



Mid-Term Evaluation Report of PIN Georgia's Project

# Enhancing Small Farmers' Cooperation and Productivity in Imereti and Racha Regions

Petr Schmied, 03/2016

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## ABOUT

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## ACRONYMS

<b>ACDA</b>	Agricultural Cooperatives' Development Agency
<b>AYEG</b>	Association of Young Economists of Georgia
<b>CSO</b>	Civil Society Organizations
<b>CULS</b>	Czech University of Life Sciences
<b>CZDA</b>	Czech Development Agency
<b>DCFTA</b>	The Deep and Comprehensive Free Trade Area
<b>ENPARD</b>	European Neighbourhood Programme for Agriculture and Rural Development
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>ICC</b>	Information and Consultation Centre
<b>MoA</b>	Ministry of Agriculture
<b>PIN</b>	People in Need

## SUMMARY

“*Enhancing Small Farmers’ Cooperation and Productivity in Imereti and Racha Regions*” is a 3 and a half year long project (2014-2017) implemented by the People in Need (PIN) mission in Georgia, in cooperation with its national partners Biological Farming Association Elkana and Association of Young Economists of Georgia. The project is a part of the five year, 52 million Euro worth, EU-funded European Neighbourhood Programme for Agriculture and Rural Development (ENPARD). The project aims to achieve economies of scale among the Imereti and Racha farmers through the **development of business-oriented farmers’ cooperatives and the support of a more favourable agribusiness environment**.

This mid-term evaluation was commissioned by PIN Georgia in order to *determine the project’s progress* towards its objectives and to *provide practical recommendations* for its remaining duration. It was conducted in March 2016 in 9 municipalities of the Racha and Imereti regions in Georgia, involving 36 interviews and discussions with a total of 87 project stakeholders (including the members of 10 cooperatives, their suppliers, 4 Government offices, and 7 PIN, Elkana and AYEG staff).

## FINDINGS & CONCLUSIONS

- **RELEVANCE** of the project was evaluated as **LARGELY HIGH**, primarily due to the project (+) effectively addressing farmers’ main needs; expanding its benefits well beyond the cooperative members; spreading its support over several rounds of assistance; ensuring a transparent and participatory selection of grant applications; giving farmers hope, inspiration and confidence in a (cooperative) development of the agricultural sector in their region; ensuring strong alignment with ENPARD and MoA’s strategies; however, (-) benefiting an unnecessary low number of cooperatives; paying limited attention to capacitating Government actors responsible for follow-up support to cooperatives; proposing regional instead of sector-based cooperation among farmers; and taking farmers to learning visits abroad where they gain a very limited number of replicable lessons
- **EFFECTIVENESS** of the project was evaluated as **LARGELY HIGH**, primarily due to the project (+) having the high likelihood of meeting most of its result and objective level indicators; ensuring that a very large proportion of the local farmers is aware of the offered assistance; being able to select and support cooperatives with a good business potential; providing useful technical and management start-up assistance to cooperatives; however, (-) having weaker mechanisms for providing and monitoring follow-up capacity strengthening support; and achieving limited progress on result 3 (farmers’ advocacy)

**As an overall conclusion, THE PROJECT IS WELL ON TRACK for achieving its targets, with specific opportunities for further increasing its effectiveness and impact.**

## MAIN RECOMMENDATIONS

### Recommendations for Establishment and Initial Support to Cooperatives

- engage successful cooperatives in inspiring local farmers
- enable applicants to provide a verbal presentation of their business plans
- provide larger number of smaller and medium grants
- provide extra scores for coop’s expected benefits to the community
- invest further in increasing women’s participation
- increase the requirements for coops’ financial management capacities

### Recommendations for Developing Cooperatives’ Capacities

- ensure a more systematic capacity building of the supported cooperatives
- reconsider learning visits abroad
- replace general farmers’ forums by sectoral forums
- use “community fund” to support sustainable agricultural services

### Recommendations for Maximizing the Project’s Impact

- develop ICCs’ business counselling capacities
- document and share your approach
- improve the monitoring of coops’ benefits to non-members’ livelihoods



## 1. INTRODUCTION

The mid-term evaluation of the project “Enhancing Small Farmers’ Cooperation and Productivity in Imereti and Racha Regions” was commissioned in November 2015 by PIN Georgia and conducted in March 2016 by PIN’s Lead Advisor for Strategy and Quality Development and PIN’s M&E Officer. The **aims of the evaluations** were to:

- determine the progress (incl. its quality) towards the project’s results and objectives
- provide recommendations for the remaining phase of the project in order to maximize its impact and the sustainability of the supported cooperatives’ businesses

The Evaluator was requested to focus primarily on reviewing:

- the **relevance** of the existing project design and its implementation within the context of ENPARD and the Ministry of Agriculture’s strategies
- the project’s **effectiveness** in terms of meeting its objectives and intermediate results set out in the project’s logical framework
- the quality of the cooperatives selection, grant provision and subsequent capacity building process
- the relevance and effectiveness of engaging farmers in advocacy-related activities

The extent to which an organization uses the accepted recommendations of a conducted evaluation is an excellent sign of its **accountability**, showing its interest in increasing the quality and impact of its programming. Annex II therefore provides a simple checklist enabling PIN and its partners to keep track of the degree to which this report’s recommendations were used.

## 2. BACKGROUND

The “*Enhancing Small Farmers’ Cooperation and Productivity in Imereti and Racha Regions*” project is implemented by the Czech NGO People in Need, in cooperation with two national partners (Biological Farming Association Elkana and Association of Young Economists of Georgia) and with a technical assistance of the Czech University of Life Sciences in Prague. The project is part of the five year, 52 million Euro worth, EU-funded European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) that aims to “reinvigorate the agricultural sector in Georgia with a thorough cooperation of government, civil society, and farmers”.

The project, similarly as other ENPARD implementers (Mercy Corps, Oxfam, Care and their partners) do, responds to the following realities of the **Georgian agricultural sector**:

- 52% of the Georgian population derives their income from agriculture - two thirds of them farming on 0.1-1 hectare of land, often split into several smaller plots
- most farming is characterized by a poor productivity and is largely oriented towards self-consumption
- the majority of smallholder farmers have a very low physical and financial access to technology and agricultural extension services
- access to credit for agricultural investment is difficult and charged with high interest rates (30-40%)
- rural smallholders are the biggest population group affected by poverty
- the percentage of younger people engaged in the agricultural sector is decreasing, mirroring the trend of rural-urban migration
- the Government’s spending on agriculture had been limited, although in recent years it has increased from 0.8% of the state’s budget in 2011 to 2.9% in 2014
- the agricultural sector is characterized by a very low productivity, and while its contribution to the country’s GDP has over the past six years increased, it remains a relatively low percentage of 16.5%
- the free trade area with EU (DCFTA), aiming to gradually integrate the Georgian economy with the European market, presents new opportunities to Georgian farmers as well as new food safety standards and other requirements (if they intend to export to the EU)
- the increased production and marketing-related cooperation among individual farmers for addressing the above listed challenges is among the main priorities of the Ministry of Agriculture and EU’s ENPARD

The project started on 1<sup>st</sup> January 2014 and is supposed to be completed within 42 months, by 30<sup>th</sup> June 2017. Its total budget of 3,144,400 EUR is funded 80% by the **European Union** and co-financed by the Czech Development Agency, PIN and the participating farmers. Its main governmental counterparts are the Georgian Ministry of Agriculture (MoA), its Agricultural Cooperatives Development Agency and a network of MoA's municipal and regional-level Information and Consultation Centres. The main **objectives and expected results** of the project are:

**Overall Objective:** To reduce rural poverty in Imereti and Racha via a strengthened agriculture sector in line with Georgia's Agriculture Development Strategy.

**Specific Objective:** To achieve economies of scale among Imereti and Racha farmers through the development of business-oriented small farmers' groups and the support of a more favourable agribusiness environment.

**Result 1:** More efficient business practices increase farmers' income via the successful development of business-oriented small farmers' and entrepreneur groups.

**Result 2:** Increased agricultural yields and volume of sales due to modern, improved farming, production, processing and marketing techniques.

**Result 3:** Improved agribusiness environment and agriculture sector legislation as a result of farmers' and rural populations' direct participation in policy making processes.

Among the **key activities** proposed for achieving these results and objectives were:

- market assessments on the most common value chains (dairy, greens, honey, wine, etc.)
- information meetings with local farmers
- grant competition for groups of farmers who decide to do business together (within a cooperative)
- follow-up technical, marketing and other support to cooperatives who received financial grant
- organizational and management support to cooperatives
- learning visits to the Czech Republic
- establishment of farmers' forums for their engagement in policy making
- participatory research on farmers' perceptions of the Government's agricultural support

For **further details** on the project, please visit [www.enpard.ge](http://www.enpard.ge), [www.pin.ge](http://www.pin.ge) or contact PIN Georgia to access required project documentation.



### 3. METHODOLOGY

The evaluation consisted of the following **phases**:

- **Preparatory phase** lasted a total of 5 days, involving:
  - the clarification of the Terms of Reference with PIN Georgia
  - review of over 30 secondary resources (on the state of the Georgian agricultural sector, major actors and programs, existing policies, ENPARD, DCFTA)
  - review of the key project documents (project proposal, logical framework, budget, annual and quarterly reports to EU, M&E tools, market assessments, agribusiness needs assessment surveys)
  - design of the evaluation methodology
  - preparation of questions and topics for the semi-structured interviews and focus group discussions
  - finalizing schedule for field work
  - other preparatory tasks
- **Data collection, analysis and debriefing phase** required 9 days, involving 27 personal meetings and 9 phone interviews, and the following data collection methods: semi-structured face-to-face interviews, structured phone interviews, focus group discussions, observations and trend analysis. In total, 87 project stakeholders participated in data collection (approx. 20% of them were women), specifically:
  - 7 PIN, Elkana and AYES staff
  - 33 members of 7 first phase cooperatives (with ongoing businesses)
  - 25 members of 3 second phase cooperatives (with businesses under preparation)
  - 2 suppliers of 1<sup>st</sup> phase cooperatives
  - six farmers who had a business idea but did not submit any grant application
  - seven farmers who submitted a grant application that was rejected
  - 6 staff of 3 municipal and 1 regional ICC
  - Mercy Corps (other ENPARD implementer operating in Imereti and other regions)



For a detailed overview of all consulted stakeholders, see Annex I.

The data were collected in **9 municipalities of the Imereti and Racha regions** and in the Kutaisi and Tbilisi towns. While the evaluation involved nearly all first phase cooperatives, the second phase cooperatives were selected using stratified random sampling (ensuring that one cooperative per every major value chain is represented). Respondents for phone interviews were selected through random sampling, based on the lists of 1) farmers who did not submit a grant application and 2) farmers who submitted an application that was not selected. The debriefing session was organized in PIN's office in Kutaisi, involving the entire project team (PIN's Project Manager, Field Operations Manager, two Field Coordinators, M&E Officer; Elkana and AYES's Project Coordinators).

- **Reporting phase** lasted 5 days and involved writing up a draft version of the report, incorporating the project team's feedback and providing them with the report's final version.

The Evaluator identified the following **limitations of the data collection process**:

- only 9 out of an anticipated 30+ cooperatives are already running their businesses; since their focus, scale and needs are quite different, generalizations about some aspects of the project were possible to a limited extent only (at the same time, conducting the evaluation later would result in the recommendations being provided too late, unable to benefit the 3<sup>rd</sup> round of cooperatives)
- although the quality of interpretation from Georgian to English (and vice-versa) was very good, limited imprecisions might have influenced the data quality
- the Georgian cultural factors of extensive politeness and expressing gratitude might have influenced the extent to which people are willing to provide less positive information



## 4. FINDINGS

By using the above presented methods, the Evaluator recorded the main findings and presents them according to the **requested evaluation criteria and key sub-questions** they relate to:

### 4.1 RELEVANCE

**To what extent is the project's design and implementation relevant to the current context of the Georgian agricultural sector?**

In order to determine the project's relevance, the Evaluator outlines the main challenges Georgian smallholder farmers are facing, and explains how and to what extent they are addressed by the project.

FARMERS' CHALLENGES	PROJECT'S RESPONSES
<b>inefficient production and marketing practices</b>	<ul style="list-style-type: none"> <li>▪ the project enables cooperative members and their suppliers to replace time-consuming, low profit small scale production with more efficient production and marketing practices</li> <li>▪ at the same time, <b>more efficient is not always more profitable</b>: for example, beekeepers selling honey directly at a local market receive a higher price per unit than if they sell it to a cooperative; however, cooperatives purchase all their production in one go, allowing them to: 1) save considerable amounts of time (that can be used more productively) and 2) receive a higher amount of money than can be used for re-investment (as opposed to receiving small amounts over a long period of time)</li> <li>▪ similarly, although processing is often seen as a more profitable option, <b>for many farmers it is better not to process their production</b>: for example, instead of laboriously producing small quantities of cheese, many dairy producers prefer to regularly sell their milk to a local cooperative – it is easier and it saves their time</li> <li>▪ the higher efficiency enabled by the project is therefore primarily about earning money in a way that requires considerably less time and hassle</li> <li>▪ the project has a limited emphasis on enabling the cooperative members and suppliers to ensure <b>higher and more efficient outcomes of their production</b> (for example, by growing nutrient-rich fodder for dairy production or more efficient use of fertilizers)</li> <li>▪ majority of the supported <b>cooperatives also benefit a) their suppliers and b) local community members</b>; primarily by regularly purchasing local production and offering new services (milling corn, pressing wine grapes, ploughing fields by coops' tractors)</li> <li>▪ the project focuses on a direct service delivery; its attention to strengthening the capacities of those stakeholders which are officially responsible for improving farmers' know-how and practices (such as ICC staff) is limited</li> <li>▪ while all interviewed farmers appreciated the possibility to visit the Czech Republic or Bosnia and Herzegovina, the <b>learning visits</b> offered them only a few lessons which they can replicate in their own environment</li> </ul>
<b>limited marketing opportunities</b>	<ul style="list-style-type: none"> <li>▪ the project provides two main marketing-related benefits:               <ol style="list-style-type: none"> <li>1) <b>easiness</b>: instead of going to the market to sell their production, the supported cooperatives enable farmers to sell their milk, eggs and other products right at their doorstep (saving time and travel expenses, and guaranteeing regular sales)</li> <li>2) <b>profitability</b>: by improving the volume, processing and packaging of farmers' production, the project's support enables them to access more profitable markets, such as provincial restaurants and shops (for dairy, wine) or foreign markets (for greens)</li> </ol> </li> </ul>
<b>lacking technology</b>	<ul style="list-style-type: none"> <li>▪ the project enables <b>farmers to use technology which they couldn't afford on their own</b> (such as cheese production line, storage facilities, tractor, etc.)</li> <li>▪ in many cases, the benefits of such support extend beyond the cooperatives' members – for example, donated wine press, tractors or cold storages are also used by the coops' suppliers and other community members</li> <li>▪ all interviewed cooperatives are satisfied with the choice and quality of their technologies and know where to access after-sale service (a crucial pre-condition for sustainability)</li> <li>▪ during the fourth round of the grants provision process, PIN plans to support primarily service cooperatives that are capable of benefiting a large number of farmers</li> </ul>



<p><b>poor access to capital</b></p>	<ul style="list-style-type: none"> <li>▪ the project provides grants to cooperatives with promising business ideas, addressing <b>the main need of Georgian farmers – capital for developing their farming</b></li> <li>▪ the number of provided grants – given the existing needs – is relatively small; on the other hand, given the limited quality of the submitted applications, providing a higher number of grants would be possible only if the project:             <ol style="list-style-type: none"> <li>1. provides smaller grants (which are more accessible, as they require lower co-financing)</li> <li>2. even further increases the number of information meetings (to reach more farmers) and intensifies its (already good) business development support (to enable more farmers to prepare a business plan that is worth the project's support)</li> <li>3. can be implemented over a longer period of time, allowing PIN to provide the grants during an even higher number of sequential rounds of grants</li> </ol> </li> <li>▪ while grants provided by NGOs are important, they are able to meet only a fraction of the total needs; in a longer-term perspective, the most crucial factor is the extent to which the Government and the commercial loan providers enable farmers to access required capital</li> </ul>
<p><b>limited trust in cooperative businesses</b></p>	<ul style="list-style-type: none"> <li>▪ following the sixty-year experience of forced collectivization followed by two decades of independent subsistence farming, many farmers have limited trust in cooperative businesses and/ or their ability to run such businesses; however, their <b>exposure to successful examples of their peers</b> is gradually changing their mind set and increasing their interest</li> </ul>
<p><b>pessimism about the future of agriculture</b></p>	<ul style="list-style-type: none"> <li>▪ one of the most important features of the project (and the entire ENPARD program) is that it <b>provides farmers with a new hope</b> for the development of agricultural production and processing in their region</li> <li>▪ this 'contagious' energy and optimism is likely to also inspire others farmers; however, they will need to rely on (the less generous) support from the Government (incl. ICCs) and the commercial loan providers</li> </ul>

**To what extent is the project's design and implementation relevant to the ENPARD and Ministry of Agriculture's goals and strategies?**

ENPARD program focuses on four main priorities:

1. Support the capacity and efficiency of the institutions involved in the sector, and particularly the MoA
2. Improve farmers' know-how with district level Information and Consultation Centres
3. Strengthen cooperation amongst small farmers to increase productivity and reach economies of scale
4. Develop employment and living conditions in rural areas

The project is expected to contribute primarily to the fulfilment of the third and fourth priorities. Until now, **the project supported long-term cooperation among at least 400 farmers** (cooperative members + their suppliers), resulting in considerable improvements in their production and marketing. While this process enabled cooperative members to strengthen their livelihoods, it did not necessarily lead (so far) to a significant increase in the number of new job opportunities.

According to the interviewed stakeholders and based on a review of secondary documents, **the project is fully in line with the Ministry of Agriculture's strategies**, primarily the 2015-2020 Strategy for Agricultural Development in Georgia's priority 3.1.6: Supporting the development of cooperation in agriculture.

**What is the relevance of the project's approach to engaging farmers in advocacy-related activities?**

The project design assumed that farmers that are engaged in different value chains but living in the same region will be interested to jointly cooperate and advocate to the Government for required support. However, farmers have limited interest in doing so, as their priorities are 1) cooperation with farmers running similar businesses (to exchange know-how, establish business cooperation) and 2) advocacy that can benefit their own business (for example, advocating to MoA for an increased support to honey producers). This 'sectoral' approach is followed by all other ENPARD implementers; PIN and its partners are the only ones aiming to associate farmers on a geographical basis.

## 4.2 EFFECTIVENESS

### To what extent does the project meet its objectives and intermediate results set out in its logframe?

The table below compares the target and current values of the project's indicators at the impact, outcome and results level. While the project anticipates supporting over 30 cooperatives, at the time of the evaluation, only 9 cooperatives were fully operating (although 14 were preparing their operations). Therefore, when reviewing the project's progress, it is important to keep in mind that the data is based on a relatively small sample of already functioning 9 cooperatives (more representative data will be available only in late 2016).

INDICATOR	TARGET <sup>1</sup>	CURRENT <sup>2</sup>	COMMENTS
<b>Overall Objective Indicator</b>			
poverty of rural areas of Imereti and Racha region is reduced	Not Available	Not Available	<ul style="list-style-type: none"> <li>in order to measure such impact, the project needs to gain more baseline data on the benefits the supported cooperatives provide to their non-members (such as suppliers)</li> </ul>
<b>Specific Objective Indicators</b>			
% of cooperative members who increase their rate of return	75%	40%	<ul style="list-style-type: none"> <li>many members recently made considerable investments; the rate of return is expected to rise in the following years</li> </ul>
% of increase in sales' volume reported by coop members	20%	3%	<ul style="list-style-type: none"> <li>most coops did not fully sell their 2015 production and the sales are expected to rise</li> </ul>
% of cooperatives that have entered new markets with their products and services	80%	89%	<ul style="list-style-type: none"> <li>while most cooperatives entered new markets, the extent is largely small and needs to be assessed after a longer period of time</li> </ul>
<b>Result 1 Indicators</b>			
number of farmers with improved business planning and cooperation skills	200	270	<ul style="list-style-type: none"> <li>the number is comprised of farmers who passed post-training tests on business planning (there is no data that can be used to determine if their new knowledge resulted in improved practices)</li> </ul>
number of members of 24 newly-established cooperatives	330-450	216	<ul style="list-style-type: none"> <li>the average number of coop members is currently 32-50% lower than the project's target value (9 as opposed to 14-19 members); coops gradually include more members, though the pace of this increase might not be sufficient to meet the target</li> </ul>
% of female coop members	20%	23%	<ul style="list-style-type: none"> <li>women's participation increased from less than 13% in 2014 to 23% in 2015; the % differs according to the sector – while wine or honey coops have very low (if any) participation, dairy coops engage many women; no cooperative is headed by a woman</li> </ul>
% of cooperative members who increase their income	75%	57%	<ul style="list-style-type: none"> <li>the % is likely to increase, as a part of the 2015 production has not been sold yet</li> </ul>
% of cooperative members who improve their cost-benefit ratio	75%	44%	<ul style="list-style-type: none"> <li>a better cost-benefit ratio should be observed after the 2nd year of operations</li> </ul>
number of additional seasonal work places created by coop members	100	7	<ul style="list-style-type: none"> <li>most coops do not need seasonal workers</li> <li>focusing on the changes in the livelihoods of coops' suppliers would be more relevant indicator</li> </ul>
number of cooperatives that apply for a commercial loan	5	4	<ul style="list-style-type: none"> <li>3 out of 4 loans taken are registered under names of individual members; no bank has developed a special "cooperative loan" product yet.</li> </ul>
% of coops that re-invest to business development	25%	Not Available	<ul style="list-style-type: none"> <li>since even the first 9 coops started quite recently, it is too early to review their reinvestments</li> </ul>

<sup>1</sup> the time frame for all indicators is 'by the end of the project' – by mid-2017

<sup>2</sup> the current indicator values are largely based on the quantitative data collected by PIN in February 2016

Result 2 Indicators			
% of cooperative members who increase their yields	75%	62%	▪ in the coming months, the % is expected to rise by 10-15%
% of cooperative members use new production and processing techniques	75%	94%	▪ since all cooperatives invested in new technologies, all producing members automatically meet the indicator
% of coop members who report an increase in value of their products	50%	60%	
% of cooperatives that report an increase in sales points and contracts with wholesalers/exporters	75%	89%	
Result 3 Indicators			
% of regional forum participants report an improved ability to lobby/advocate state structures	75%	Not Available	▪ the data will be available only once forum is operating and farmers have more experience
% of coop members report an increase in knowledge about regional and national advocacy initiatives and government programmes	50%	83% farmers are aware of the programs	▪ so far, farmers were not involved in any advocacy initiatives and their awareness therefore was not measured
number of field assessment reports presented as advocacy tools at the regional and national level	4	4	
number of policy recommendations proposed at regional and national forums	10	2	

### What is the effectiveness and overall quality of the cooperatives selection, grant provision and capacity building process?

This sub-question covers the core content of the project, starting from raising farmers' interest to helping them to develop their cooperative businesses. It focuses on the following key steps:

- **INFORMATION MEETINGS:** Among the main 'quality indicators' for the initial stage of the project was the extent to which the project ensured that a maximum number of farmers' are aware of the offered opportunities. Until early 2016, the project, with the support of the Information and Consultation Centres, organized 140 information meetings (most of them in different locations across the two regions) that were attended by 2,366 local farmers. Considering that it is very likely that each of the participants subsequently shared the news with several of his/ her peers, it is safe to assume that at least ten thousands farmers were aware of the opportunity to receive the project's support. The general feedback of the meetings' participants was very positive. However, as PIN staff noted: *"We had to spend a lots of time on clarifying what a cooperative is, how it works and what its advantages are as people were confusing it with kolkhoz and did not always trust us."* For many farmers, it was not easy to visualize how they could take advantage of the project's support, as most of them had no experience with (or even an example of) participating in cooperative's business.
- **PREPARATION OF BUSINESS PLANS:** Following the information meetings, the project organized a series of trainings and workshops aiming to equip farmers with the know-how required for establishing a cooperative and preparing a feasible plan of their cooperatives' business. The interviewed **participants appreciated their context and methodology**; as their only shortcoming listed was a lack of practical examples of existing cooperatives - which would enable the farmers' group to better imagine and plan their own cooperative businesses. According to an unsuccessful grant applicant: *"Even when I did not get the grant, the training still taught me lots of useful skills and I am glad that I participated"*. In



two cases, unsuccessful grant applicants used their know-how to access funding from the Government's "Produced in Georgia" program.

New groups were usually formed by 1-2 motivated people who gradually found more people interested in accessing the project's support. Out of 230 farmers' groups whose representatives attended initial 'expert workshops' on different types of eligible cooperative businesses, 63 (27.3%) submitted their application for the project's grant and technical support. Among the most commonly stated **reasons for not submitting an application** were:

- farmers' inability to form a group that could run a well-functioning cooperative
- farmers' (often rightful) perception that their business is more suitable for being managed individually and does not need a larger group of people
- farmers' limited trust in a) either the concept of cooperatives or b) their ability to run a cooperative
- lacking co-financing
- personal reasons (e.g. group's leader gained a more attractive employment)

None of the interviewed farmers stated that s/he did not submit a grant application because the assistance (knowledge, skills, contacts) s/he received from the project was not sufficient. At the same time, limited **opportunities to learn from and be inspired by the existing, well-performing cooperatives** might have resulted in less farmers feeling motivated and capable of running a cooperative (and as a consequence, not taking advantage of the project's support). PIN's decision to replace two originally planned rounds of grants by three or four rounds is likely to help, as farmers will be able to hear about (or even visit) successful cooperatives, increasing their trust and interest in running their own cooperative.

In the agricultural sector, farmers' yields depend on a range beyond their control (weather, market prices). This, combined with farmers' limited financial skills, resulted in financial planning (estimation of future production, income, expenses, net profit) being **the single most challenging part of business plan preparation**.

- **GRANT AWARDS:** In the course of two rounds, the project awarded a total of 23 financial grants of an average value of 31,950 EUR. This amount was about two times higher than the grants provided by another ENPARD implementer, Mercy Corps (reporting 15,000 EUR as the average grant size). While this resulted in a **lower number of farmers receiving the project's support** (as compared to Mercy Corps), the total number of awarded grants will still be higher than originally planned (24 planned as opposed to over 30 currently anticipated grants). At the same time, the provision of bigger grants has enabled PIN to support larger processing businesses requiring higher capital.

The grant applications were selected based on a clear, **well-defined set of evaluation criteria** (see Annex III), enabling the project to select viable cooperative businesses (by the time of the evaluation, none of the supported cooperatives failed or were seriously underperforming). The selection was conducted in a highly **participatory manner**, by a multi-stakeholder committee consisting of the:

- representative of Racha-Lechkhumi and Kvemo-Svaneti Governor's Office
- representative of Imereti Governor's Office
- representative of the Agricultural Cooperatives Development Agency
- representative of Akaki Tsereteli State University
- Head of Imereti Regional Information and Consultation Centre
- Head of Racha/Lechkhumi Regional Information and Consultation Centre
- Elkana Project Coordinator
- AYEG Project Coordinator
- PIN's Project Manager

Further review was ensured by relevant technical experts. The engagement of such a diverse - yet highly relevant - group of influential stakeholders further increased the **project's transparency** and strengthened the Government counterparts' engagement in and ownership of the action.

Since the decision of who will (not) receive a grant was awarded based on written applications, applicants with poorer writing skills were likely to be disadvantaged, as there was **no option for a verbal presentation** (or even clarifications) of farmers' business ideas.

- **FOLLOW-UP CAPACITY BUILDING:** Members of all awarded cooperatives participated in a series of mandatory trainings focusing on their management and technical competencies. This support was further complemented by an on-demand technical and financial assistance of Elkana and AYEG's experts. The **usefulness of such assistance has been appreciated** by all interviewed cooperative representatives who highlighted especially the technical assistance offered by Elkana.

At the same time, the project team has very **limited means of proving what specific improvements were achieved as a result of the support** (for example, there are no 'capacity building plans' for each cooperative that would show what capacities the coop needs to gain, how it will happen and what progress has been achieved so far).

Although there are considerable differences between the capacity building needs of the visited cooperatives, the **two most common priorities** are:

- 1) increasing the *quality and diversity of production* in order to meet the demand of more advanced markets (wine, dairy products) and decrease the risks of relying on only one commodity (such as production of only dill and not a variety of herbs in greenhouses)
- 2) improving the *financial management*, in particular, ensuring the compliance of cooperatives' businesses with the Georgian laws and regulations

## 5. CONCLUSIONS

Based on the evaluation's findings, the Evaluator provides the following conclusions on the two main evaluation criteria:

### Project's Relevance

The project's relevance was evaluated as **LARGELY HIGH**, primarily due to the project:

- addressing farmers' main needs – access to technology and know-how that enables them to strengthen their production and marketing
- stretching its benefits well beyond the (limited number of) cooperative members, benefiting their suppliers as well as other community members
- spreading its support over several rounds of grant provision, enabling applicants to learn from the previously supported cooperatives
- ensuring a transparent, participatory and effective selection of farmers' grant applications
- giving farmers hope and inspiration for the development of the agricultural sector in their region
- ensuring a strong alignment with ENPARD and MoA's goals and strategies while mutually exchanging best practices with other ENPARD implementers
- proposing (given the available budget) an unnecessarily low number of supported cooperatives (this is partially addressed by awarding a higher-than-planned number of grants)
- paying limited attention to transferring its expertise to the Government stakeholders who – once the project finishes – will be responsible for further cooperatives development
- engaging farmers in advocacy based on the region where they live instead of the type of agricultural business they do
- taking local farmers to learning visits abroad (instead of to successful examples in the region) where they can gain little know-how which they can replicate in their own context

### Project's Effectiveness

The project's effectiveness was evaluated as **LARGELY HIGH**, primarily due to the project:

- having a high likelihood of meeting most of its result and objective level indicators
- ensuring that a very large proportion of the local farmers are aware of the offered support
- being able to select and support cooperatives with a good business potential (for example, all cooperatives supported in the first round are successfully operating)
- providing useful technical and management initial assistance to cooperatives; however, having weaker mechanisms for providing and monitoring follow-up capacity strengthening support
- achieving limited progress on result 3 (farmers' advocacy)

## 6. RECOMMENDATIONS

Based on the presented findings and conclusions, the Evaluator provides a set of practical recommendations enabling the project team to further **increase the overall impact and sustainability** of the evaluated project. The recommendations are divided into three main categories:

1. recommendations for **ESTABLISHMENT AND INITIAL SUPPORT TO COOPERATIVES**
2. recommendations for **DEVELOPING COOPERATIVES' CAPACITIES**
3. recommendations for **MAXIMIZING PROJECT'S IMPACT**

Annex II provides a simple checklist helping PIN to monitor the extent to which the recommendations were used. If required, the Evaluator is open to provide PIN with additional guidance on an effective implementation of the provided recommendations.

### 6.1 RECOMMENDATIONS FOR ESTABLISHMENT & INITIAL SUPPORT TO COOPS

#### ✓ **ENGAGE SUCCESSFUL COOPERATIVES IN INSPIRING LOCAL FARMERS**

The majority of Georgian farmers have a limited (though increasing) understanding of what cooperatives are, how they work and what advantages they bring to their members. This results in farmers having limited interest in establishing or joining a cooperative; or in a better case, being interested but unable to visualize how it works.

It is therefore recommended that the project's Informational Meetings (activity 1.2) always include inspiring presentations of successful cooperatives (presented by the project staff). Furthermore, it is suggested that PIN requests the best performing cooperatives to present their experience (of developing business plan, starting and managing their business, etc.) during the initial trainings for grant applicants (activity 1.3). The presentations should specifically **focus on addressing farmers' main concerns and misconceptions** about cooperatives and on increasing farmers' trust and interest to do business with their peers.

#### ✓ **ENABLE FUTURE APPLICANTS TO VISIT SUCCESSFUL COOPERATIVES**

Most of the farmers who attend the project's information meetings never participated in a cooperative and many do not even know any person who is a cooperative member. While the project's trainings give farmers useful information of what a cooperative is and how it works, not a single training can offer farmers what they most want: to see an inspiring example of a well-functioning cooperative - engaged in the same value chain as they are - and to talk to its members about their experience.

Considering that PIN and other ENPARD implementers supported dozens of successful cooperatives, it is recommended that PIN identifies those cooperatives who are willing to share their experience, prepares **simple contact lists divided based on the value chain** (e.g. dairy cooperatives, honey cooperatives, etc.), provides them to all farmers interested in the project's support and encourages them to individually visit cooperatives and to learn about their establishment and operation.

#### ✓ **ALLOW APPLICANTS A VERBAL PRESENTATION OF THEIR BUSINESS PLANS**

The project supports farmers based on the quality of their grant applications (incl. the business plans). This is determined by two main factors: 1) the quality of farmers' business idea and 2) the quality of farmers' presentation of their business idea. This can result in a situation when a group of farmers has a very good business idea but, due to lacking formal education, is unable to present it well. As a result, they fail to receive the project's support. Furthermore, relying purely on written applications increases the risk of the evaluation committee members misunderstanding certain aspects of farmers' business ideas.

In order to minimize the risk of such situations, it is recommended that PIN allows the applicants to provide – in addition to their written application – a verbal presentation of their business plan (possibly followed by a limited number of questions by the evaluation committee members). In order to **ensure equal opportunities for all presenters**, all applicants need to be given the same amount of time (for example, 15 minutes) and be asked the same number of questions (for example, one question per each evaluation committee member). Due to the relatively high time requirements, verbal presentations should be requested only from farmers who submit a written business plan (and grant application) which



is not 1) immediately rejected due to a very poor quality of the business idea or 2) immediately considered for support due to its very high quality. In order to **ensure a maximum transparency** of this process, all farmers must be informed that only those whose application was not immediately rejected or accepted will be invited for to verbally present and clarify their application.

✓ **PROVIDE LARGER NUMBER OF SMALLER & MEDIUM GRANTS**

Compared to ENPARD implementer Mercy Corps, the average value of grants provided by PIN to the supported cooperatives is two times higher (approx. 31,950 EUR as opposed to 15,000 EUR reported by Mercy Corps). Higher investments are necessary for processing businesses requiring higher start-up capital (such as dairy products) and are also likely to benefit a larger number of farmers. At the same time, such an approach reduces the number of cooperatives receiving PIN's support.

Therefore, in the future, PIN should focus on providing a **larger number of smaller and medium grants** worth 10,000 – 30,000 EUR (resulting in a larger number of supported farmers). This can be done by dividing the total amount of available funds into two “lots” where one supports smaller grants (for example, 10,000 – 30,000 EUR) and the second provides larger grants. It is suggested that at least 75% of the funds supports smaller grants.

This might require giving certain priority to promoting and supporting less financially demanding applications focusing on, for example, crops production or service provision. The existing experience of ENPARD implementers shows that **even relatively small grants worth 10,000 – 15,000 EUR can provide significant benefits to a large number of local farmers** (i.e. not confirming the assumption that, for example, three times bigger grant provides significantly bigger benefits to three times more people). Since most women have a lower access to financial capital than men do, focusing on smaller and medium grants - which require lower co-financing – is likely to **enable more women to participate** in developing and managing cooperatives.

✓ **PROVIDE EXTRA SCORES FOR COOPERATIVE'S EXPECTED BENEFITS TO THE COMMUNITY**

There are considerable differences between the benefits which different cooperatives (can) bring to the people living in their areas. While some cooperative businesses benefit primarily their members, other (can) effectively contribute to improving the livelihoods of the local population. Such “secondary benefits” of cooperatives’ operation significantly enhance the overall impact of the project.

PIN should therefore focus on primarily supporting those cooperatives whose businesses are beneficial not only to their members but also to a large number of local residents. When selecting new cooperatives, it is suggested that PIN **use an additional evaluation criteria** of “*the extent to which the cooperative's business is likely to benefit the livelihoods of a maximum number of the local households*”. Such criterion is essential especially when selecting service provision cooperatives or cooperatives focusing on both production and service delivery.

✓ **INVEST FURTHER IN INCREASING WOMEN'S PARTICIPATION**

It is recommended that PIN takes specific actions increasing the extent of women's active participation in the cooperatives' businesses. Among the main suggestions are to:

- **research and analyse the main barriers** that are preventing women from actively participating in the cooperative businesses (and work on their elimination)
- **review ENPARD implementers experience** and suggestions for increasing women's participation
- when inviting people for the initial Information Meetings, emphasize that women are most welcomed and **encouraged to join**
- during the initial Information Meetings, **present 1-2 examples of successful cooperatives** that are either led by a woman or/ and include a high number of active female members (providing inspiration to the female participants and highlighting women's role in the agri-business)
- analyse which types of **agri-businesses offer the highest possibilities for women's participation** (such as dairy processing) and encourage women in these sectors to actively participate in cooperatives' establishment and operation

## ✓ INCREASE THE REQUIREMENTS FOR COOPS' FINANCIAL MANAGEMENT CAPACITY

Lacking financial skills (incl. financial planning, bookkeeping, taxation) is among the main weaknesses of many grant applicants as well as supported cooperatives. As a result, farmers with poor financial education have lower chances of receiving the project's support while already supported cooperatives risk lower effectiveness as a result of mediocre financial management. Despite the finance-related trainings and counselling provided by AYEG, it would be unrealistic to assume that farmers who lack a previous experience in financial management can become competent 'financial managers' of their cooperatives.

Therefore, it is suggested that PIN:

- 1) Requires all grant applicants to **include in their cooperative at least one member with previous experience in financial management**. This person should then become officially responsible for the cooperative's financial management and receive systematic capacity building support from AYEG staff. At the same time, AYEG needs to ensure that all 'core members' of every cooperative have an essential financial background and are engaged in the cooperative's financial management (i.e. it is not recommended that the entire responsibility and all know-how is left with only one person).
- 2) Recommends to cooperatives with weaker experience in financial management to **cooperate with commercial accountants** that can help them to meet the main accountancy, taxation and other requirements (commercial accountants are available in most smaller towns, providing their services to dozens of small enterprises, charging about 20 lari/ 7 EUR per month per one client).

## 6.2 RECOMMENDATIONS FOR DEVELOPING COOPERATIVES' CAPACITIES

### ✓ SUPPORT COOPERATIVES IN A MORE SYSTEMATIC MANNER

The project applies a two-pronged strategy to strengthening cooperatives' capacities: a series of mandatory trainings provided to all cooperatives complemented by on-request, individual counselling. The approach assumes that cooperatives are able to identify their weaknesses, articulate their specific learning needs and request the project partners for required support. While there is clear evidence that the cooperatives are using and benefiting from Elkana, AYEG and PIN's support, there is a good potential for increasing the effectiveness of the project's capacity building support.

It is recommended that the project applies a **more systematic approach to increasing cooperatives' capacities**, based on the project partners:

- jointly assessing and defining technical, marketing, organizational and other competencies that each of the supported cooperative's members need in order to successfully develop their business (e.g. what the existing **gaps and needs** are)
- realistically identifying which gaps can be addressed within the project's support
- for each individual cooperative, **developing a capacity building plan** specifying what support the project will provide, the specific goals it is supposed to achieve (including measurable 'targets' and the required time frame)
- together with the members of individual cooperatives, regularly (e.g. once per three months) **reviewing the progress** achieved towards meeting the targets and, if required, revising the plan

Annex IV provides a simple example of how such a capacity building plan can look like. It is important that the targets are sufficiently specific, enabling the project team to monitor the progress in strengthening cooperatives' capacities.

By using such a structured approach, the project partners will be able to see (and prove) the exact difference their support achieved in strengthening cooperatives' capacities. By putting a maximum **emphasis on meeting detailed targets** (such as, "application for food safety certificate submitted", "training on sour cream production provided", "agro-tourism agreement signed with at least 3 travel agencies"), the project is likely to be implemented in an **even more results-driven mode**, increasing its overall effectiveness.

As a part of such capacity strengthening approach, it is recommended that the project team supports the cooperatives in **annual reviews of their business plans**, ensuring that their businesses keep developing in the best possible directions.

#### ✓ RECONSIDER LEARNING VISITS ABROAD

While the project proposal's justification of the learning visits claims that *"transfer of knowledge and experiences from the Czech Republic's agriculture transition will be critical in the development of the newly-established cooperatives"*, there is little evidence confirming such an assumption. While the learning visits to the Czech Republic and Bosnia and Hercegovina might have served as useful inspiration for the Ministry of Agriculture's officials (and the project staff), their relevance for individual cooperative members' was largely low. The interviewed members appreciated the possibility of a visit abroad; however, most of them found very little examples they could replicate in their own businesses.

Considering the limited value for money the visits deliver, it is recommended that PIN invest its resources into **more relevant visits to successful cooperatives and enterprises in Georgia** (only as a second option should be considered visits to northern Armenia or north-eastern Turkey). The visits need to target businesses which:

- 1) operate in the **same value chains** as the visiting cooperatives do (for example, beekeepers visiting enterprise producing and processing honey)
- 2) in terms of the quality and scale of their operations are slightly **more advanced** than the visiting cooperatives' business (i.e. so that the coop members can gain new inspiration, know-how, etc.)

In order to ease the organizational workload, it is recommended that the learning visits be organized only for the most represented value chains, such as dairy, honey, wine, greens, etc. As much as possible, the thematic focus of the learning visits should be in line with the individual cooperative's capacity building priorities (see the previous recommendation). The selection of the visited enterprises should **not be restricted to cooperatives only** as commercial businesses (small to medium scale companies) can offer equally – if not more – useful visits.

Learning visits to the Czech Republic should be **considered only for the Ministry of Agriculture's officials** and only in a case when the project can guarantee that the examples presented during the visits are realistically replicable within the Georgian context and offer more lessons than the examples available in/ nearby Georgia.

#### ✓ REPLACE GENERAL FARMERS' FORUMS BY SECTORAL FORUMS

The project proposal envisaged that farmers engaged in various value chains will cooperate within a single regional forum on identifying the most problematic issues their livelihoods face and advocating the Government for required support, including sectoral reforms. The project's existing experience shows that farmers' motivation to participate in such forums is relatively low, as they prefer to cooperate with people engaged in the same value chains (e.g. herbs producers cooperating with other herbs producers). Furthermore, if farmers decide to invest their time in such cooperation, they prefer to get faster and more tangible benefits.

In order to increase the relevance of the project's support to the farmers' needs, it is recommended that the project implementers **replace the existing general forums with several thematic, regional-level forums** (for example, forum of dairy producers of Imereti region). Such an approach is more relevant to farmers' needs, as it brings together people with very similar expertise (enabling know-how sharing), business orientation (enabling commercial cooperation) and needs (enabling better-focused advocacy). While doing so, the project can draw from the experience of several ENPARD-supported thematic forums already operating in other parts of Georgia (such as the beekeeping forum the PIN-supported cooperatives recently joined).

#### ✓ USE "COMMUNITY FUND" TO SUPPORT SUSTAINABLE AGRICULTURAL SERVICES

The project design requires cooperatives to use at least 25% of the received grant's value for reinvestment. Out of this amount, according to the project proposal, *"an estimated 70% of the fund can be reinvested to further business development and 30% should be invested to support agriculture development in their communities"*. However, many of the interviewed cooperatives intend to spend the "community investments" in a way which provides little or no benefits to the agricultural development in their communities (for example, on building school fence; repairing road in their part of the villages; purchasing three cows for three extremely poor families, etc.).



PIN needs to ensure that the available “community investment” (ranging from 750 to 4,500 EUR) is spent 1) according to the purpose specified in the project proposal and 2) in a way which delivers maximum benefits to the local community. This can best be achieved through **supporting long-term, community-based agricultural services**, such as renting small tractor, milling corn, processing wine grapes or providing training and limited material support to local beekeepers. Each cooperative can support the kind of services it understands best – for example, wine cooperatives can help other wine producers; honey processing cooperatives assists smaller beekeepers; dairy cooperative helps cattle farmers to grow better fodder, etc. Such a focus can also motivate cooperatives to **increase the invested amount beyond the required minimum**.

Considering that that the Georgian Tax Code restricts the extent to which agricultural cooperatives can profit from service provision, it is recommended that such services are either:

- operated in a way which does not jeopardize the “agricultural cooperative” status (e.g. generating only limited profit)
- not included into cooperative’s business operation (as they can be run on a non-profit or expense-only basis by any of the community members or a local association)

### 6.3 RECOMMENDATIONS FOR MAXIMIZING PROJECT’S IMPACT

#### ✓ DEVELOP ICCS’ BUSINESS COUNSELLING CAPACITIES

Development of farmers’ cooperatives is among the main priorities of the Ministry of Agriculture’s Strategy for Agricultural Development in Georgia (2015-2020). While civil society organizations are currently ensuring most of its implementation on the ground, this support is only temporary. Once it is completed, most of the ‘field work’ will need to be ensured by the Ministry of Agriculture’s Information and Consultation Centres (ICC). The success of the cooperative development in Georgia therefore depends to a large extent on ICCs’ capacity.

PIN is therefore encouraged to consult the Ministry of Agriculture about its (and its donors’) plans for strengthening the cooperative development-related competencies of ICC staff and, if required, assist with addressing relevant gaps. Based on the review of existing gaps, ICC staff’s interest, farmers’ demand and PIN/ Elkana/ AYEG’s expertise, the best capacity building support which the project can offer is to **focus on enabling ICCs to offer farmers practical counselling** on:

- **business plan development**: helping farmers to prepare economically feasible plans for developing their (cooperative) businesses (i.e. focusing primarily on financial planning)
- **credit options**: providing farmers with 1) updates on the Government’s agriculture loans and grants; 2) overview of commercial banks’ loans, incl. their conditions, requirements, etc.; 3) explaining to farmers the risks associated with taking loans (especially from ‘loan sharks’ providing extremely disadvantageous conditions)
- **loan applications**: equipping farmers with the knowledge and skills required for preparing convincing loan applications to the commercial banks (providing fair conditions)

In doing so, the project would capitalize on its generated expertise and transfer it to ICC staffs, enabling them to **meet the two core needs of rural farmers**:

- 1) to transform their ideas about developing their livelihoods into a feasible business plan
- 2) to increase their chances to access agricultural credit

#### ✓ INVITE ICC STAFF TO ALL RELEVANT LEARNING EVENTS

As explained in the previous recommendation, the quality and scale of ICCs’ support to cooperatives as well as individual farmers is essential for ensuring the sustainability and further multiplication of the project’s outcomes. It is therefore suggested that whenever the project organizes a learning event that can strengthen ICC staffs’ technical and cooperatives-related competencies, **local ICC staff is automatically invited to participate**.

## ✓ DOCUMENT AND SHARE YOUR APPROACH

The project team developed a well-functioning approach that manages to raise farmers' interest in establishing a cooperative, provide them with the required know-how, identify the business ideas that are worth financial support and ensure follow-up support. Such know-how is very valuable as it can be replicated in the Georgian context (for example, by ICCs) as well as in PIN's projects in other countries (such as Moldova).

Therefore, it is suggested that **PIN describes the entire process into a single document**, providing guidance (including specific lessons, tips, etc.) for people interested in replicating the project's approach. Preparing such a "manual" does not need to be a very time consuming process – PIN can use its existing resources, such as the overview of evaluation criteria and scores it uses when selecting business plans.

## ✓ IMPROVE MONITORING OF COOPS' BENEFITS TO NON-MEMBERS' LIVELIHOODS

While the project's M&E data collection system includes hundreds of questions, it provides almost no information about the benefits cooperatives' businesses bring to non-members' livelihoods. In order to get a full picture of the project's broader benefits, it is recommended that PIN starts collecting the following M&E data:

- 1) number of non-members selling their primary production (e.g. milk) to the cooperative
- 2) the extent to which selling production to the cooperative brought the 'suppliers' the following benefits:
  - **higher price** per unit (e.g. per 1 litre of milk)
  - more regular and **reliable sale** (e.g. the seller can rely that every week, the cooperative will buy from her/ him a certain volume of production)
  - **easier sale** (selling the product takes less time and hassle)
  - **lower costs** of selling the production (less money or other resources are required to sell the production)
  - **advance payment** (if s/he wants, the seller can receive an advance payment for her/ his production)
  - access to **cheaper inputs** (the cooperative helps the producers to purchase inputs, such as fertilizers, at a lower price)
  - **lower costs of required services** (for example, the cooperative offers its suppliers to plough their fields for a lower than normal price)
  - **access to new services** (the supplier receives from the cooperative a service that it did not use/ could not access before, such as technical trainings)
  - overall increase in the **income** gained from production
  - other benefits' gained by the suppliers
- 3) the main reasons why the suppliers do not become official cooperative members
- 4) services provided by the cooperative to the local community members who do not participate in cooperatives' operations (i.e. not members and not suppliers), such as the processing of wine grapes in cooperative's press
- 5) sellers' suggestions on how the cooperative's business can become more beneficial for the livelihoods of local community members

The data needs to be collected in a way that reflects often significant seasonal differences in the volume of sold production (especially in the case of milk, greenhouse products, etc.). To make the data collection process more manageable, it is suggested that PIN:

- first assesses the total number of suppliers (non-members) per every major value chain (e.g. the number of milk, eggs or wine grapes sellers, etc.)
- collects the data from a sample of randomly selected respondents only (not from all suppliers)
- uses stratified random sampling methodology where the number of respondents of each strata will be proportional to its size (for example, if milk producers represent 25% of all non-members who sell their production to the cooperatives, ensure that 25% of the interviewees are sellers of milk)

## 7. ANNEXES

### ANNEX I: OVERVIEW OF THE PARTICIPATING STAKEHOLDERS

The evaluation data was collected from the following stakeholders:

DATE	LOCATION	STAKEHOLDERS
08/03/2016	PIN office in Kutaisi	▪ PIN's Project Manager, Mr. Buba Jafarli
		▪ PIN's Field Operations Manager, Mr. Davit Chelishvili
		▪ Elkana's Project Coordinator, Mr. Alex Bagdadze
		▪ PIN's Field Coordinator, Ms. Keti Gotsiridze
		▪ PIN's M&E Officer, Ms. Sophie Putkaradze
09/03/2016	Ambrolauri town, Ambrolauri municipality, Racha region	▪ PIN's Field Coordinator, Mr. Zaza Kereselidze
		▪ Oni ICC for Oni municipality, Mr. Giorgi Beruchashvili
	Jvarisa village, Ambrolauri municipality, Racha region	▪ beekeeping cooperative Racha Natural Products, Mr. Lasha Gagoshidze + 4 further coop's members
10/03/2016	Khoni town/ municipality, Imereti region	▪ viticulture/winemaking coop Jvarisa XXI, Mr. Kakha Vakhtangadze + 3 coop members
	Gocha Jikhaishi village, Khoni municipality, Imereti region	▪ Head of Khoni ICC, Mr. Badri Bakhtadze + 2 ICC staff
	Kvitiri village, Tskaltubo municipality, Imereti region	▪ dairy coop Lelo 2014, Mr. George Gudava + 3 further cooperative members
11/03/2016	Kitskhi village, Kharagauli municipality, Imereti region	▪ 2 milk suppliers of Lelo 2014 cooperative, Ms. Tamila Tsagareishvili, Mr. Iura Janelidze
	Zeda Sazano village, Terjola municipality, Imereti region	▪ greenhouse herbs + vegetable production coop Kvitiri, Mr. Goderdzi Shavgulidze + 4 further members
	Kharagauli town/ munic., Imereti region	▪ dairy coop Sargo, Mr. George Gvelesiani + 2 members
14/03/2016	phone interviews from PIN's Kutaisi office	▪ winemaking coop Winery Sazano, Mr. Givi Chubinidze + 3 other cooperative members
		▪ Head of Kharagauli ICC, Mr. Vazha Machavariani
		▪ unsuccessful applicant, Mr. Anzor Saralidze
		▪ unsuccessful applicant, Mr. Gela Dadunashvili
		▪ unsuccessful applicant, Mr. Levan Jangavadze
		▪ unsuccessful applicant, Mr. Merab Gvelesiani
		▪ unsuccessful applicant, Mr. Tamaz Uriadmkofeli
		▪ interested farmer who did not submit business plan, Mr. Davit Dograshvili
▪ interested farmer who did not submit business plan, Mr. Gela Kipiani		
▪ interested farmer who did not submit business plan, Mr. Muradi Bochorishvili		
▪ interested farmer who did not submit business plan, Mr. Zurab Tabukashvili		
15/03/2016	Mercy Corps' office in Tbilisi	▪ Mercy Corps' ENPARD Project Manager, Mr. Giga Sarukhanishvili
16/03/2016	Zestafoni town, Zestafoni municipality, Imereti region	▪ Head of Regional ICC for Imereti, Ms. Rusudan Dzidzishvili
		▪ unsuccessful applicant, Mr. Valeri Giorgadze
		▪ interested farmer who did not submit business plan, Mr. Valeri Pkhaladze
	Skande village, Terjola municipality, Imereti region	▪ interested farmer who did not submit business plan, Mr. Varlam Chikhladze
PIN's office in Kutaisi	▪ unsuccessful applicant, Mr. Guram Maruashvili	
17/03/2016	Okriba village, Orpiri municipality, Imereti region	▪ AYEG's Project Coordinator, Mr. Levan Okreshidze
	Satsire village, Tkibuli municipality, Imereti region	▪ dairy coop Okriba, Mr. Malkhaz Kipiani + 7 other coop members
18/03/2016	Qveda Sazano village, Zestafoni municipality, Imereti region	▪ poultry coop Satsire, Mr. Levan Kevlishvili + 3 other cooperative members
	Rokhi village, Bagdati municipality, Imereti region	▪ maize coop Imereti-5, Mr. Levan Kvizhashvili + 7 further cooperative members
		▪ beekeeping coop Zekari, Mr. Mindia Kavtaradze + 8 further cooperative members

## ANNEX II: PRACTICAL CHECKLIST ON THE USE OF PROVIDED RECOMMENDATIONS

**Project:** Enhancing Small Farmers' Cooperation and Productivity in Imereti and Racha Regions

**Reported by:**

**Date:**

Recommendation	already applied	partially applied	planned for (specify date)	not accepted/ not relevant
<b>RECOMMENDATIONS FOR ESTABLISHMENT AND INITIAL SUPPORT TO COOPERATIVES</b>				
engage successful cooperatives in inspiring local farmers				
enable future applicants to visit successful cooperatives				
allow applicants a verbal presentation of their business plans				
provide larger number of smaller and medium grants				
provide extra scores for coop's expected benefits to the community				
invest further in increasing women's participation				
increase the requirements for coops' financial management capacities				
<b>RECOMMENDATIONS FOR DEVELOPING COOPERATIVES' CAPACITIES</b>				
support cooperatives in a more systematic manner				
reconsider learning visits abroad				
replace general farmers' forums by sectoral forums				
use "community fund" to support sustainable agricultural services				
<b>RECOMMENDATIONS FOR MAXIMIZING PROJECT'S IMPACT</b>				
develop ICCs' business counselling capacities				
invite ICC staff to all relevant learning events				
document and share your approach				
improve monitoring of coops' benefits to non-members' livelihoods				



### ANNEX III: GRANT AWARDS EVALUATION CRITERIA

The table below presents score ceilings and admissible score minimums for evaluation criteria and sub-criteria:

Criteria	Sub-Criteria	Max. Score	Admissible Min. Score
Feasibility of financial plan for proposed investment project	Feasibility of expenses	6	
	Feasibility of incomes	6	
	Fairness and accuracy of calculations	3	
<b>Total:</b>		<b>15</b>	<b>8</b>
Expected sustainability of proposed investment project results	Assessment of risks (individual and systemic)	4	
	Insurance	2	
	Market stability	3	
	Flexibility of margins	3	
	Stability of input sourcing	3	
<b>Total:</b>		<b>15</b>	<b>8</b>
Technical feasibility and replication potential of proposed investment project	Relevant skills and experience of group members	4	
	Feasibility of proposed time periods	3	
	Technical replicability	2	
	Relevance of dedicated / requested equipment	3	
	Relevance / efficiency of technologies	3	
<b>Total:</b>		<b>15</b>	<b>8</b>
Environmental soundness of proposed investment project	Prevention of pollution by chemicals / residues	3	
	Prevention of overuse of natural resources (e.g. overgrazing, over-collection of wild organisms)	2	
	Coherence with existing ecosystem	2	
	Waste management	3	
<b>Total:</b>		<b>10</b>	<b>5</b>
Marketing potential for products/services generated through proposed investment project	Market demand for proposed products/services	7	
	Advantages of proposed locations for products'/services' generation and marketing as compared to these of competitors	3	
	Competitiveness of prices for proposed products/services	3	
	Advantages of proposed advertisement solutions for products/services as compared to these of competitors	2	
<b>Total:</b>		<b>15</b>	<b>8</b>
Structure of proposed cooperative	Number of members	4	
	Distribution of shares at start-up	4	
	Justification of the need for cooperative vs. other business models	4	
	Management structure and rights/responsibilities of members	3	
<b>Total:</b>		<b>15</b>	<b>5</b>
Expected contribution of proposed cooperative to investment project	Investment in-cash and in-kind (min. 25% of the investment project cost)	8	
	Investment in-cash (min. 15%)	7	
<b>Total:</b>		<b>15</b>	<b>1</b>
Engagement of women and youth in proposed coop	% of women in the actual or proposed coop	10	
	% of youth (18-30) in the actual/ proposed coop	5	
<b>Total:</b>		<b>15</b>	<b>0</b>
<b>Grand Total:</b>		<b>115</b>	<b>66</b>

## ANNEX IV: COOPERATIVE CAPACITY BUILDING PLAN: TEMPLATE & EXAMPLE

(the template below is provided only as an example and its content does not describe an actual situation of any cooperative)

COOPERATIVE CAPACITY BUILDING PLAN: TEMPLATE & EXAMPLE						
<b>COOPERATIVE:</b>	Sargo dairy products					
<b>LOCATION:</b>	Kharagauli municipality, Sargo village					
GOALS	SPECIFIC TARGETS	TIME FRAME	ASSISTING PROJECT STAFF	PROGRESS		
				15/03/2016	..... / ..... / 2016	..... / ..... / 2016
To meet Hazard Analysis and Critical Control Points (HACCP) standards and to gain official certification.	National Food Agency's expert visits the coop and recommends required improvements	11/02/2016	Keti (PIN)	done		
	with Elkana's technical support, the coop prepares an action plan for addressing NFA's suggestions	25/02/2016	Alex (Elkana)	done		
	coop implements relevant HACCP requirements	1/05/2016	Alex (Elkana)	in progress		
	coop submits request for HACCP certification	13/05/2016	Keti (PIN)	-		
To start producing and marketing sour cream and cottage cheese.	coop members visit sour cream and cottage cheese producers in Samegrelo		Keti (PIN)	done		
	coop develops a feasible production and marketing plan	29/02/2016	Alex (Elkana)	delayed		
	coop members are trained on sour cream and cottage cheese production	20/03/2016	Alex (Elkana)	-		
	coop pilots production while receiving intensive on-the-job technical support from relevant expert	30/03/2016	Alex (Elkana)	-		
To ensure that the cooperative's financial management is compliant to the Georgian laws and regulations.	coop appoints one lead and one assisting member responsible for its financial management	29/02/2016	Levan (AYEG)	done		
	AYEG expert reviews coop's existing financial management against the official requirements	31/3/2016	Levan (AYEG)	-		
	with AYEG's technical support, coop addresses the identified gaps in its financial management	30/6/2016	Levan (AYEG)	-		



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