	€5,800,000
<b>Mejvriskhevi Headwork:</b>	€175,354
<b>Karbi Headwork:</b>	€773,750
<b>Tiriphoni Network:</b> including six secondary canals	€4,946,841
<b>Saltvisi Network:</b> including one secondary canal	€173,440
<b>Didi Rui Canal:</b> including one secondary canal:	€240,788
<b>Dzlevisjvari Canal:</b>	€51,730
<b>Khurvaleti Pump Station:</b> including Nadarbazevi Reservoir Pipelines	€669,189

## ERP Programme sector

### Business and agribusiness development

#### Developing market chain and providing business skills training

**Cost:** € 23,894

**Donors:** Estonia 

**Timetable of work:** November to December 2006

**Location:** Tskhinvali and Gori

Issue 1 Page 8

#### Training for business skills trainers: beginning the process of business development in the zone of conflict

**Cost:** € 15,911

**Donors:** USAID 

**Timetable of work:** March to April 2007

**Location:** Tskhinvali

Issue 1 Page 9

#### Designing vocational training programmes

**Cost:** € 24,146

**Donors:** USAID 

**Timetable of work:** November to December 2007

**Location:** 27 Georgian and 7 Ossetian villages

Issue 1 Page 10

#### Training the small enterprise community in basic business skills

**Cost:** € 12,512

**Donors:** Estonia 

**Timetable of work:** June to December 2007

**Location:** 90 Georgian and Ossetian villages

Issue 1 Page 11

#### Improving the quality and yield of tomato and cabbage production

**Cost:** € 42,120

**Donors:** Norway, Sweden, Estonia   

**Timetable of work:** March to August 2008

**Location:** 11 villages in the ZoC and adjacent areas

Issue 2 Page 19

#### Support to the Economic Development Center of the ERP (ERP Office)

**Cost:** € 156,873

**Donors:** USAID 

**Timetable of work:** January 2007 to December 2008

**Location:** n/a – this project provided financial and expert support to the Economic Development Center of the ERP

#### Introducing modern techniques of beekeeping

**Cost:** € 27,140

**Donors:** Sweden 


**Timetable of work:** March to August 2008

**Location:** 28 villages in the ZoC and adjacent areas

Issue 2 Page 13

#### Design of interventions to improve the dairy sector, and access to agricultural machinery and equipment

**Cost:** € 8,089

**Donors:** USAID 

**Timetable of work:** August to September 2007

**Location:** Assessment in various locations in the ZoC and adjacent areas

Issue 2 Page 5

#### AGRO-2008: the 20th International Agricultural Exhibition-Fair in Kiev

**Cost:** € 14,043

**Donors:** USAID 


**Timetable of work:** June 2008

**Location:** Kiev

Issue 2 Page 8

#### AGRO EURASIA 2008 – 3rd Agricultural, Stock Breeding, Seed Raising, Sapling, Poultry and Dairy Industry Fair, in Istanbul

**Cost:** € 29,254

**Donors:** USAID 

**Timetable of work:** August 2008

**Location:** Istanbul

Issue 2 Page 9

#### AGRORUS 2008 – 17th International Agricultural Industry Exhibition-Fair, in St Petersburg

**Cost:** € 4,736

**Donors:** USAID 

**Timetable of work:** August 2008

**Location:** St Petersburg

Issue 2 Page 9

## Agricultural development

#### Training for farmers in fruit, grain, trout and dairy production

**Cost:** € 4,360

**Donors:** Sweden 

**Timetable of Works:** March to November 2007

**Location:** 25 villages in and around the ZoC:

9 Ossetian and 14 Georgian

Issue 1 Page 14

#### Farmers gain insight into contemporary agriculture production techniques and network with experts at AGRO-2007, the 19th International Agricultural Exhibition-Fair in Kiev, Ukraine

**Cost:** € 10,625

**Donors:** Sweden 

**Timetable of works:** The Agro- 2007 exhibition was held 12-16 June 2007

Issue 1 Page 15

### Increasing trout farming productivity

**Cost:** €12,145

**Donors:** Sweden 

**Timetable of Works:** August 2007

**Location:** Tskhinvali, Karleti, and Bebnisi areas

Issue 1 Page 16

### Providing an opportunity to attend a workshop in Israel on technological aspects of dairy management and milk production

**Cost:** €1,077

**Donors:** Estonia 


**Timetable of Works:** 18 June to 10 July 2007

**Location:** Kibbutz Shefayim, Israel

Issue 1 Page 21

### Providing training in livestock breeding and management

**Cost:** €4,081

**Donors:** Sweden 


**Timetable of Works:** July 2007

**Location:** Akhaltsikhe

Issue 1 Page 24

### Improving yield of open-field vegetable, fruit and commercial flower crops, and greenhouse husbandry

**Cost:** €15,987

**Donors:** USAID 

**Timetable of Works:** July to August 2007

**Location:** Tskhinvali, Bredza, Shindisi

Issue 1 Page 25

### Enabling farmers to diversify by growing 'Spring Gold' over-wintering onions

**Cost:** €18,096

**Donors:** Sweden 

**Timetable of Works:** August 2007 to June 2008

**Location:** The villages of Breti, Kelktseuli, Tortiza, Kheltubani and Balta.

Issue 1 Page 26

### Improving the yield and quality of beekeeping products

**Cost:** €6,384

**Donors:** USAID 

**Timetable of Works:** 14 October to 4 November 2007

**Location:** Tskhinvali and the villages of Abisi, Trdznisi, Tbeti, Dzevera, Abisi, Mereti, Kurta, Avnevi, and Zegduleti

Issue 1 Page 28

### Providing farmers with access to modern agricultural machinery and equipment

**Cost:** €280,365

**Donors:** Sweden 


**Timetable of Works:** January to July 2008

**Location:** Throughout the ZoC and adjacent areas

Issue 1 Page 29 / Implementation interrupted by outbreak of fighting in August 2008

### Introducing new seed varieties for quality silage production

**Cost:** €21,408

**Donors:** Sweden 

**Timetable of Works:** January to December 2008

**Location:** 32 villages in the ZoC: 26 Georgian and 6 Ossetian

Issue 1 Page 30 / Implementation interrupted by outbreak of fighting in August 2008

### Improving livestock through introducing artificial insemination for the dairy and beef sectors

**Cost:** €17,357

**Donors:** Sweden 

**Timetable of Works:** February to December 2008




**Location:** Throughout the ZoC

Issue 1 Page 31 / Implementation interrupted by outbreak of fighting in August 2008

## Rehabilitation of infrastructure

### Bringing drinking water to four villages by renovating the Ksuisi-Disevi pipeline

**Cost:** €86,490

**Donors:** Finland, Turkey and UK   



**Timetable of Works:** August to December 2007

**Location:** 5 km across Ksuisi (Georgian village) through Khelchua (Ossetian village), Gugutiantkari (Georgian village) to Disevi (mixed Georgian and Ossetian). Approximately 10 km north east of Tskhinvali.

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### Bringing drinking water to Avnevi, Nuli and Kimasi villages by constructing a gravity flow pipeline from artesian sources

**Cost:** €158,517

**Donors:** Norway and UK  


**Timetable:** September to December 2007

**Location:** Villages Avnevi (Georgian), Nuli (Georgian) and Kimasi (Ossetian), west of Tskhinvali

Issue 1 Page 35

### Rehabilitation of secondary school in Ortevi village

**Cost:** €38,210

**Donors:** Finland and Norway  

**Timetable of Works:** August 2007 to August 2008

**Location:** Ortevi, east of Tskhinvali

Issue 1 Page 36

### Rehabilitating the largest of the Tskhinvali reservoirs

**Cost:** €121,177

**Donors:** Andorra, Lithuania & Poland   

**Timetable of Works:** September to December 2007

**Location:** Tskhinvali

Issue 1 Page 37

### Building a school and clinic in the village of Sveri

**Cost:** €54,642

**Donors:** Czech Republic and Italy  

**Timetable of Works:** September 2007 to August 2008

**Location:** Sveri, a mixed village but mostly Georgian, to the north of the ZoC

Issue 1 Page 39

### Rehabilitation of secondary school in Dzari

**Cost:** €29,531

**Donors:** Finland and Norway  

**Timetable of Works:** December 2007 to August 2008

**Location:** Dzari, an Ossetian village to the north of the Zone of Conflict

Issue 1 Page 40 / Implementation interrupted by outbreak of fighting in August 2008

### Engineering Assessment of Znauri-Mukhuri Water Pipeline – Phase 1

**Cost:** € 23,030

**Donors:** Belgium 

**Timetable of work:** September to December 2007

**Location:** Villages of Znauri, Mukhuri, Dzagina, Akhalsheni, Koshatikau, Nedlad, 40 km west of Tskhinvali

Issue 2 Page 27

### Design of Implementation Strategies for Water Related Projects of the ERP

**Cost:** €8,668

**Donors:** Germany 

**Timetable of work:** June 2008

**Location:** All locations with ERP water projects

Issue 2 Page 27

### The Purchase of Gas Leakage Detectors

**Cost:** €2,132


**Donors:** European Commission 

**Timetable of work:** May to August 2008

Issue 2 Page 27

### Design for the Rehabilitation of the Retaining Wall at Komsomolskaja Street, Tskhinvali

**Cost:** €963

**Donors:** Finland 

**Timetable of work:** January to February 2008

**Location:** Tskhinvali

Issue 2 Page 27

### Rehabilitation of Tskhinvali Orphanage - Phase 1: Preliminary Study and Design Works

**Cost:** €12,031

**Donors:** Finland 

**Timetable of work:** February to August 2008

**Location:** Tskhinvali

Issue 2 Page 27

### Stability Assessment for the Secondary Schools in Disevi, Gromi, Khetagurovo and Vanati

**Cost:** € 10,093

**Donors:** Hungary 

**Timetable of work:** July to November 2007

**Location:** Disevi, Gromi, Khetagurovo and Vanati, near Tskhinvali

Issue 2 Page 27

### Rehabilitation of Vanati Sports Hall

**Cost:** € 1,346

**Donors:** Georgia 


**Timetable of work:** June 2007

**Location:** Vanati village near Tskhinvali

Issue 2 Page 27

### Preparation of Technical and Tender Documents for Secondary School in Kvaisa - Phase 1

**Cost:** € 7,839

**Donors:** Italy 

**Timetable of work:** August 2007 to March 2008

**Location:** Kvaisa village, north of the Zone of Conflict

Issue 2 Page 27

### Preparation for the Rehabilitation of the Regional Hospital in Tskhinvali

**Cost:** €8,832

**Donors:** Finland 

**Timetable of work:** July to September 2007

**Location:** Tskhinvali

Issue 2 Page 27

### Improvement of Heating System for the Hospital in Tskhinvali - Phase 1: Preliminary Engineering Assessment and Elaboration of Tender Documents

**Cost:** €2,030

**Donors:** Germany 

**Timetable of work:** October to December 2007

**Location:** Tskhinvali

Issue 2 Page 27

### Analysis, Prioritization and Design of Rehabilitation Work on the Irrigation Systems

**Cost:** € 15,131

**Donors:** Sweden 

**Timetable of work:** October to December 2007

**Location:** ZoC, along the irrigation network systems


Issue 2 Page 27

## The TERP Programme sector

### Re-building businesses and sustaining development

#### Reviving trout production in the accessible areas affected by the August 2008 fighting

**Cost:** €30,320

**Donors:** Sweden 

**Timetable of work:** October to December 2008

**Location:** Bebnisi, Karaleti, Gori, Tortiza and Kareli

Issue 2 Page 36

#### Boosting sustainable aquaculture production through introducing innovative techniques and diversification

**Cost:** €18,403

**Donors:** USAID 

**Timetable of work:** October 2008

**Location:** Poland

Issue 2 Page 37

#### Reviving dairy and beef cattle production in the accessible areas affected by the August 2008 fighting

**Cost:** €15,163

**Donors:** Sweden 

**Timetable of work:** February to March 2009

**Location:** 35 villages in the areas exposed to the August conflict within Shida Kartli Region (Phase II)

Issue 2 Page 38

#### Reviving wheat and forage crop production in the accessible areas affected by the August 2008 fighting

**Cost:** €46,149

**Donors:** Sweden 

**Timetable of work:** December 2008 to March 2009

**Location:** 45 villages in the areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 40

#### Introducing modern techniques in apple, stone fruit and berry production

**Cost:** €9,027

**Donors:** USAID 



**Timetable of work:** November 2008

**Location:** Areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 41

#### Enabling fruit farmers to diversify and boost yield through new varieties and modern nursery techniques

**Cost:** €139,556

**Donors:** Sweden, Norway  


**Timetable of work:** March 2009

**Location:** 18 villages in the areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 42

#### Promoting good governance in financial management in agricultural associations

**Cost:** €947

**Donors:** Norway 

**Timetable of work:** February to March 2009

**Location:** Areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 43

#### Promoting good governance in capacity-building of agribusiness enterprises

**Cost:** €18,426

**Donors:** Norway 

**Timetable of work:** March to April 2009

**Location:** Areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 44

#### Designing a vocational education and livelihood project

**Cost:** €4,382

**Donors:** USAID, Estonia  

**Timetable of work:** November to December 2008

**Location:** Areas exposed to the August conflict within Shida Kartli Region

Issue 2 Page 45

### Rehabilitation of infrastructure

#### Providing an engineering assessment for the rehabilitation of the irrigation networks in the Shida Kartli region

**Cost:** €60,513

**Donors:** Germany 

**Timetable of work:** November to December 2008

**Location:** Accessible areas within Shida Kartli Region along the irrigation network systems

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# Economic Rehabilitation Works

**Issue 2**

March 2009



Issue 2 of 'Economic Rehabilitation Works' highlights OSCE-led, donor-funded projects from March 2008 to March 2009.