**Czech-UNDP Challenge Fund**

**Final Report**

**Project Title: Sustainable tea in Guria**

| **Milestone number** | | **IV.** |
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| **Innovator** | | **Petr Sic** |
| **Local Partner** | | **Avtandil Lomtatidze** |
| **Project Locations** | | **Georgia, Kvenobani** |
| **Start date – End Date** | | **1.10.2021-30.11.2022** |
| **Funding (total USD)** | **UNDP Award** | **Co-Funding** |
| **66700** | **40000** | **26700** |

# SUMMARY

| *The executive summary is a concise brief on the progress towards the expected results during the reporting period. The section should include context and key developments of the project; progress against expected results; key challenges and risks faced in the implementation (and what has been done to mitigate them); lessons learned as appropriate; utilization update - mention the total project budget (as proposed in the application); report on cumulative utilization (indicating the % utilization in brackets) on utilization during the reporting period; key recommendations. Suggested length – 1 page maximum*  We managed to complete the project. Key developments - new machines and the process of organic certification is done. Key challenges - The main challenge was the financial level - the change in the price of machines and transport due to the war in Ukraine. Operative solution by reducing cultivation expenses - adjusting the size of gardens. The second challenge was the deadlines - the machines were delivered after the season, so the fulfillment of some points was much more demanding. When creating new products, we could not rely on new machines, but had to improvise. Other points of the project were then linked to the new products - such as presentation and sales. And, for example, presentations were linked to external events (tea festivals). So if we didn't have the production on time, we wouldn't have anything to present at the festivals. Lesson learned?  Do not overestimate our abilities - do not put the implementation of new machines in the factory and the production of new teas from these machines within one year.  The main side effect of the project?  One of the new products caught the attention of our business partner and he ordered a larger quantity. This significantly increased our exports to the Czech Republic. And it is assumed that this cooperation will continue in the coming years to the same extent. |
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# BACKGROUND

| *This section should provide a short introductory of the project, including an overview of the situation analysis, objectives and changes in the context/situation. It should be kept brief, expand only on key changes that might affect implementation. This part should include brief background of project and its rationale; context including linkage to other ongoing projects/programs; Project Approach, including Project Set up and management and coordination arrangements; listing of the main responsible parties. Suggested length - half a page maximum*  *As part of fulfilling development goals, we have set out two directions. The first is a change in production. Thanks to the new machines, we increased the production capacity and expanded the portfolio with new products. Because of this, I had to rebuild the factory. And we entered into negotiations with our clients to ensure the purchase of new products.*  *The second direction is ecologically friendly agriculture with organic certification. We are making recommended changes in cultivation to meet the conditions to receive certification.*  *Changes in the context: The conflict in Ukraine significantly affected our project. At the beginning of the conflict, there was also the possibility that the machines would not be able to reach Georgia. Shipping in the region collapsed. This resulted in a large delay of containers and an increase in the price of transport. So we could not use the machines to process this year's production. We solved the fluctuation in finances by reducing the area of the revitalized garden. This solution does not affect the certification, because even the untreated area is still included in the certification.* |
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# MAIN ACTIVITIES and KEy RESULTS

| *This section should focus on results backed by evidence of achievements. Give an overall and clear sense of the ‘before-and-after’ of the project intervention. Describe and analyse activities but emphasis on linking them more solidly to expected results by also including references and evidencing how the total number of activities helped to reach the results within reporting period. Suggested length – 1-3 pages.*  New machines installation (ex.3) - New machines are installed. We had problems with the transport of machines due to the war in Ukraine. It had a double impact - an increase in the cost of transportation (practically double the planned price) and a delay - instead of installing the machines before the season, we installed them after the harvest. As a result, we have less funds in the budget. And the second is that we could not use the machines already when processing this year's harvest. And in post-production testing, we had little suitable material. Due to the size of the machines, part of the factory had to be rebuilt. The visual materials are in the attachment.  Leading workshops for using new machines (ex3) - training on the new machines was successful. The only problem was the workshop for the disposable tea machine. Here we struggled with the lack of material for the workshop (we didn't have enough fine tea suitable for this machine) and the physical distance between the expert and the workers. We solved the filling of the machine operationally by crushing the specified amount of whole leaf tea, and we solved the physical distance with a video workshop. We tested the success of the workshop by having the workers operate the machine themselves without external intervention (video).  Testing new products in EU market (ex3) - We tested products at tea festivals in front of the professional public (Brno, "Days of Tea and Ceramics" 11.-12.6.2022, Polski Cieszyn "Tea Festival" 2.-3.7.2022, Prague, Čajomírfest 20-22 August 2022).  Cleaning the land (ex3) - Done. Pulling weeds, arranging tea trees, planting new ones. (photo).  Post-production testing (ex3) - Done. We focused on two levels: a) testing the possibility of producing disposable teas. Here we were limited by force mayor - the late delivery of machines. But we still managed to make disposable teas. (video) b) Post-production as a way to the EU market. (see attachments)  Testing new products in the EU market II. We tested the products with our key clients and their employees. (Prague, Oxalis Tea Trade Centre, 19/10/2022).  Sales of first new products - We started offering products in the retail network through the e-shop (e.g. https://www.sicaj.cz/gruzinske/zahrada-green/). We managed to place the same product under the name Gamarjoba chai in Oxalis s.r.o. stores. (photo documentation) (we sold 300kg of it). Another tea (white) is for example sold here: https://oxalis.cz/cs/gruzie-dayanand-30-g-mikrolot-8595218042734-4816.htm/?id\_category=28  First organic fertilizer - We obtained the first material from our compost that we can incorporate into the ground as fertilizer. |
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# PARTNERSHIP AND SUSTAINABILITY

| *Briefly describe all partnerships, including new ones built in the course of the reporting period. Report on the major impact that these partnerships have on results. How stakeholders, counterparts and/or local communities are/were engaged in implementation of the project to ensure sustainability of the project. Suggested length – half a page*  For organic certification, we established cooperation with Caucascert. She is currently our partner in the certification process.  Mr. Lomtatidze and I have deepened our existing cooperation. The machines are in his factory.  We collaborated with Mr. Tenieshvili (production owner in Ozurgeti) on new teas.  We collaborated with the Czech company Oxalis on the development of new teas - while Gamarjoba chai was a huge success. The CEO of Oxalis is planning to visit us next year personally to strengthen our cooperation.  We collaborated with the French company Palais des Thes on organic certification - securing funding for next year. |
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# KEY CHALLENGES LESSONS LEARNED AND RECOMENDATIONS

| *Mention key challenges encountered during implementation period and lessons learned as well as the way forward. For each of them, describe successful approaches taken to address challenges and highlight recommendations for future consideration in implementing the Project. This should include any modifications that needed or need to be made to proposed targets as well data collection and monitoring to track progress. Suggested length –1 page*  Key challenges?  I would definitely like to mark the transportation of machines as one of the biggest challenges. In March and April, it looked like transport would not be possible across the Black Sea. Unfortunately, at that time the machines were already in containers on board the ship. The supplier even negotiated with us to take over the machines in Istanbul. Subsequently, the route across the Black Sea was opened, but due to the risk involved, the number of companies willing to sail across this sea decreased. In addition, local logistics have significantly thickened - after the closure of crossings to Russia in the EU and Ukraine, Georgia is the first country in the West where goods can flow. All this resulted in a constant extension of deadlines. And then the price kept increasing.  In addition, key documents were lost during transport, which caused a complication during the customs procedure.  How did we respond to it? We have tried to keep our colleagues at UNDP informed. We had to move some dates in the project. And possibly some items for later milestones. The second strategy was to work on alternative development. Constantly waiting would stall the whole project. At one point we had to abandon the idea of new machines and work with the available resources. The third level was finance. We had to find funds for unexpected expenses in transportation. We didn't want to jeopardize the certification process (it takes four years and every interruption takes us further away from the time when we will be able to market our tea as organic). That's why we chose to reduce the revitalised area. This step does not jeopardize the certification. And at the same time it saves us money. We will come back to expand to the planned size when we have enough funds. |
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# MEDIA COVERAGE AND PUBLIC OUTREACH

| *(Please summarize the media coverage and public outreach; include links to relevant articles and media)* |
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# PROJECT’S FINANCIAL PERFORMANCe

***Please attach original budget sheet and add report current utilization of budget to the email.***

# Deliverables and ANNEXES

***Please include (attach to the email or share via online storage) deliverables listed in the Contract.***

***Please include any additional information such as articles, leaflets, publications, reports and drafts of studies developed during the project implementation.***

***Please include up to 3 photos relevant to the project implementation relevant for the current milestone.***

# Checklist

☐ *Deliverables described in the Contract included/attached*

☐ *Photos attached*

☐ *Budget sheet attached*

☐ *Invoice attached*

**Prepared by:**

**Date: 6.12.2022**

**Name of the responsible person: Petr Sic**

**Signature: Petr Sic**