Fair Trees Fund
2023 Annual Project Report

Foreword

In 2023, the collaborative efforts between The Fair Trees Fund and local stakeholders have continued to drive positive transformation in the Racha region. Building upon the foundation laid in previous years, these initiatives remain steadfast in their commitment to sustainable development, education, and community empowerment.

One notable success story is the Students' Scholarship Program, a cornerstone project of the Fair Trees Fund, which has flourished in providing educational opportunities for students from rural backgrounds. This program exemplifies a dedication to fostering inclusivity and equality in education, which are crucial steps toward advancing regional development.

In the wake of the devastating Shovi landslide of 2023, the collaborative efforts between local stakeholders and the Fair Trees Fund have taken on renewed urgency. Recognizing the need for humanitarian assistance and long-term resilience-building, these initiatives have pivoted to address the immediate aftermath of the disaster while also implementing strategies to mitigate future risks.

Moreover, the focus on forest management and sustainable forestry practices underscores the recognition of forests as invaluable economic assets and vital ecological guardians. These efforts promote environmental stability and contribute to the socio-economic well-being of the region.

Collaborations with Act4Transformation have further highlighted the significance of global partnerships in catalyzing local progress, showcasing the potency of international cooperation in tackling multifaceted challenges.

These endeavors encapsulate a holistic approach that addresses key pillars of development, including education, health, and environmental conservation. The journey embarked upon in 2023 serves as a testament to the potential of collaborative initiatives in driving transformative change. As we forge ahead, these concerted efforts hold the promise of ushering in a future where sustainable development, educational advancement, and community prosperity converge, illuminating a path toward a brighter tomorrow for both Racha and Georgia.



Marianne Bols

Marianne Bols

Founder and Board Member of Fair Trees Fund
Honorary Consul of Georgia in Denmark

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About Fair Trees Fund

The Fair Trees Fund (FTF) is an NGO based in Tbilisi, Georgia. It was founded in 2009 with the vision of providing the people of the Racha region a better everyday life with increased safety, health, education, equality and prosperity, while protecting natural forest resources through sustainable management and harvesting. The Fund does this by improving the livelihoods of Georgian cone pickers, their families, and their community through various social investments. The funds for the social investments are raised through the sale of Fair Trees Christmas trees throughout Europe. Every time a consumer purchases a Fair Trees Christmas tree, a percentage of the sales price is allocated as a fixed amount directly to the Fair Trees Fund.

Committed to the 10 Fair Trade principles, FTF's work is securing better and safer working conditions, ensuring workers' rights and fair wages, and improving healthcare, education and infrastructure through sustainable investments in the Racha region.

The organization consists of local staff in Georgia who handle project implementation, stakeholder relations, and various other tasks. Additionally, board members and volunteers are employed by various organizations across Europe, such as Fair Trade Denmark and the German retailer REWE, the largest retailer in Europe.

FTF also employs freelancers when a particular set of skills is required, for instance for the annual safety and climbing training for cone pickers, which involves leading international climbing experts. As a Non-Governmental Organization, FTF works primarily for its stakeholders, not for its employees, and the organization is structured in a way that can best fulfill its mission and strategy. Therefore, FTF strives towards making sure that the organization at any point is shaped in such a way that it can serve the most people within the target audience as efficiently as possible within its mission.

1. Healthcare

A pillar of FTF's strategy, 22.378 € **(63.520 GEL)** was invested in healthcare initiatives in 2023, corresponding to **16,64 %** of the annual expenses.



16,64 % of total budget

1.1 Dental Clinic in Ambrolauri



The Fair Trees Fund continues to address the oral health needs of children in the Ambrolauri and Oni municipalities through its Dental Clinic that offers free treatments to children. The clinic, which began in 2016, experienced significant developments and challenges this year. The project addresses the SDG 3: Good Health and Well-Being.

Dental Health Campaign: The "Dental Health Campaign" was launched to educate children on dental hygiene. In November and December, dentists visited 24 schools across Oni and Ambrolauri, reaching 285 children from grades 1-4 through educational workshops and distributed materials, aiming to raise awareness of the importance of dental hygiene and how to improve it.

Operational Challenges and Relocation: Due to planned renovations of the school building housing the clinic, it was closed at the end of September. The clinic faced interruptions, including temporary closure in August due to floor damage and reduced patient intake in September. A new building in the city center of Ambrolauri was identified for long-term relocation.

Treatment and Outreach: Despite operational disruptions, the clinic conducted 360 treatments in June and 355 in July, marking record numbers. A new dentist, Lika, was hired in April, boosting the clinic's capacity. However, transportation issues hindered children from Oni from accessing the clinic, prompting discussions to establish a similar clinic in Oni. In total, the clinic provided 1785 free dental treatments throughout the year 2023, which is considered a great result considering the operational challenges.

Future Plans: The new clinic location will also serve adults, aiming to create a financially self-sufficient operation. PR campaigns are planned to raise awareness of the clinic's services and new location, ensuring continued support for the dental health of the community.

2. Education

It is the view of the Fair Trees Fund that good education is the strongest foundation for a better future, and therefore promoting education has become one of the areas in which the Fund invests the most. A total of 31.592 € **(89.675 GEL)**, or **23,49 %** of the total expenses, was put towards this area in 2023, with the vast majority going towards scholarships.



23,49 % of total budget

2.1 Students' Scholarship Program

The FTF Students' Scholarship Program is dedicated to supporting academically talented students residing in the Ambrolauri municipality who face financial challenges. By providing scholarships, the program aims to reduce inequality in access to higher education and encourage students from rural areas to pursue their academic goals. The project addresses the SDG Goal 4: Quality Education.

During the summer semester of 2023, a total of 29 students benefited from scholarships provided by the Fair Trees Fund. Among them, five students who joined the program in the autumn semester of 2022/23 successfully completed their self-financed period of study, which is a condition set by FTF to obtain scholarships, in order to secure commitment and accountability from scholarship holders. These students will now receive funding from FTF starting in the upcoming autumn semester of 2023/24. Additionally, four students completed their scholarship period and graduated. However, two students were not considered for further funding as they chose to discontinue their study programs.

The scholarship program not only removes financial barriers for talented students in Ambrolauri municipality but also fosters academic progress and instills encouragement in students from rural areas. This initiative plays a crucial role in nurturing their dreams and contributing to a brighter future for both the individuals and the community.

2.2 Cooperation with Act4Transformation



Act4Transformation is a German-based non-profit cooperative working in the fields of global and intellectual learning and civil conflict transformation. It is registered as a public provider of youth welfare and serves as both a sending and receiving organization for voluntary services.

Through the cooperation of Act4Transformation, the Fair Trees Fund, and Zeiss, a German manufacturer of optical systems and optoelectronics, a ZEISS microscope has been donated to Ghari Public School in Ambrolauri. The first report on the usage shows that implementing the microscope has introduced a completely different teaching practice. Chemistry and Biology classes have shifted to a more practical approach, complementing theoretical input with hands-on work. Even younger students, who have not yet started formal Chemistry and Biology classes, are actively involved in outdoor activities to gather samples for observation under the microscope. Students observe various plants, insects, and even their own skin, making lessons much more interactive and engaging. The microscope is used at least twice a week by a total of 41 students.

2.3 Chemistry and Physics Laboratories



This project aims to increase the educational outcomes at the schools in the villages of Racha region. Especially, the focus lies on development of skills, which are demanded on the Georgian labor market, ensures the employment perspectives of the locals, and sparking an interest in science. To reach this goal, the FTF establishes chemistry and physics laboratories at schools in the villages of the Racha region, where the science classes have usually been conducted solely with largely outdated books and one-way teaching style. As a result of the established school labs, local children are given the opportunity to gain the practical experience crucial for these science fields. The FTF established laboratories at three schools; at Nikortsminda, Likheti and Bugeuli school in 2019 but continues to monitor the effect of the implemented laboratories.

3. Quality of Life

3.1 Girls Football Club "Racha 2020"



In September 2020, the Fair Trees Fund supported the establishment of the Girls Football Club “Racha 2020” in the RLKS region. By signing a memorandum of understanding with the newly founded club, the Fund committed to paying the salaries of the female coach and club director.

The project aims to build a sustainable and successful high-performance system for women's football, increase the number and diversity of women in coaching, refereeing, and sports administration, and develop participation opportunities and infrastructure. Additionally, it seeks to change perceptions and break down social barriers to participation.

Since its founding, the club has provided a vital platform for young girls in the region to engage in sports, fostering both their athletic skills and personal development. It has become a community hub where girls can learn, grow, and challenge gender norms. The club has seen a growing number of members since it opened and has proudly had players join the national women's team of Georgia.

Aligned with the UN's Sustainable Development Goal 5: Gender Equality, this initiative partners with the Georgian National Football Federation and the RLKS Football Federation to promote and support women's football at all levels.

In total, the Fair Trees Fund has invested 6.791 € **(19.277 GEL)** in the football club in 2023, which corresponds to **5,05 %** of the total expenses of the year.



5,05 % of total budget

3.2 Fair Wage for Fair Trees Cone Pickers

The Fair Trees Foundation remains deeply committed to the well-being of the members of the Racha community, particularly the cone pickers who supply seeds for the Christmas tree industry. In 2023, FTF continued its dedication to enhancing the safety and financial stability of these workers by offering comprehensive support. This includes occupational injury and health insurance for the pickers and their families, ensuring their overall well-being.

In addition to providing insurance, the Fund guarantees a living wage—a "Fair Wage"—which includes a pension, even in years without harvests, such as the challenging season of 2021, which is an increasing concern due to climate change. The payment structure is a monthly payment of 90,00 € to each cone picker throughout the harvest season.

This Fair Wage is crucial for helping pickers and their families endure the harsh winter months in the region. A total of 4.517 € **(12.821 GEL)** was invested in this initiative in 2023, which corresponds to **3,36 %** of the total expenses of the Fund.



3,36 % of total budget

4. Safety

Safety is another cornerstone of the strategy of The Fair Trees Fund. A total of 28.214 € **(80.084 GEL)** was invested in projects addressing the safety of the people of the Racha Region in 2023. This equates to **20,98 %** of the total expenses of the Fund.



20,98 % of total budget

4.1 Safety and Climbing Standards



The Fair Trees Fund is actively working to enhance safety and climbing standards in the industry by implementing internationally recognized best practices across Georgia. The aim is to improve safety at workplaces where professional climbers are

employed. In 2023, FTF's cone pickers engaged in discussions with the Georgian trade union LABOR to establish a Cone Pickers' Association (CPA), with support from the United Federation of Workers in Denmark – 3F International.

The collaboration between FTF, LABOR, and 3F aims to achieve several objectives, including establishing the CPA by December 2023 and eventually making FTF standards the industry norm. This partnership also seeks to strengthen labor institutions, empower workers in negotiations, enhance working conditions, and establish a sustainable system for long-term improvements.

Lance Goffort, tasked with overseeing safety equipment and training, conducted an audit in Ambrolauri and identified the need for new safety equipment ahead of upcoming training sessions. He led the safety training for cone-pickers in September and took on the full responsibility for developing the safety and climbing standards. Additionally, he proposed a training program including sessions on Single Rope Technique, Aerial Rescue, Climbing Certification, and first aid training to ensure compliance with international standards and keep workers updated on the latest practices.

Key achievements in 2023:

- Establishment of the Cone Picker Association (CPA)
- Development of the Tree Canopy Access & Tree Climbing Operations for Cone Collecting
- Development of Industry Code of Practice for Cone-pickers

4.2 Response to Landslide in Shovi

In August 2023, the resort area of Shovi in Georgia's Racha-Lechkhumi and Lower Svaneti region was devastated by landslides triggered by intense rainfall and glacier melting. The disaster resulted in the evacuation of over 200 people and the tragic discovery of 31 bodies. The scale of destruction was immense, with most hotels and guesthouses in Shovi obliterated by mudflows or buried under debris, rendering the once-thriving tourist destination uninhabitable.

The repercussions extended beyond Shovi, impacting neighboring communities like Glola, where approximately 300 residents faced dire circumstances. Critical infrastructure was damaged, livestock lost, and livelihoods shattered, plunging the

villagers into a humanitarian crisis compounded by psychological trauma and economic devastation.





Amidst this chaos, FTF's local employee Teona, with financial assistance from the Fund, spearheaded relief efforts, providing essential supplies like medicine, food, and water from the outset. The FTF, collaborating with Fair Trade Denmark, mobilized support by raising awareness and applying for emergency aid from the Danish Emergency Relief Fund to assist the devastated Glola community.

Furthermore, recognizing the urgent need for long-term solutions, the FTF is actively pursuing funding avenues for climate change adaptation initiatives in Georgia, acknowledging the crucial role of proactive measures in mitigating the impact of environmental crises like the one witnessed in Shovi and its ripple effects on vulnerable communities.

5. Environmental Protection

5.1 Cooperation on FSC Certification

This year The Fair Trees Fund has entered into a Promotional License and Agreement for Trademark Service Licensees with FSC AC, establishing FTF as an official partner in promoting FSC certification standards in Georgia. The FSC Certification Scheme, developed by FSC AC, facilitates independent third-party certification for environmentally responsible, socially beneficial, and economically viable forest management. This certification enables producers and consumers to identify and purchase timber and non-timber forest products from well-managed forests. Achieving FSC certification would open the EU market to Georgian timber and non-timber forest products, significantly advancing the sector, particularly in Racha, and positively impacting sustainable economic development in the region.

5.2 Cone Sampling for Scientific Purposes



In collaboration with Professor Frank Bohlander from the University of Erfurt, the FTF has arranged for the sampling of pine cones for scientific study. The cones have been provided to Professor Frank Bohlander for further examination to investigate the causes of cone outfall and the increasing prevalence of cone worms observed in recent years. Professor Bohlander is currently exploring funding options for this joint research project.

6. Oni Hub-in



The Oni Hub-in project, initiated in 2022, is a collaboration between the Institute of Architecture and Culture at the Royal Danish Academy, VAADS University, Danish floor manufacturer Dinesen and FTF, supported by Oni's municipality and the New Democracy Fund. This project aims to contribute to the sustainable development of Georgia's Racha Region by evolving traditional wooden construction techniques into a self-reliant and sustainable building culture, through the exchanges of students between Georgia and Denmark, studying and practicing construction and architectural techniques from the two cultures. Key areas of focus include heritage preservation, viable timber production, tourism promotion, and sustainable forestry practices.

In 2023, efforts were concentrated on finalizing grant applications, particularly with ongoing negotiations for a GIZ grant with Oni municipality, to be able to continue the efforts made the past year. The project team also worked on securing additional financial resources through the New Democracy Fund grant application. Significant progress was made in presenting and popularizing the Oni Hub-in project at the

regional level, enhancing communication, and building a network for future cooperation.

The project team identified areas for examination and stabilization of the Sori building, a building that was renovated through the project in 2022, and engaged a contractor to develop a stabilization plan. Presentations on the Oni Hub-in were conducted on April 4th, involving representatives from regional municipalities and relevant state bodies in education and tourism. This led to improved communication and collaboration across the region, fostering trust, attention, and support for the project. The funds spent in 2023 have been mainly related to a salaried worker who has been managing the project locally.

Key Achievements in 2023:

- Secured contractor for Sori building stabilization and developed a stabilization plan
- Presented the Oni Hub-in project regionally, enhancing its visibility and support
- Built a regional network for future cooperation and improved communication with local municipalities
- Continued efforts to secure additional funding through the New Democracy Fund

The Oni Hub-in project addresses several Sustainable Development Goals (SDGs), including Goal 5: Gender Equality, Goal 8: Economic Growth, and Goal 12: Sustainable Consumption and Production, aiming to foster a sustainable and inclusive future for the Racha region.

The total investment in 2023 was 8.465 € **(24.029 GEL)**, which is **6,30 %** of the total expenses of the Fund.



6,30 % of total budget

7. Securing Further Funding

The Fair Trees Fund (FTF) is proactively seeking additional funding opportunities beyond the premium generated by the sale of Fair Trees Christmas Trees. By allocating a portion of its total budget to commit to various grant applications, and being able to provide local staff, expertise, and public relations in the region, FTF aims to increase its chances of securing funding from third-party organizations dedicated to the same cause: improving the livelihood of people in Racha. In 2023, FTF managed to secure EU-funded training on impact measurement, which will allow an even more data-oriented approach to selecting, managing and monitoring future projects.

Statement of Activities and Functional Costs		Exchange rate LARI -> EURO 0,3523	
	LARI	**EURO**	**% LARI**
Income Statement			
Contributions	**417.656 GEL**	**147.140 €**	
Social Investments			
Health expenses	-63.520 GEL	-22.378 €	*16,64%*
Safety expenses	-80.084 GEL	-28.214 €	*20,98%*
Education Expenses	-89.675 GEL	-31.592 €	*23,49%*
Contribution to subsistence income	-12.821 GEL	-4.517 €	*3,36%*
Projects			
Expenses Girl's Football	-19.277 GEL	-6.791 €	*5,05%*
Danish Royal Academy Oni Hub-in	-24.029 GEL	-8.465 €	*6,30%*
Office costs			
Salary expenses	-44.916 GEL	-15.824 €	*11,77%*
General and administrative expenses	-31.595 GEL	-11.131 €	*8,28%*
Notarius, translation and juridical service	-12.480 GEL	-4.397 €	*3,27%*
Financial costs and services	-2.556 GEL	-900 €	*0,67%*
Tax and pension	-745 GEL	-262 €	*0,20%*
Total expenses	**-381.697 GEL**	**-134.472 €**	*100,00%*
Extraordinary revenue from Danish Royal Academy	3.417 GEL	1.204 €	
THE PERIOD'S RESULT	**39.375 GEL**	**13.872 €**	

8. Financial Insights

8.1 Expenses

The Fair Trees Fund is dedicated to providing comprehensive insight into both the activities supported and the expenditure of funds. The aim is to ensure that all stakeholders have a clear understanding of how contributions are utilized. FTF is committed to effectiveness in its mission, assuring every supporter that their contributions are used effectively. To this end, FTF offers full transparency on both completed and ongoing projects, as well as detailed financial figures in this report. The overview below illustrates the expenditures across various categories for the year 2023.

8.2 Accounting Principles

The base currency in the accounting system is LARI. In some accounts, such as the revenue accounts, the amounts are posted in EURO, which are automatically transferred to LARI at the rate of the posting date.

To produce the annual report and the income statement, amounts in the base currency LARI are exported as a spreadsheet file, and a column in EURO is added using the year's average exchange rate. Because the Lari exchange rate fluctuates a lot, with the euro accounts there will be a difference between the amount registered in the system and the amount converted in the spreadsheet.

When posting a transfer from a Euro account to a LARI account, the accountant calculates the exchange rate as X GEL/Y Euro. This exchange rate therefore includes the bank fees, which are thus not recorded in the income statement.

When transferring a EURO amount to Georgia, the Georgian bank deducts a certain amount and deposits the rest into the fund's Euro account. The difference is booked under the Euro Transaction Cost. The amounts stated in the turnover accounts correspond to the amounts sent from Denmark.

To save fees, certain expenses are paid via Fair Trade Marketing's account in Denmark, where the base currency is DKK. To include fees and the actual exchange rate in Euro, the DKK amounts are converted to euro amounts, which are posted in the Euro account DK, which thereby becomes negative until reset at the end of the financial year. When reset, the amount is registered as turnover in the account "REWE, paid into DK account".

Salaries and travel expenses for employees who are associated with special projects are booked as expenses for the respective projects.



Fair Trees Fund

Make Christmas Trees Fair Trees, protecting people and forest

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