

Tbilisi, 15 March, 2007

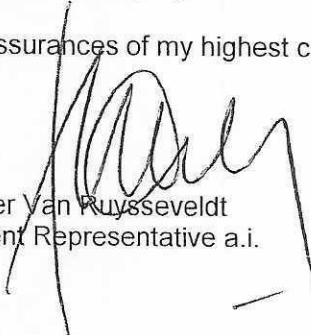


REG. No	00153
DATE RECD.	15/03-07
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Your Excellency,

Please find attached the interim narrative and financial reports for the year 2006 (January 1 to December 31) for the EC funded rehabilitation programme for Abkhazia.

Please accept, Your Excellency, the assurances of my highest consideration.


Peter Van Ruyseveldt
Resident Representative a.i.

GESTION FINANCIERE	
Confirme aux faits	
☐ Commentaires et/ou réserves en annexe.	
TASK MANAGER:	
Nom:	<i>P. van Ruyseveldt</i>
Signature:	<i>[Signature]</i>
Date:	13 April 2007

To: H.E. Per Eklund
Ambassador of the European Commission to Georgia and Armenia

**The European Commission Rehabilitation Programme for
Abkhazia, Georgia
Phase I**

Interim Annual Narrative Report 2006

1. Name of Lead Partner of grant agreement and of legal representative:
United Nations Development Programme (UNDP), Georgia

2. Name and title of the person responsible for the project:
**Martin Christensson, Head of Programme a.i., Program Analyst
United Nations Development Programme (UNDP), Georgia**

Name of partners in the project: **UNDP is working closely with UNOMIG and the infrastructure components of Phase I. UNDP has identified SAVE THE CHILDREN (SAVE) as a sub contractor for implementation the Health Training Component. ATINATI NGO in Zugdidi and OCHAMCHIRA YOUTH HOUSE NGO in Abkhazia are identified as two local sub contractors for part of the agriculture component. OCHAMCHIRA BRUNCH OF THE UNION OF BUSINESSWOMEN OF ABKHAZIA is identified as a local sub-contractor for part of the primary health awareness component within Improvement of Water and Sanitation part.**

3. Title of the project:
The European Commission Rehabilitation Programme for Abkhazia Phase I

4. Contract number of the project: **TACIS/2005/111-166**

5. Start date of the reporting period: **January 1, 2006**

6. End date of the reporting period: **December 31, 2006**

7. Target country(ies) or region(s): **Abkhazia, Georgia**

9. Target groups: **vulnerable population of districts of Ochamchira, Tkvarcheli and Gali in Abkhazia, and Zugdidi.**

A. Compliance with the Grant Agreement:

1. Has the project been carried out as foreseen in the methodology? If not, please explain how and why the original proposal was modified, including the dates that any addenda were requested and received.

The project has overall been carried out using the methodology outlined in the original proposal. The modification made is the health component which has been sub contracted to Save the Children. This has been communicated to the representatives of the Delegation and an amendment will follow suite.

2. Was the provisional budget of the project respected? If not, please explain any changes that occurred.

As mentioned above changes have accord in respect to the health component, for which budget posts have been consolidated into one sub-contract.

B. Project Objectives:

1. Please list all project objectives, and indicate if they were modified.

The overall goal of the Project is to improve livelihoods and the environment for peace in Abkhazia, Georgia through integrated rehabilitation and recovery activities. Specific objectives of this project are:

- (1) To improve infrastructure through the rehabilitation of the water systems, the capacity building of water system and electrical system staff.
- (2) To enhance the delivery of and the access to social services through the provision of equipment to hospitals and the training and capacity building of hospital and district healthcare staff.
- (3) To reduce the vulnerability of the rural population through the delivery of agricultural inputs, improved technical skills in agriculture and support to farmer groups.

The Goal and objectives have not been modified.

C. Project Activities

1. Please list all the activities in line with Annex I of the Contract since the beginning of the project, e.g.

Activity 1: Provision of Hospital Support and Capacity Building (Non-infrastructure) will be implemented by the selected International NGO, SAVE THE CHILDREN in cooperation with UNDP and in consultation with UNOMIG.

Title of the activities:

- a) Provision of essential equipment and training of staff in its use
- b) Training and capacity building:
 - 1. *Hospital administration;*
 - 2. *Service Delivery;*
 - 3. *Sanitation and waste management;*
 - 4. *Infrastructure maintenance and sustainability.*
- c) Development and support of a working referral system
- d) Information campaign and advocacy work

Please elaborate on the activities covered: Under the guidance of UNDP, the ALIR Programme management developed a Health NGO Capacity Assessment Questionnaire , which was sent to four international NGOs that focus on healthcare development (Merlin, Save the Children, World Vision and MDM.) to assess their capacity and eligibility to implement the EC health component under UNDP direction. Only two organizations submitted ,Save and World Vision, by the appointed deadline. Project management, together with UNICEF and WHO representatives evaluated the submissions and recommended Save the Children. UNDP signed an agreement with SAVE the CHILDREN in November. The activities will start in January 2007 and continue for one year.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: Agreement was reached through intense discussion and negotiations. The process has built confidence and good spirit that will be fruitful for our coming cooperation.

Activity 1.2 Improvement of Water and Sanitation

Title of the activity i) **Rehabilitation of the drinking water systems in Gali, Ochamchira and Tkvarcheli:**

Please elaborate on the activities covered: On March 15 the Civil Engineer began his job in Sukhumi. During the following week the local Water Engineer and Assistant were hired and the Water Unit was formed. At the end of March working groups in each of the districts were formed. The groups include representatives of the district authorities, local communities and NGO representatives in Tkvarcheli, Ochamchira and Gali districts. The tasks of these groups are to inform the local population about the water and sanitation activities, assist in mobilizing the target groups for further estimates of the damaged places in the water supply system and facilitate and develop links between the local authorities/water operators and local communities.

The Engineering Unit together with the Manager of Ochamchira Sanitation Epidemiological Station (SES) Laboratory selected the location for the Bacteriological Laboratory, identified the major needs for rehabilitation and

technical equipment and organized the staff for water-quality control testing and maintenance of the laboratory.

The Engineering Unit continued to work closely with the Regional Sanitation Epidemiological Station (SES) which is responsible for the overall water quality control and maintenance of water-borne disease records in all 3 districts. With the help of the Bacteriological Service of Sukhumi a list of agents and tools to conduct water-quality control tests were defined and a Bill of Quantity prepared for the repair or replacement of laboratory equipment. Small repairs to the Laboratory were undertaken and paid for by the Ochamchira District Administration and Sukhumi town SES. The Ochamchira District Administration also assumed responsibility to recruit one staff member for the laboratory and to pay the salary at their own expense. The Sukhumi town SES will train new staff for the laboratory to test water samples to ensure the delivery safe drinking water to the population. An MOU between the Chief District Health officials in Ochamchira Administration and SES was formulated to maintain an updated database on the frequency of water-borne diseases in the three districts. This pilot project will systematize the water-borne disease reporting system and strengthen coordination between the Chief District Health officials and the Regional SES, which has ultimate responsibility for prevention of infectious diseases in the districts; thus it will establish an essential foundation to improve the general health situation in the target districts.

Rehabilitation of Water intake of Gali town: work at the water intake was 95% completed. The Contractor "Samurzakan-K" Ltd has received the requested amount specified in Contract and is planning to finish construction work before the end of January 2007. Rehabilitation work at the water reservoir is almost finished: chlorination building is restored; guards' lodge constructed; fencing of the project site finished; and electricity installed. The Civil Engineer's assessment of the work done is very positive.

Rehabilitation of trunk pipeline from water supply point in Rechkhi village to Gali town: 30 % of the leakages are removed within sub-project as well as replacement of steel pipes $d=500$ mm is completed. 585m of steel pipes $d=630$ mm have been installed. Weather conditions at some extent delay construction work (especially leakage removal) which definitely makes significant changes in time schedule. Technical documentations and schemes of water supply system from Rechkhi village to Gali town are restored. The Civil Engineer with representatives of the Initiative groups and district authorities continued to monitor and supervise the ongoing rehabilitation work on a weekly basis.

Rehabilitation of water distribution pipelines of Gali town and Purchase and delivery of the building materials to Gali town: replacement of all damaged parts of water distribution pipelines $d=100$ mm (834m), $d=500$ (30m) is completed. The Contractor "Gidrospeztztonnelstroy" purchased and delivered materials as requested in BoQ in time and in compliance with set requirements within sub-projects.

Rehabilitation of trunk pipeline from water supply point form Mokva village to Ochamchira town: Construction Company "Garry" Ltd has completed rehabilitation work at water reservoirs. The Water reservoir ($V=1000\text{m}^3$) has been rehabilitated. Defective parts of the water distribution pipelines in Ochamchira

town has been replaced. More than 800 m of steel pipes d=100mm and 1200 m of plastic pipes d=50mm are installed in down town of Ochamchira. Leakages on 4,000m of water distribution pipelines have been repaired. Around 90% of work is finished under the project.

Rehabilitation of the water intake of Tkvarcheli town: Construction work at Tkvarcheli water reservoir is ongoing; guards lodge is almost constructed, fencing in and site cleaning are completed.

Rehabilitation of roof at waste-water treatment facilities: Construction materials were delivered to the site as part of this subproject. The dismantling of the roof of the waste-water treatment facilities was finished.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: **Activities are ongoing. More than 50% of planned activities have been carried out. The selected Contractors conformed to the rules and requirements set in the Contracts and implement sub-projects according to Bill of Quantities.**

The tender process has turned out to be very difficult in Abkhazia. There are few construction companies with a capacity to implement the work. In addition the security situation in Gali has discouraged potential contractors from participating in the tender process.

Title of the activity **ii) Capacity building and training:**

Please elaborate on the activities covered: **As a part of the project on capacity building, the Engineering Unit has assisted in strengthening the local water supply system operators in Gali and Ochamchira towns. This included the identification of office facilities, and the repair or replacement of essential equipment. The number of operator staff was increased and special trainings on computer skills jointly with district administrations employees were held with the assistance of the project's Capacity Building Specialist. Within the framework of the project, the Engineering Unit conducted several trainings on management in order to establish a system of water fee collection in Gali and Ochamchira towns.**

The project has signed an agreement (MOU) with the Gali District Administration which sets up the basic structure for the Upravlenie Vodokanalizatsii (UVK or Water Department) of Gali town, identified the location of the UVK and revised the organizational system in general. The MOU confirms that the system operator (UVK) and local Initiative group will participate in the project and outlines their duties and responsibilities for the rehabilitation works in Gali town.

To enhance the capacity of local operators and strengthen civic awareness on water/sanitation issues in the target areas the Engineering Unit conducted a number of meetings with the population to explain the project's main goals and the necessity of appropriate maintenance for the continued of the system. In addition, members of the working group including UVK staff were trained in technical estimation of water supply systems and design.

Tender for the purchase of professional equipments and tools for the Water Operator System's staff in the target areas has been conducted. The Contractor "Master" Ltd purchased and delivered professional tools and equipments in time and proper manner within the *Purchase and delivery of professional equipment and tools for Water Operator staff in Gali, Ochamchira and Tkvarcheli towns* subprojects. The main objective of the sub-project is to strengthen the capacity of local Water Operators in Gali, Ochamchira and Tkvarcheli towns to ensure sustainable operation and maintenance of the supply systems.

As a result of several negotiations and discussions with Project Institute of Georgia, basic technical documentations were obtained, and schemes and maps of water supply systems for Gali town. Such approach creates sustainability of the project and promotes proper maintenance of the system in general. Indirect involvement of Project Institute of Georgia and its assistance in collection relevant technical documentation gives an opportunity to develop cooperation between two sides as well as build confidence between Georgian and Abkhazian.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: **Equipping with tools and professional kits Water Operators in the targeted areas in conjunction with collection of basic technical documentations, schemes and maps of the system strengthens the capacity of local staff and maintain the water system in general.**

Local participation is key to the success of the project. Local stakeholders have participated in every stage of the project and are pleased with the project activities and achievements to date.

Title of the activity **iii) Primary health awareness campaign:**

Please elaborate on the activities covered: **Together with the project's Capacity Building Specialist, the Engineering Unit announced a competition among schoolchildren and youth for the best fliers, slogans and posters as part of a primary health awareness campaign related to water and sanitation issues in Gali and Ochamchira. The winners have been selected, the prizes have been awarded as a results of the contest and the best drawings were displayed at the UNDP Information Centre in Sukhumi.**

Hygiene sanitation campaign and assistance in water quality monitoring in Gali Ochamchira and Tkvarcheli towns: The project proposal on development of Water Quality Monitoring system, rehabilitation of the laboratory and conducting an Information Campaign on the Importance of Water Quality in the 3 Rehabilitated Water Supply Systems of Gali, Ochamchira and Tkvarcheli Districts has been approved by UNDP CO at the end of October and selected local NGO *Ochamchira Branch of the Union of Businesswomen of Abkhazia "OBUBA"* has finished its Trainings to Trainers (TOT) for 40 women and school teachers in Gali town. Teachers started to conduct lessons on importance and right usage of drinking water at the schools. Children painted drawings, prepared scenarios

dedicated to water and sanitation which they plan to present to the public. Children in Gali schools initiated to clean the yard located close to their schools under the project. At the same time, OBUBA continues to hold informational campaign on sanitation and hygiene in targeted areas. Similar activities will be undertaken in Ochamchira town in January 2007.

Rehabilitation work of 2 rooms of SES laboratory in Ochamchira town and it equipping is in process.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: **Activities are ongoing.** The most significant with this sub-project is its the multi-component nature, that combined builds for the sustainability and results. On the one hand the project strengthens technical and professional capacity of laboratory staff to monitor water quality and reestablish a record-keeping system on the incidences of water-borne diseases. A measure that will enable early warnings of dis-functions and proper maintenance. On the other hand trainings and information campaign on sanitation and hygiene for the population of Gali and Ochamchira towns will increase public awareness in sanitation and hygiene among the local population, that can result in change of behavior for better health.

Activity 2 Electricity Supply (Non-Infrastructure)

Title of the activity 2.1: **Provision of essential tools, supplies and equipment to the electricity company in Gali:**

Please elaborate on the activities covered: **An assessment of the capacity building needs to determine training priorities for the electricity component in Gali and Ochamchira was started.** The Engineering Unit has met with the Gali Electric Company staff. Contact has been made with the representative of PA Consulting who is responsible for the privatization of the electricity system in Georgia and has developed a training programme in Kutaisi. For the reporting period UNOMIG has not yet started rehabilitation of the electricity system in Gali town.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: **The activity is in the very early stages of development.** UNDP will liaise closely with UNOMIG once the electricity engineer has been recruited by UNOMIG.

Title of the activity 2.2: **The provision of training in management and technical issues:**

Please elaborate on the activities covered: **Not Started - The plan is to begin in the February 2007, however as noted above, this activity will be implemented**

in close consultation with the UNOMIG electrical engineer and will depend on when the actual repair work begins. UNDP has met with Dean White, the Head of the United Electric Distribution Company of Georgia (UEDC) to discuss the possibility of them taking an active role in the training of the Gali Electricity Company. Mr. White expressed interest and assured UNDP that his company had the capacity to implement the training. UNDP is currently following up with UEDC.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: Only initial discussions have been held. Once the UNOMIG engineer is available the project activity will proceed.

Title of the activity 2.3: Public information campaign and lobbying:

Please elaborate on the activities covered: Not Started – Public Informational Campaign on energy payment regime has not yet started and will begin in the second half of the project implementation.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: N/A

Activity 3 Assistance for Income Generating Activities – Local Agricultural Development

Title of the activity 3.1: Provision of agricultural inputs:

- Please elaborate on the activities covered:

Establishment of vegetable growing farms: Twenty-two farmer groups (335 households), involved in vegetable and melon growing, have been identified and mobilized in Gali, Ochamchira and Tkvarcheli Districts. The total area of farm land identified and set aside for the programme for agricultural micro-projects is 109.26 hectares.

The procurement of the inputs was undertaken locally through competitive bidding. 75,154 running meters of barbed wire and 867 kilo of nails as well as 10,130 kilos of ammonium nitrate and 3,350 kilos of nitroammophos have been delivered. A total of 4,029.45 kg of vegetable seeds (maize, beans, parsley, coriander, red beet, carrot, water-melon, pumpkin, turnip, squash) and 263,490 vegetable seedlings (white cabbage, cucumbers, hot pepper, sweet paprika and aubergine) were delivered during the reporting period. The distribution of seedlings was accompanied by training of beneficiaries on methods of planting and care of the vegetables. It should be noted that during the distribution period the weather conditions were not favorable; the lack of rain and irrigation systems in targeted villages affected the expected yield.

The Agricultural team monitored the soil preparation (tillage) to ensure that all groups worked in accordance with accepted agricultural and technical standards. Several documents to support implementation and monitoring of the projects were developed by ALIR Agricultural Unit:

- Partnership Agreements (PA) between UNDP and each farmer group (in both English and Russian), which serve as the basis for cooperation between the two parties.
- a Receipt-Voucher Form, signed by the parties to confirm the tillage expenses as well as fuel and lubricants of each Group,
- an Inputs Delivery Form signed by each group for every distribution,
- a Monitoring Results Report form, and
- a "Group Passport" consisting of 3 parts (General Information, Calculation, Delivery Schedule) which contains complete information about every activity of each group.

To identify the capacity of the groups and their training needs, meetings with beneficiaries were held in Gali, Tkvarcheli and Ochamchira districts with a visiting FAO Expert. The FAO Expert conducted training on rural development for the UNDP Agro Unit and the Community Development Assistant; topics included: agricultural cooperative development, monitoring, post-harvest activity, marketing. Process of the assessments of the harvested crops' value, as well as generated incomes by groups engaged in vegetable growing activity has been completed. Overall results of the vegetable crops and its sale have been observed and estimated. Despite the fact that the planting season was accompanied by unfavorable weather condition (hot weather, lack of rain), the Groups achieved satisfactory results.

The total income generated by the Groups after selling of vegetable crops reached US\$33,033.08. Meanwhile, the Groups will start sell maize in April 2007, as by that time price for it is usually match higher then in winter. Having calculated the expected income from maize and summarized it with the income from vegetables Agro Unit concluded that the total income generated by vegetable growing sub-project will make up US\$119,325.

The following are some more details on the results from these activities:

- 25.25 hectares of corn was harvested in Gali district and groups received 97.96 tons of maize, 50.61 hectares in Ochamchira district and groups received 173,878 tons of maize and from 5.7 hectares in Tkvarcheli district groups received 14.4 tons of maize.
- Groups in Gali district received 3.23 tons of cucumbers from 0,2 hectares, Ochamchira district groups received 5.24 tons of cucumbers from 0,9 hectares.
- 4.4 tons of aubergine were harvested by Ochamchira groups from 0.12 hectares.
- 0.35 tons of white cabbage were harvested by Gali district groups from 0,1 hectares, in Ochamchira district groups received 4.64 tons from 0.97 hectares and in Tkvarcheli groups received 0,105 tons of white cabbage from 0,07 hectares.

- In Ochamchira groups received 0.275 tons of sweet red pepper from 0.2 hectares and in Tkvarcheli groups received 0.32 tons of sweet red pepper from 0.2 hectares.
- 1,09 tons of red hot pepper from 0.75 hectares groups received in Gali district; 11 tons of red hot pepper from 3,51 hectares groups received in Ochamchira district and 0.75 tons of red hot pepper from 0.5 hectares groups received in Tkvarcheli district.
- 0.6 of red beet from 0,03 hectares groups received in Tkvarcheli district.
- 0.75 tons of carrots from 2,5 hectares groups received in Ochamchira district.
- 2.5 tons of marrow (squash) from 0,5 hectares groups received in Ochamchira.
- 3.95 tons of pumpkins from 1,6 hectares groups received in Ochamchira.
- 14 tons of turnip from 2 hectares groups received in Ochamchira.
- 67.45 tons of water-melons from 6,15 hectares groups received in Ochamchira district.

Establishment of livestock breeding farms: The tender process for the procurement of livestock took place in November 2006. The Agricultural Team conducted a range of meetings with the potential suppliers to ensure compliance of the proposed livestock with the UNDP requirements. Confirmation Notes for each site visit were drafted. Consultations on the design of tender documents for Applicants were also provided. The Evaluation of the Bids for the purchase of livestock was conducted on November 2, 2006. Suppliers for each kind of livestock were selected.

All farmer groups - 45 households in total - involved in livestock breeding projects have received the requested livestock. 86 goats have been delivered to 2 groups (Shashikvara in Gali, Adjampazara in Tkvarcheli) and 7 pigs have been delivered to 1 group in Chuburkhindji (Gali). The livestock shelters as part of the livestock breeding project have been prepared. Consulting on the essential methods on caretaking of livestock for farmers was done. Delivery forms on distribution of livestock (goats, pigs) had been prepared and were signed by group members. Distributed livestock was purchased within Agricultural Inputs funds.

Establishment of greenhouses for vegetable growing: A tender for purchase and delivery of greenhouse skeletons and plastic sheeting was announced on local TV and newspaper "Nuzhnaia" with the deadline on January 11, 2007. Preparation of tender document package for applicants has been completed.

Establishment of beekeeping farms: Inputs for Beekeeping Groups will be delivered in April-May 2007.

Establishment of eight Agrarian Youth Clubs: UNDP's Implementing Partner NGO for the "Agrarian Youth Clubs" in Zugdidi ATINATI is monitoring the implementation of eight youth clubs' small projects. There have been a number of trainings on personal development in each group attended by 20-25 youth. The trainings covered the following topics: Destructive and constructive resolutions and Principles of conflict escalation and decrease (in October);

Sources and types of conflict and Alternative realities (in November) and Strategies of conflict management and Negotiations (in December). Agriculture Expert held seven meetings in each club within agriculture activities during this period. The following topics have been discussed: Cattle farming, Pig farming, Selection, Soil components, Erosion, Bee-keeping and Ecology.

In October clubs' projects were selected and developed in accordance with the priorities of agriculture. Club members were provided with trainings on project design and budgeting. As a result, all the clubs submitted their final proposals which have been proved by special committee and funded. The following activities have been undertaken within sub-projects implementation:

- "Kolkhuri Tapli" Club in Rukhi engaged in bee-keeping purchased 6 beehives and equipment required;
- "Ska" Club in Octomberi also engaged in bee-keeping purchased 6 beehives and equipment;
- "Agrarian Youth Club" from Chitatskari focused on vegetable gardening have cultivated the land and purchased seeds;
- "Khvavi" Club in Ingiri also is working on vegetable gardening have fenced the school's pilot lot around, built a hothouse and purchased seed;
- "Farmer" Club from Kakhati engaged in cattle farming have purchased a caw milker with a calf and a three-month supply of food;
- "Mengrelian Caw" Club in Odishi engaged in cattle farming also farming have purchased a caw milker with a calf and a three-month supply of food. They also cultivated and sowed a piece of land near their school;
- "Small Business – Prosperous Future" Club in Urta engaged in pig breeding have purchased three pigs and prepared a three-month supply, purchased wooden materials and built a pigsty;
- "Pesvebi" Club in Narazeni also engaged in pig breeding have purchased four pigs and prepared a three-month supply.

Three issue of "Nergebi" newsletters describing the youth clubs activities have been printed and disseminated among club members and their classmates. Five agriculture Radio shows were prepared and broadcasted on the radio ATINATI (105.9 FM). Topics on natural food, ecological conditions and state, selection, crop rotation, and peculiarities of cultivation have been discussed.

Agricultural Youth Clubs to develop agricultural skills among youth living in the eastern regions of Abkhazia: UNDP's other local partner for the agriculture youth clubs, the Ochamchira Youth House (OYH,) also was conducting trainings on agricultural issues and project management such as proposal writing, budgeting and design of business plans, etc. Each group submitted two proposals and after discussion with the Agronomist, the Economist and the Group Leaders one proposal per group was selected for further elaboration. In November the selected proposals have been funded and OYH started to monitor the projects of the each of nine rural youth clubs in Abkhazia.

In Gali: Nabakevi Club "Romashka" (camomile) in beekeeping has already purchased bee colonies and prepared 10 hives for further division of the bee colonies; "Young beekeepers" Club from Zemo-Bargebi whose motto is "Abkhaz honey for World Peace" also purchased bee colonies and prepared 10 hives and

supplies; "Dolphin" Club from Kvemo Bargebi working under the motto "Good luck, young dolphins!" has built a pigsty and purchased 5 sows.

In Tkvarcheli: "Narjkhov" Club from Pervaya Bedia has built a greenhouse using wooden skeletons and plastic cover making it habitable, cultivated the land, and sow the spring onions; the "Ertsakhu" Club from Agubedia purchased 10 beehives and supplies for beekeeping; another 10 beehives and supplies for beekeeping have been purchased for the project implementing by an "Arrow" Club in Chkhortol.

In Ochamchira: "Three piglets" Club in Tamysh is engaged in pig breeding have completed the pigsties and has purchased 3 sows and 2 swine for fattening; the "Swine" Club in Kutol under the motto "From small business to the future" has also completed the pigsties and purchased 3 sows and 1 young farrow pig; the "Chegem" Club in Jgerda under the motto "Prise the harvest getting the profit" engaged in green hosing purchased two metal skeletons and plastic cover, cultivated the land, and sow the spring onions. They also prepared potato seeds for sowing in March.

Each agricultural youth group celebrated UN-Day on the 24th of October. Students participated in drawing competitions. Five drawings from each group were sent to the UNDP Sukhumi office and the best ones are displayed at the Information Centre.

Reason for modification for the planned activity (if applicable): Originally it was planned to select two villages per target district but in the process of group formation it became clear that the existing number of households in each selected village are not enough for the planned group formation activities. The population in the previously selected villages of Ochamchira and Tkvarcheli districts is too low. Therefore it was decided to include neighbouring villages to increase the number of mobilised households.

From 20-23 December 2005, staff from two UNDP projects, the New Approach Project and the Abkhazia Livelihood Improvement and Recovery (ALIR) programme, made a field visit to Zugdidi. The purpose was to visit some of the New Approach projects which had been implemented in preceding years, meet with local authorities and NGOs to determine the capacity and need for income generating projects focusing on the agriculture in Zugdidi. The idea was also to investigate possible projects which linked the resident population with the IDP population living in Zugdidi. A similar mission was undertaken in February with representatives from UNOMIG. Through these meetings and discussions, UNDP was able to identify the need for agriculture projects that improved the income of the local population, both resident and IDP families. The need to promote agriculture development among the youth was identified. It was planned to select 75 families from two selected villages in Zugdidi. In Zugdidi we switched the activities from adults to youth and enlarged the number of villages. The young people of Zugdidi as well as other areas of Georgia were abandoning their homes in rural areas in hopes of finding better economic opportunities in the urban centres.

UNDP initially planned to recruit national staff to work in Zugdidi. After assessing the workload and the costs, UNDP decided that the management of the Zugdidi portion could be done from both the Tbilisi and Abkhazia offices and that it would be more advantageous to use local partners for the implementation in Zugdidi.

Your assessment of the results of this activity: The activity is successfully implementing, all the groups have been formed, the delivery of agricultural inputs was implemented as per the above and as outlined in the proposal, vegetable growing groups have calculated their income, activities are implementing as outlined in the proposal.

Title of the activity 3.2: Provision of collective support to the groups:

Please elaborate on the activities covered: **Assessment of the needs for larger for motor cultivators and compact sprayers for vegetable treatment as well as water pumps to irrigate vegetable planting.** Heavier equipment was purchased (22 motor cultivators and 22 knapsacks) and delivery to agro groups within the project. Receipt confirmations have been signed and are on file. The identification of heavy equipment for the on beekeeping, livestock breeding and greenhouses sub-projects is ongoing.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: **Distributed motor cultivators with the trolleys have made farmers' labor much more easy.** This heavy equipment was intensively used by vegetable-growing Groups for transportation of agricultural products from the fields to the storage places during harvesting. Moreover, the Group members cultivated their kitchen gardens using these motor cultivators in order to plant autumn types of vegetables (onion, garlic, radish, carrot etc.) Groups also have rendered assistance to the disabled persons living in their villages trough delivery of wood using motor cultivators. The distributed equipment served as a consolidating tool which strengthened relations between members of the groups during collective work.

This part of the activity is in its early stages of development with groups engaged with beekeeping, livestock breeding and greenhouses established during the reporting period. The inputs will be provided in the beginning of 2007.

Title of the activity 3.3: Provision of access to extension services:

Please elaborate on the activities covered: **Support to extension services:** The assessment of the Extension Services needs has been conducted. Information from the Central Veterinary Services, village administrators and stakeholders on the current situation and conditions on the access to extension services has been collected and UNDP has prepared a list of priorities in consultation with the stakeholders. This activity will take place in March-April 2007.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: The activity is in the early stages of development.

Title of the activity **3.4: Farmer exchanges:**

Please elaborate on the activities covered: *Conducting of regional "Round tables":* Organizational work on conducting a regional "Round tables" with participation of representatives of groups successfully goes on. Meetings and discussions with the group members have been held as well as selection of participants. The schedule, agenda and topics of the event are worked out. Selection of farmers who will play a role of bridge between the farmers of targeted districts and will share agricultural knowledge and experience have been completed. Round Table discussions were planned to be conducted during fourth quarter of 2006. Although, during this period farmers were actively involved in harvesting and subsequent commercialization of the produced agricultural production. Thus, in order not to interrupt the mentioned process Project had to postpone conduction of Round table discussions to February 2007.

Reason for modification for the planned activity (if applicable): N/A

Your assessment of the results of this activity: So far, meetings with 11 vegetable growing farmer groups (165 households) were conducted to explain and discuss purpose of coming "Round Tables". As a consequence of the meetings 33 representatives (3 persons from each group) were selected for participation in the "Round Tables". 6 farmers specialized in various kinds of agricultural activity such as cattle breeding, bee keeping, green housing and pig farming were identified with the purpose of both sharing experience and strengthening the capacity of groups funded by UNDP in terms of farmer exchanges activity.

1. Please list all materials and publications (and no. of copies) produced during the project to date and include one copy of each item in the report.

None during the first year of the project.

Please state how your publications are being distributed and to whom.

N/A

2. What problems have arisen and how have these been addressed?
The political and security situation remain sensitive; UNDP monitors this in close communication with UNOMIG.

The local contractors are not used to tender procedures, which project has addressed by trainings and clear communication. At the beginning the

project team had to re-announce tender several times before the proper submissions were received.

Another challenge is the change of weather conditions which has impacted the time schedule. Due to hot weather a number of vegetable growing groups refused to plant previously requested crops. The project had terminate the procurement process and groups used their own maize seeds to sow already cultivated areas.

The approval of *Hygiene sanitation campaign and assistance in water quality monitoring in Gali Ochamchira and Tkvarcheli towns* sub-project took more than two months. For more effective implementation the three parts of project combined the capacity building, health training, and rehabilitation of the lab for water testing components were integrated into one sub-project which significantly delayed setting up the water monitoring system.

Absence of particularized farms on cattle breeding at a great extent causes difficulties in purchase of livestock for livestock breeding projects. After prolongation of tender announcement several applications were submitted and the appropriate suppliers were selected.

Within the Agricultural component, the vegetable growing groups faced a pest management problem at the beginning of August; the butterflies and caterpillars season started at this time and they were eating the leaves of the crops. There is a need to implement an Integrated Pest Management programme to address the pest problem, but at the same time, protect the people from pesticide poisoning. The need for integrated pest management is obvious in the three target Districts. UNDP will work closely with other partner to train the stakeholders in the in the correct use of pesticides and crop protection.

3. Please outline any activities and publications foreseen in the agreement that have not taken place and any other changes to the foreseen activities or timetable, explaining the reasons for these.

Although there was some delay in approving the project with the implementing partner, the project is on track. The training will be linked with the rehabilitation of the hospitals which are coming to the end in at least two locations.

Round-table discussions among farmers have been postponed. It was planned to conducted the Round Table discussions during the fourth quarter of 2006. In fact during this period farmers were actively involved in harvesting and subsequent commercialization of the produced agricultural production. Thus, in order not to interrupt the process Project had to postpone discussions to February 2007.

4. Please give a plan of activities for the financial period between this interim report and the next report on the basis of an updated action plan (Annex C).

D. Results, Impact, Multiplier effect, and Evaluation

1. What results have been achieved during the reporting period (based on the results anticipated in your project application)? Please quantify these results, where possible.

Staff have been recruited, target groups for income generation formed, relations with local stakeholders have been established and programme goals explained.

Around 15 Tender process have been commissioned by Engineering Unit and Implementation Partners (IP) have been identified for 14 sub-projects. During period of time since June 2006 till December 2007 41 local construction companies and one NGO "OBUBA" participated in 15 Tenders regarding the rehabilitation activities in the three districts. For each tender were made announcements through local TV and mass media. Double renouncements were made for 9 tenders and three times for 3 tenders.

Within the reporting period all the 22 farmer groups involved in vegetable growing projects have completed harvesting of vegetables and maize. They have also finished marketing of vegetables and calculated incomes which made up 33,033.5 USD in total for all groups. Value of maize harvest made up 286,238.00 kg. Farmers will use 111,662.00 kg. out of the total maize harvest for self-consumption and feeding of their livestock. The rest of product constituted 174,576.00 kg. was stored with the purpose of marketing in Spring 2007, as the price of maize products (corn and flour) is higher during this period.

2. What is your assessment of the results of the project so far? Include observations on the extent to which foreseen goals are being met and whether the project has had any unforeseen positive or negative results (see Indicators in Log frame).

i) Within Water and Sanitation component of the Programme the water supply system in Gali town is rehabilitated by 60% the rest activities are being implemented. As a result of rehabilitation of water intake, the water quality is improved. Leakages removal has increased the water pressure in the trunk pipelines. For the first time, after many years the upper part of Gail town, two thousands (2000) people got free access to water.

Rehabilitation work of water supply system in Ochamchira town 50% has been implemented. The contractor continues rehabilitation activity. Due to leakage removals and reconstruction water reservoir the majority part of the population, about 4,000 people received drinking water any time of the day for the first time in 14 years. In addition, a small part of town out of 50 households (250 persons) for the first time received access to water. Similar construction work are implementing in other parts of Ochamchira town.

ii) A detailed assessment on the capacity of new and former local operators in the three districts was undertaken. Eight management staff from the water operator systems in Gali, Ochamchira and Tkvarcheli towns were trained. Basic technical documentation, schemes and maps of water supply system were

obtained for Gali towns. These give an opportunity to create proper maintenance and monitoring of the system. Special computer trainings were conducted for five staff members of water operator system. Necessary tools and equipments for maintenance were and will be delivered to water operators as soon as the rehabilitation work is finished.

Newly created Initiative groups are involved both in information campaign and monitoring of implementation. Information campaign is ongoing in Gali and Ochamchira towns. For improving the water quality control system in Ochamchira, the project has refurbished the local laboratory for water quality control, trained laboratory staff as well as delivered and restored major equipments and laboratory materials.

iii) Primary health awareness campaign has started. Water and Sanitation campaign among school children was conducted and 126 teachers were trained on public health issues.

iv) In general, the income generation through agriculture component is proceeding as planned. Farmers of the targeted villages have been formed into the Groups. 30 groups in total including 22 vegetable growing, plus 3 vegetable growing in greenhouses, as well as 2 groups engaged in goat breeding, 1 pig breeding group and 2 beekeeping have been formed in 13 villages.

District	Number of Groups	Number of Households	Number of Beneficiaries
Gali	10	151	606
OCH	11	171	713
TKV	9	135	531
Total:	30	456	1850*

* Without youth groups in Zugdidi and Gali, Ochamchira and Tkvarcheli

The gender balance has been observed within the process of group formation: in total 1,076 men (58%) and 774 women (42%) are participating in the program. The ethnic balance has been also observed: 583 (31.1%) Abkhaz, 966 (52.2%) Georgians, 258 (14%) Armenians and 41 (2.2%) other ethnicity are working in formed groups. In Gali District there are 25 Abkhaz, 581 Georgians, in Ochamchira – 404 Abkhaz, 12 Georgians, 258 Armenians and 39 others, and in Tkvarcheli District – 156 Abkhaz, 373 Georgians and 2 others. Local stakeholders participated in the planting, harvesting and marketing of their crops. Farmer Groups received an appropriate agricultural inputs according to their needs which allowed them to start joint income generating activities. Working in Groups made villagers more consolidated and generated new ideas, improved decision making process and planning of activity. Capacity of farmers were improved by providing of trainings and consultations in various fields of agricultural activity. Delivery of inputs has been accompanied by trainings and consultations. Over 77 on job consultations has been provided to the groups. 22 trainings have been conducted on usage and maintenance of motor cultivators and knapsack sprayers. Each group has been visited monthly, in total over 220 visits has been conducted by three members of Agriculture Unit combining the monitoring process with delivery of consultancy.

As mentioned above eight youth agricultural Clubs in Zugdidi and nine similar Clubs in three districts of Abkhazia aimed to form extra-curricular, agricultural village clubs and to develop and implement school's agriculture micro-projects identified by the students have been created within the income generating agriculture component. Good cooperation with institutional actors have been established.

3. What has been the impact on both the beneficiaries &/or target group (if different) and the situation in the target country population or target region which the project addressed?

The project has supported the development of close partnerships between district Administrations and local communities. This has improved effective project implementation. One example of results from the partnerships established and promoted is that Ochamchira District Administration decided to allocate about \$20,000 to the rehabilitation of rural pipeline in Mokva-Chai Sovhoz.

The water projects serve as a link between the local authorities and the local population thus building confidence and increasing participation in community affairs. Several other districts have requested UNDP to become involved in the rehabilitation of their water and sanitation systems because of the success of the ongoing water projects.

The local authorities, village leaders and participants in the groups have supported the project and are keen to see results. Groups will benefit from the agriculture inputs which should improve their income this growing season. The project has supported development of close partnership between heads of targeted village administrations and local farmers. The heads of village administrations have actively supported their population during implementation of the project. In spite of the fact that local land-tax make up about \$35 per 1 hectare a year, plots for group activities were provided by village administrations free of charge during implementation. The project has generated interest of other communities not targeted. Representatives of several communities have approached UNDP with income generation project proposals.

4. How and by whom have activities been monitored/evaluated? Please summarise the results of the feedback received, including from the beneficiaries.

The UNDP team, along with UNOMIG and a representative of the EC have had monthly working group meetings to discuss the programme.

UNDP staff regularly visit the project sites in the field, meet with local stakeholders to ensure that the project activities are progressing as well as to correlate ongoing construction work or agricultural process and ensure the sustainability of the projects. The UNDP Resident Representative visited the project sites in September. EC Project Manager has visited the project sites several times during her travel to Abkhazia.

The project team has received positive feed-back from the beneficiaries. By the end of 2006, after completion of harvesting 12 vegetable growing farmer groups funded by the Programme applied to UNDP with the proposals on extension and widening of agricultural activity.

5. What impact is the project having on your organisation and on your partners?

UNDP has increased its presence and activities in Abkhazia with the recruitment of local staff and the start of project activities. Relations with other UN agencies working in Abkhazia have been strengthened. Cooperation and coordination is running smoothly with UNOMIG and partners.

An Engineering Unit has been established as well as staff capacity strengthened under UNDP Programme. Transparent actions and approaches undertaken by Engineering Unit on selection of partners and further collaboration with them has brought confidence and trust as well as has enhanced the image of the EU and UNDP in the region.

Within implementation of the project UNDP works with various partners – district and village administrations, local NGOs, as well as constructing companies and citizen groups. The main and strongest impact on all partners was the getting acquaintance with working procedures, such as: tenders, proposal development, selection, and monitoring. Particularly, for NGOs target groups of their activities were new, for district and village administrations and citizen groups - the transparent process of decision making as well as community involvement into project implementation became a strong impact.

In general the UNDP has received a very positive reception in the districts and has established good working relations with partners, authorities and other international organizations.

6. How is your organisation ensuring that the results obtained/the lessons learned from the project, are being made public?

As it was foreseen by the project implementation strategy, newly created Initiative Groups (IG) within Water and Sanitation component, conduct informational awareness campaigns among population explaining the goals and objectives of the project and mobilize local population in order to involve into the project implementation. Television broadcasts and publications in local papers covered the ongoing activities of UNDP ALIR Engineering Unit and made it public as well.

The updated information on implementation of ALIR Agricultural Component, including results and lessons learned is provided to the Information Center on a permanent basis in order to spread it among the interested stakeholders, local and international NGOs and communities. During the meetings of Working Group on Economic Projects and Agriculture the related issues being discussed with the international Agencies and NGOs involved into implementation of agricultural/income generating projects in the region.

The project results are shared with the EC and UNOMIG through the regular working group meetings. At the monthly UNOMIG Information Sharing meetings in Gali the ALIR Staff provides updated information on project implementation. Another forum for information sharing is the bi-monthly Co-ordination meetings held at the UNDP Information Centre established in Sukhumi. The information on Programme implementation is available for local NGOs and stakeholders on the recently established web-site and at the library in the Information Centre. There is a similar information-sharing meeting held in Tbilisi where project activities, problems, lessons learned can be raised.

7. Please outline any links you have developed with other programme/other donor projects.

Created capacity of SES in Ochamchira town on recording water quality control and prevention of incidences of water-borne diseases for towns funded by EC will complement the same controlling system in villages where similar projects are being implemented by UNDP.

An Infrastructure rehabilitation /Water and Sanitation (WATSAN) Sector Meeting took place at the UNDP office in Sukhumi on October and was planned to hold it bi-monthly. Participants included representatives of the agencies and international NGOs working on water (infrastructure) rehabilitation. This is one of the sector or thematic groups identified through the coordination meetings at the Information Centre.

UNDP works in close cooperation with international NGOs implementing similar programs in the region. As a consequence of cooperation with "Premiere Urgence"(PU) International NGO, trainings on the use and maintenance of heavier equipment (motor cultivators) were conducted for 22 vegetable growing groups in collaboration with the PU Specialist.

As noted above, the information sharing meetings also provide a link with programme activities, and other donor projects. The offices of UNICEF, UNHCR, WFP, UNIFEM and UNDP have all established offices in the same corridor in the UNOMIG compound. This facilitates information exchange, coordination, and increases the areas where collaboration between agencies and projects can be developed. Discussions have taken place for example on the use of WFP food in some of the infrastructure projects, joint training seminars, joint infrastructure rehabilitation projects with UNHCR, the school survey with UNICEF, etc.

8. The success of the project depended on various assumptions (see log frame). Have these influenced the results so far?

The success of the project implementation strategy and active participation of local population has resulted into the consolidation, community's trust and people's faith in well-fare and future development.

Transportation problems caused decrease of expected incomes of vegetable growing groups. In some cases, due to the lack of transport means farmer groups were not able to transport their agricultural production to the market or resort places where prices for vegetables are higher. As a result, they sold their production wholesale from their places by lower price.

As noted above the security situation, particularly in lower Gali is of concern. Weather conditions too have affected the agriculture component. The lack of capacity and the limited number of qualified contractors have also influenced the tender process. All of these have been taken into consideration in the implementation of the project and actions have been taken to overcome them.

E. Partners and other Co-operation:

1. How do you assess the relationship between the formal partners of this project (i.e. those partners which have signed a partnership statement)? Give details about the division of responsibilities, transfer of expertise, and overall co-ordination of the partnership(s).

UNDP signed agreements with two local NGOs for part of the agriculture component, one local NGO for part of the primary health awareness component and with an international NGO for the Health training component. All of the water projects involve contracts with local contractors. The signed MoU's between all partners of the projects has strengthened partnership relations among all sides, which resulted in successful implementation of the project. Organized Water Group Meetings with close participation of different agencies gave an opportunities to analyze the obtained results and discuss lessons learned which have produced the expected results.

As noted above the working group established between the EC, UNOMIG and UNDP has proven to be an excellent forum to share information, review project implementation and iron out any problems. The Health training component is expected to start in January; the agreement with Save the Children was signed in November.

2. How would you assess the relationship between your organisation and state authorities in the project countries?

The original project document was presented through a Local Project Approval Committee (LPAC) with representatives from the Government of Georgia present. UNDP met with the President and Foreign Minister of the de facto authorities in Abkhazia to brief them on the proposed project. Both sides were present at the first Steering Committee in December 2005. UNDP met with regional authorities in Zugdidi to discuss the project. UNDP meets regularly with local authorities in Abkhazia to review the project.

As a result of several negotiations and discussions with Technical Institute of Georgia based in Tbilisi, the Engineering Unit obtained technical documentation, schemes and maps of water supply systems for Gali district. In connection with this it would be appropriate to continue to find ways of getting schemes and maps for water systems, for particularly Ochamchira and Tkvarcheli towns. Such an approach creates global sustainability of the project and promotes proper maintenance of the system in general.

UNDP project staff meets regularly with local authorities in Abkhazia to update project progress. Due to active participation and permanent involvement of district authorities into the project circle, including joint site monitoring, the

confidence towards state authorities from local population has been increased as well as management capacity of local authorities has been strengthened. Representatives of District Authorities are participating in the Initiative Groups meetings.

Good working relationship established with the authorities of targeted area on the district and village level. Due to support of the Heads of village administrations the groups participated in the Programme have been given an appropriate plots for group activity during the selection.

3. How has this relationship affected the project?

In general the relationship has had a very positive effect on the project. For example, the Ochamchira District Administration agreed to support the repair of the Sanitary Epidemiological Station Laboratory premises and found its own resources to recruit staff. The Laboratory will control the water quality and will keep records on water-borne diseases. Local authorities have also provided additional pipes to some of the water projects, thus extending the supply system beyond what was originally planned. Invested contributions of the district authorities into the projects cut down project expenses, thereby making significant savings which were allocated to the achievements of the needs which remained unmet. For example, Gali District Administration supplied steel pipes in the amount of \$40,000, Ochamchira District Administration contributed steel pipes in the amount of \$30,000.

Despite the fact, that land is a property of state, the village administrations placed plots at communities disposal for a long-term use without any land-taxes or rent which is reflected in MoU.

4. Where applicable, describe your relationship with any other organisations involved in implementing the project, e.g. associated partners or sub-contractors.

Relationships with partners, NGOs, local contractors, authorities, water user groups, and local CBOs have been very positive. The district authorities have contributed 2 kilometers of pipes or estimated 40,000 USD in to rehabilitate the water systems. Additionally, local inhabitants have been digging the trenches for the water pipes, and used own money to pay for connection from the main pipes to their own houses.

Another example of participation in the projects is that the CIS PKF staff in Gali assisted the local contracting company in digging trenches in Gali town to accelerate the rehabilitation of the water supply system; they provided this work free of charge and will benefit from having a regular supply of clean water.

5. How do you evaluate co-operation with the European Commission services? Cooperation with the EC has been excellent. Not only through the regular working group meetings, but also field visits and informal meetings both in Tbilisi and Sukhumi.

F. Other

1. How is the visibility of the EU contribution being ensured in the project?
A joint EU UNDP logo for stickers and sign boards has been prepared and approved by the EC. The brochure on Programme activities have been prepared and sent to the EC for approval.

2. Has the grant so far helped secure new sources of funding for the project?
Please give details.

The grant from the Norwegian Government complements the EC project by concentrating on rural areas and their populations and is aimed (1) to improve the livelihoods of the rural population through the delivery of agricultural inputs, improved technical skills in agriculture, support to farmer groups, exchange of knowledge and advocacy work; (2) to improve the quality of and the access to water for the rural population through improved drinking water supply systems, and irrigation infrastructure in rural areas; (3) to improve local district and village level governance structures through capacity building activities for village councils and district level stakeholders involved in the agriculture and water sectors.

Also, EU has approved funding the development and strengthening of Sukhumi information centre that was established in 2006 by UNDP with a local contractor.

Additional proposals have been sent to other donors; their decisions to date are still pending.

3. Please add any further information that would help the Commission to make a balanced assessment of the project to date.

As noted in previous report, the project has generated additional interest in the EC funded programme. A new project proposal for the rehabilitation of the water supply systems and improvement of health and sanitation conditions in other districts was prepared, based on written requests from local authorities of Gali, Sukhumi, Gudauta and Gagra districts. Farmers from the other villages which are not covered by ALIR agricultural activities, are visiting UNDP Sukhumi office with the request to include them into future activities or projects.

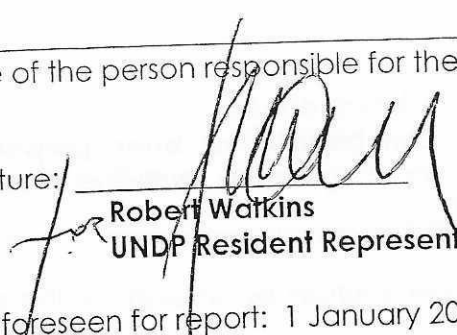
Another example, is assessment of the Gali Canal with UNOMIG to look at the environmental problems at Primorsk, possibilities for irrigation, and the potential for micro-hydro electric stations as possible new projects.

4. Do you have any objection to this report being published? If so, please state your objections here.

UNDP has no objection to the report being published, but would appreciate discussing the content with the EC before distribution.

Name of the person responsible for the project:

Signature:



Robert Watkins

UNDP Resident Representative

Location:

Tbilisi, Georgia

Date foreseen for report: 1 January 2007

Date report submitted: 25 February 2007