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of the Czech Republic

PROJECT EVALUATION REPORT OFFICIAL DEVELOPMENT COOPERATION OF THE CZECH REPUBLIC WITH GEORGIA

**“Enhancing effectiveness of small farmers in Georgia”
2008 – 2010**

December, 2012

Evaluation team

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Identification form (1 str. A4)

Partner country: Georgia	Project location: Samtskhe/Javakheti and Guria regions
Project title in Czech/English: “Zvýšení efektivity hospodářství drobných rolníků v Gruzii” “Enhancing effectiveness of small farmers in Georgia”	Project sector: Reconstruction and development cooperation in Georgia, sector of agriculture, forestry and fishery
Gestor: Ministry of Foreign Affairs of the Czech Republic (MFA)	Implementer: Caritas Czech Republic (Caritas CZ) Vladislavova 12, 110 00 Praha 1
Project period – month/year of project launch: 01/2008	Month/year of project termination: 12/2010
Total amount in CZK from the Czech ODA: 4 275 000 CZK	Total amount in CZK including the co-financing: 4 500 000 CZK
Other donors participating on the project:	
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1. Summary

The project "Enhancing effectiveness of small farmers in Georgia" was implemented from 2008 to 2010 in the framework of a programme for Reconstruction and Development Aid for Georgia after the conflict in August 2008. The financial resources for the program of total amount of CZK 150 million were allocated by the Governmental resolution no. 1063 from 20. August 2008. The main aim of this special development programme was a quick reaction to the post-conflict situation in Georgia. The Caritas CZ project was not financed and supervised by the Czech Development Agency, but directly by the Development Cooperation and Humanitarian Aid Department of the Ministry of Foreign Affairs of the Czech Republic (MFA).

The urgency of rapid reaction might be one of the reasons why standard processes like identification of the project, formulation of intervention's logic for the whole project and implementation were conducted in rather non-standard way. Besides that, the MFA does not have all the project reports available (missing annexes and mid-term year reports), which made the reconstruction of the project logic difficult and hindered the whole process of evaluation.

The intervention's logic of the project expressed by the logical framework and specification of outputs and activities was changing every year to such extent that it is now impossible to match all original aims and outputs of the project with final results. According to the original project proposal from 2008, the overall goal of the project was "development of rural areas through the support of associations of small farmers as a mean to increase their effectiveness in terms of access to the resources, marketing of their products and adjustment to the new law on food safety standards".

The evaluation approach used is in compliance with the Code of Ethics for Evaluators (Czech Evaluation Society, 2011) and strived for proficiency, integrity and responsibility. The secondary data was collected primarily during the preparatory phase and partly during the field phase. Our team studied the available project documentation in detail (project proposals, budgets, annual reports and monitoring reports including the Czech embassy monitoring, contracts, completion certificates etc.). The primary data was collected mainly through the semi-structured interviews using questionnaires. Our team was aiming at making the evaluation a useful exercise and process for all stakeholders. A participatory approach was applied already during the preparation phase and all stakeholders, both from the Czech Republic and Georgia, were involved.

The questionnaires were prepared separately for every group of respondents – taking into consideration their relationship towards the project and the type of benefits received. The evaluation questions were divided into the sections of relevance, effectiveness, efficiency, sustainability and the cross-cutting principles (good governance, gender, environment and climate). Criterion of "visibility of Czech development cooperation" was added to our assessment as we found it an important part of Czech ODA. Since the project has not reached its intended benefits we could not evaluate its impact on quantitative basis. Therefore, we concentrated on obtaining mainly qualitative data.

Next to the individual semi-structured interviews, group discussions were used as another tool for data collection. Direct observation of the concrete projects outputs was carried out at every project area. Our team also concentrated on evaluating the institutional setting and functionality of the cooperative and rural service centre structure – the democratic governance, the transparent economy, management efficiency, inclusiveness and ownership from the side of small farmers, financial sustainability, marketing and distribution channels and legislative conformity. Special attention was given to informal interviews as well. We carried observation transect-walks and talked to randomly met farmers.

1.2. Major findings and conclusions

Below is a summary of evaluation conclusions according to the evaluation criteria.

Table 1 - summary of evaluation conclusions according to the evaluation criteria:

Criteria	ARSC Akhaltsikhe	Milk Akhaltsikhe	Marmalade Ude	Agroprodukt + GABC Guria	Dried fruits Kvenobani	Whole project
Relevance	Rather high	High	High	Rather high	High	High
Effectiveness	Rather low	Rather low	Rather low	Rather low	Rather high	Rather low
Efficiency	Rather high	Rather low	Rather low	Rather low	Rather high	Rather low
Impact	Rather high	Low	Low	Rather low	Rather high	Rather low
Sustainability	High	Rather low	Low	Rather low	Rather high	Rather low
<i>Cross-cutting principles and visibility of the Czech ODA</i>						
Gender	Rather low	N/A	Low	High	N/A	Rather low
Environment	N/A	N/A	N/A	Rather low	Rather high	Rather high
Governance	Low	Rather low	Low	Low/Rather Low	N/A	Rather low
Visibility	Rather low	Rather high	Rather high	Rather low	Rather high	Rather high

Evaluation scale

High	Rather high	Rather low	Low	N/A
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Relevance: The project reflected the decision of the Czech government to mitigate the negative impact of the armed conflict between Georgia and Russia in 2008. The identification of the whole program was based on the joint identification of CZDA and the Czech Embassy in Georgia from 2008. The main aim was to improve situation of the internally displaced people in the conflict's areas. Agriculture was one of the identified sectors for possible intervention. Based on the assumption that rural institutions and mobilization of small farmers improves their access to markets, a support to small-farmers' cooperatives was identified as a priority direction. The relevance of this project was evaluated as **high**.

Effectiveness: During the project implementation, outputs of purchasing the equipment for all established organizations were realized (equipment for processing of milk and fruits, fruit dehydrator, packaging equipment). A training building was built for Agroprodukt. A tractor was purchased and a training room was renovated for ARSC. A number of trainings were conducted for members and farmers. The new entities produced the first results during the project duration (cheese, marmalades, mandarins, dried fruits and tea) and their representatives presented themselves at several special fairs.

The evaluation team however found that at present none of the cooperatives/associations that had been started as a project output works in the intended way with the originally intended end beneficiaries. Akhaltsikhe Rural Service Center and Kvenobani (both had existed before the project) operate successfully. We believe that the effectiveness of selected approach was not fully appropriate even during the project implementation; the project goals were changed during the implementation and thus were fulfilled only partially. The effectiveness of the project was evaluated as **rather low**.

Efficiency: Our team considers the administrative and personnel costs of the project quite high compared to the total project cost - especially the prices of creating the training materials, trainings, marketing support, budget for strategy, analysis and feasibility study as well as the personal and administrative costs. We find that a high percentage of the project money remains at the level of

partner organizations, instead of “trickling down” to the end beneficiaries. Therefore the overall efficiency of the project was evaluated as **rather low**.

Impact: As a result of this project more farmers gained access to proper agricultural machinery and increased their capacity to cultivate land, improved their skills and knowledge. In general though, the proclaimed targeting of small farmers did not work. Some were facing risk of losing the gained equipment because of tax dispute and unclear ownership of the equipment (dehydrator in Kvenobani, Guria facilities), some were not using the equipment (cheese factory in Akhaltsikhe, training room in Ozurgeti). At the end of the project, the smaller farmers have not been properly mobilized. To some, the project affirmed a widespread belief that cooperative approach is not working for small farmers in Georgia. Therefore the impact of the project was evaluated as **rather low**.

Sustainability: The main restraint of project sustainability is according to the evaluation team insufficient managing and marketing capacities of the newly established entities and unclearly defined ownership structures. Because of that, the original end beneficiaries do not feel sufficient ownership of the project outputs and are not willing to further cooperate and invest their own resources into the sustainable development of the entities. The other factors include the problems with taxes (particularly in Guria), involving farmers as suppliers only (instead of members) and over dependence on partner organizations, instead of increasing self-reliance of all participants/beneficiaries. Therefore the sustainability was evaluated as **rather low**.

Human rights and gender equality: The project did not focus specifically on gender issues, therefore its positive effect in that regard was quite limited. It should be mentioned that changing a status quo related to gender roles in Georgia would have required substantial additional capacity, funds and time due to objective reasons, such as cultural and regulatory environment in Georgia. Therefore, contribution to gender issues was evaluated as **rather low**.

Environment: In general the project had no strong positive or negative impact on the environment due to the fact that intended project outputs were not sustainable or they had only a limited impact. Only farmers in Kvenobani village that profited from the new dehydrator stated that the new equipment compared to the old homemade dehydrator has better impact on the environment in terms of its efficiency and power consumption. However, if the fruit Agroproduct factory in Ozurgeti will start to operate one day, the impact on energy consumption of its cooling facilities will be substantial. It can be reduced by installation of a small solar power plant. At the same time, if the production of organic perennial crops will be renewed one day, it can bring positive environmental impact in terms of sharing good practices of land and environment conservation. Therefore, contribution to the environmental protection was evaluated as **rather high**.

Good (democratic) governance: It seems that at the initial stage of the project Caritas was successful in engaging local authorities and the line ministries (e.g. Ministry of Agriculture of Georgia). At a later stage substantial challenges emerged, particularly in Guria, where the largest cooperative supported through this project failed to ensure adequate legal setup and ended in a tax dispute with the Revenue Service of Georgia. It seems that at later stages of the project implementation, as well as after the project termination, the beneficiary entities were not sufficiently proactive and transparent, and did not have necessary capacity to ensure proper management and governance of their respective organizations, whereas implementing partners (ABCO/GABC) and Caritas CZ failed to properly guide them through this process. Therefore good governance was evaluated as **rather low**.

Visibility: There was some media coverage of the project and 6 project photos were part of Caritas CZ 2011 calendar, which was distributed to wide range of partners, donors and institutions in the CR and Georgia. In some cases there were no Czech logos present (e.g. on all training materials developed from the project, ARSC and Guria buildings). Therefore visibility was evaluated as **rather high**.

1.3. Major recommendations

Recommendations towards the project and continuation of the development cooperation

Recommendation	The main addressee	Severity
1. Steady presence of Caritas CZ project manager in Georgia	Caritas CZ	1
2. To motivate the implementing partner organizations to be interested in the project even after it terminates (e.g. by a contract stipulating the consultation and monitoring based on commercial terms) and to keep observing this project in a long term manner.	Caritas CZ	1
3. Long term monitoring in order to protect the ownership and access to the equipment by the individual farmers/cooperatives (e.g. fruit dehydrator in Kvenobani, cheese factory in Akhaltsikhe, GABC x Agroproduct).	Caritas CZ CZDA,	1
4. Guria - the cooling systems should be repaired immediately (isolation), the humidity should be then measured with some simple equipment. Apart from regular monitoring/creating a business plan, no further finances should be allocated to this particular project.	CZDA	1
5. Guria - If the development intervention is supposed to support cooperative farming for small farmers, we recommend an extension of membership of Agroproduct to small farmers. In other case it is recommended to establish a non-profit company and use their private investment to run the company (ltd.)	Caritas CZ	2
6. For identification and monitoring of similarly oriented projects, we recommend to put higher emphasis on building sufficient managerial and marketing capacities of new entities and clearly define their ownership relations	CZDA	1

Recommendations towards the processes and systems

Recommendation	The main addressee	Severity
More power in project observation for the Embassy of the Czech Republic after the project terminates.	MFA	1
English as the official language of evaluation reports.	MFA	1

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2. Introduction

The main goal of the evaluation was to obtain conclusions based on facts that will be useful for further decision making of the Ministry of Foreign Affairs in cooperation with the Czech Development Agency about the future alignment of the Czech development cooperation with Georgia. More specific evaluation questions were asked, e.g. if more funds should be invested into the projects in Guria. The client also expected information for future implementation of similar types of projects in other partner countries of Czech development cooperation.

3. Background information about the project

3.1 Project description

The project was implemented from 2008 to 2010 in the framework of program for Reconstruction and Development Aid for Georgia after the conflict in August 2008. The financial resources for the program of total amount of CZK 150 million were allocated by the Governmental resolution no. 1063 from 20. 8. 2008. The main aim of this special development program was a quick reaction to the post-conflict situation in Georgia. The Caritas CZ project was not financed and supervised by the Czech Development Agency, but directly by the Development Cooperation and Humanitarian Aid Department of the Ministry of Foreign Affairs of the Czech Republic.

The urgency of rapid reaction might be one of the reasons why standard processes like identification of the project, formulation of intervention's logic for the whole project and implementation were conducted in rather non-standard way. Also, the MFA does not have all the project reports available (missing annexes and mid-term year reports), which made the reconstruction of the project logic difficult and hindered the whole process of evaluation. On the other hand Caritas CZ had been present in Georgia for several years before the project, so good knowledge of the Georgian legal, social and business environment could be expected.

The intervention's logic of the project expressed by the logical framework and specification of outputs and activities was changing every year to such extent that is now impossible to match all original aims and outputs of the project with final outputs. According to the original project proposal from 2008, which was developed into more details by the "strategic plan for the project implementation" (Output 1.1), the project had following goals, three main objectives and their outputs:

Overall goal of the project: Development of rural areas through the support of associations of small farmers as a mean to increase their effectiveness in terms of access to the resources, marketing of their products and adjustment to the new law on food safety standards.

Objective 1 - Analysis of best practices of small farmers cooperative farming in Georgia and preparation for the implementation of similar projects in selected regions (*indicator: references of international donors in Georgia, application of output outside the project*)

Output 1.1. - Strategic plan for the project implementation in 2009 and 2010

The strategic plan was based on the "quantitative and qualitative survey of relevant documents, wholesalers with food commodities, professionals, managers of processing units and 2000 farmers in selected villages". It should have defined in a clear way future detailed activities for smooth implementation of the project in following years. It was supposed to contain "strategies for the coordinated marketing and secondary processing of the production".

Output 1.2. - Guidelines for the best-practices of cooperative farming of small farmers

Under this output the guideline was supposed to mention some best practices of cooperative farming, especially from those "functioning umbrella organizations from more developed regions in the west of the country" that negotiate with the wholesale customers, ensure joint supply of inputs, education of their members or provide primary or secondary processing on their own equipment". The aim was to provide a "manual of good practices of cooperative farming" applicable also outside the project areas. The material should have been distributed to "various donor and governmental institutions in Georgia" and should have contained examples from the project realization for future successful expansion of cooperative farming in Georgia.

Output 1.3 - Training materials for managers of cooperatives

The training materials developed from the project were intended for training of cooperatives members within the project as well as for the “project replication” by main partner organization ABCO. According to project document it should contain “results, data and experiences from the feasibility study”.

Objective 2 - Increase of effectiveness of milk/potato/fruit production (*indicator: increased quantity and quality for all beneficiaries*)

Output 2.1. - Trained beneficiaries of the project

According to the strategy of project implementation the new farmer’s group should receive trainings in business planning and respective trainings of production and processing of their own products.

Output 2.2 - Access to the necessary expertise

Under this output they were supposed to receive services in form of extension and consultations on similar topics like trainings above.

Output 2.3. - Equipment provided to the beneficiaries - small farmers

This output included distribution of necessary equipment and material.

Objective 3 - Market access improvement for small milk/potato/fruit producers (*indicator: selling of products of cooperatives members under better conditions*)

Output 3.1 - Established cooperatives in selected villages

Under Output 3.1 the project aimed on establishment of small farmer’s associations. The choice for each group was “to be registered as a farmers’ cooperative, association, union or legally registered entity”.

Original intention was to focus on Samtskhe-Javakheti Region with two project areas: Akhaltsikhe and Adigeni and on Guria region’s 2 districts – Ozurgeti and Chokhatauri. According to the strategy developed during first two years of implementation and based on wide analysis of local conditions the aim of the project was to establish following cooperatives:

- 1. The Cheese Processing Unit in Samtskhe-Javakheti Region where 8 new jobs will be created and 13 tons of cheese produced every year.** The processing was supposed to be based on milk collection where 3-6 new jobs were to be created, 200-380 local farmers provided with the opportunity to sell their milk and 800-1300 indirect beneficiaries receive additional cash income.
- 2. The Fruit Processing Unit (marmalades, comfitures and other related products) in Samtskhe-Javakheti Region,** where at least 250 person could sell their fruits, with production of at least 1800 kg, with project beneficiaries income increased by 30%.
- 3. The Fruit Processing Unit (dried fruit production) in village Kvenobani in Guria region** with annual production volume of 10 tons of dried fruits, with revenues of 40 000 EUR, increased revenues for the farmers by 40%, 8 permanent jobs created)
- 4. The Fruit Sorting and Preserving Unit in the village of Likhauri in Guria region** (processing capacity of 800 t, with services to 300 fruit farmers, increased revenues for the farmers by 40%. 15 permanent jobs and annual income of 140 000 EUR)

Output 3.2 - Improved quality and quantity of processing in selected regions

The objective of Output 3.2 was to provide newly created or supported cooperative units with necessary equipment for primary or secondary processing. The technical training with the equipment would be provided by the hired external experts. Also the project should have provided “detailed definition of the ownership of the equipment”. The original aim of the project was to support production and processing of fruits, potatoes and milk. Every cooperative was supposed to create its own marketing plan and improve their managerial and marketing capacities supported from the experts from ABCO.

Output 3.3. - Cooperative units providing market access for their members

According to the project proposal the Output 3.3 should have focused on activities related to legal and administrative support of new cooperatives, marketing and managerial trainings for key persons. Besides that, marketing plans containing transportation, strategies of marketing, action plans, overview of the relevant markets, databases with contacts and communication channels to processors, exporters and distributors should be included for each cooperative. Commodity round tables for each commodity and market were to be organized in order to prepare and sign supplier contracts of all cooperatives.

Changes during the implementation

Based on the original structure of the project, it is possible to conclude, that none of the main objectives was fulfilled and currently none of the cooperatives established during the project function according to the intended plans. Therefore, it was not possible to evaluate extent of benefits or impact on small local farmers by quantitative methods and the evaluation was limited mainly on qualitative findings.

However, **during the 2009 and 2010 the project logic changed to a substantial extent** mainly in the two following outputs:

1. In Samtskhe-Javakheti Region Caritas CZ decided to **spend substantial resources on separate (already existing) entity - Akhaltsikhe Rural Service Center**, instead of full support to the milk and fruit cooperatives of small farmers.
2. Instead of supporting two small village-based cooperatives in Guria region identified in the project proposal and strategic plan, Caritas CZ decided to **create one cooperative Agroproduct based in administrative capital Ozurgeti**.

The reason for these fundamental changes is not properly justified nor explained in the project documentation that was available to the evaluating team. Besides that, the evaluating team has not received any evidence or documentation with approval of the donor.

Table 2 - comparison of cooperatives/associations established/supported by the project

Name of the entity	Milk association	Marmalade association	ARSC + ABC	Agroproduct	Union of dry processing
Location	Samsthe-Javachetie - Akhaltsikhe	Samsthe-Javachetie -Ude	Samsthe-Javachetie - Akhaltsikhe	Guria - Ozurgeti	Guria - Kvenobani
Type of institution and main purpose	Non-profit association	Non-profit association	Non-profit association	Cooperative	Informal community based organization - cooperative
Main purpose	Local production, processing and distribution of milk products	Local production, processing and distribution of marmalades	Renting of equipment to members and non-members and, providing seeds and consultations	Production, processing and distribution of fresh and dry fruits (including organic quality)	Production, processing and distribution of dry fruits
Size (number of members)	5	Extended family (about 5 members)	4-6 individuals	7 individuals	12 families from one village
Membership	Milk farmers	Small fruit growers	ARSC – 5-6 individuals (farmers who use the services need not to be members)	Director of GAB, her brother in law – Agroproduct director, GAB financial manager, 2 local coordinators, 2 farmers (middle)	12 families of small farmers
Main products or service	Milk and cheese	Marmalades	Tractor and related machinery renting, potato seed distribution, consultation on seed, agro techniques and use of agrochemicals	Citruses, blueberries, persimmon, kiwi	Persimmon, tea, blueberries
Czech ODA projects as co-financing	none	none	Purchase of equipment for the ARSC, Support of potato distribution	Purchase of sorting and cooling equipment – officially transferred to GABC, Support of organic certification	Support of organic certification
Currently active	yes*	no	yes	no	yes
Amount of production in 2011 and 2012	The production was active during the season of “summer milk” according to the orders from the	2011 – 300 kg 2012 – none, with no planned production this year	According to documentation, the tractor was rented regularly until May 2012. However, since then any new continuation was not provided to the evaluation	2011 – purchased citruses got rotten due to poor storage 2012 - none, with no planned production	2011 – 800 kg of persimmon, 300 kg of blueberries and 1200 kg of tea 2012 – no blueberries, similar amounts of tea and

	customers		team		persimmon like in 2011
Equipment financed from Czech ODA	Equipment for milk and cheese processing— other co-financed from UMCOR	Equipment for marmalade processing	Tractor Farmtrac, Administrative building, which is officially registered to ABC. Other equipment co-financed from other project of Czech ODA, Mercy corps, Japan Embassy and other donors	Dryer, concrete base and floor of cooling house, packing machine, over-sized fruit processing machine, administrative building	Organization use the dryer, which is in official possession of Agroproduct

*** However not with the originally intended milk farmers**

The evaluation of the project and relation between resources and outputs complicated the fact, that cooperatives and rural centers created and supported during the project **received massive support from other projects financed from Czech ODA.**

The Achalciche Rural Service Center received additional support from two projects:

1. "Building of capacities of agricultural mechanization centre in the region of Samtskhe-Javakheti" - total budget 1 821 557 CZK, donor CZDA. The implementing organization was also Caritas CZ. Under this project the ARSC received warehouse for potatoes, support for potatoes and cereals distributions and trainings in production techniques.
2. "Mechanization centre in region of Samtskhe-Javakheti" - total budget 1 991 714 CZK, donor CZDA. The implementing organization N.O.P.O.Z.O.M. Under this project the ARSC received various mechanization and equipment for the tractor.

The Agroproduct/GABC facilities in Ozurgeti received additional support from two projects:

1. "Processing and conservation of fruits in region of Guria" - total budget 4 917 000 CZK, donor CZDA. The implementing organization was joint implementing group of Ircon s.r.o and Ing. Drahomir Klimeš. In the framework of the project Agroproduct/GABC received equipment for the fruit sorting, storing and cooling.
2. "Building of capacities of fruit farmer association in region of Guria" - total budget 1 916 037 CZK, donor CZDA. The implementing organization was Caritas CZ. Under this project the Agroproduct/GABC received support for organic certification of berries, international marketing support, equipment for the establishment of fruit nurseries and fruit sorting, and trainings in production techniques.

The project outputs were co-financed and cross-financed from different sources without clear distinction, visibility and definition of responsibility between implementing organizations. Especially, the failure of project outputs in Guria is shared between two different implementing organizations and two institutions of one donor. Since formally **Agroproduct cooperative has only 7¹ members and not "more than 250 members" small-farmers as was claimed by Caritas CZ.**

Besides that some of the equipment was purchased according to tender specification of CZDA for the GABC and some of the equipment was purchased for Agroproduct. This institutional set up contributes to the "deadlock" that complicates sustainability of all 3 projects. The result is that none of the outcomes of all 3 projects in Guria was fulfilled in an effective or sustainable way and did not bring the necessary positive impact on the life of small farmers.

¹ Among those 7 members, 3 are farmers. GABC actually worked with the farmers, BUT most of the time they are regarded either as suppliers, or beneficiaries (not equal partners/participants/members etc). At the same time a couple of farmers out of this 250 (like those three cooperative members) act as consultants and local village mobilizers.

3.2 Key assumptions and risks

The original project proposal **identified four assumptions and risks**:

1. Risk of worsening of the political and economical situation
2. Risks associated with links between profit and non-profit sectors
3. Risks associated with “nationalizing” private ownership. This risk was supposed to be avoided by the fact that members of the church-base implementing organizations were to be presented in the boards of created cooperatives.
4. Consumer demand

However, based on the evaluation findings the main assumptions of the project were following (they are included in the reconstructed logical framework - Table 3):

1. **Enforcement of the food safety law.** In case of the creation of farmer’s milk association in Akhaltsikhe the project assumption was based primarily on the fact that Georgian parliament approved new legislation concerning food safety standards similar to EU regulations and this law is enforced. It is mentioned several times in the project documentation from 2009, that creation of milk association is necessary due to this new legislation, that prohibits selling of non-pasteurized milk and introduces strict safety rules. However, even though the law was approved by the parliament, it has never been enforced for small farmers².
2. **Needs of farmers.** Another important assumption should be that farmers need to be united in order to improve their access to the resources and make their marketing and selling more effective.
3. **Will for the cooperation.** In general, based on the bad experience from forced collectivization during time of the Soviet Union, the will of farmers to cooperate under one umbrella organization is very limited. It needs a lot of effort to break old stereotypes that inhibit any trust among cooperating farmers.
4. **Institutional set up according the Georgian law.** The legal environment in Georgia is very unstable and complicated. The tax law can decrease efficiency of registered cooperatives through complicated and demanding tax system. Therefore, the assumption that the new cooperatives can be formally registered according to the Georgian law should have been included.
5. **Continuous support from ABCO.** Since the Georgian organization supports small and middle enterprises development in Georgia, the assumption should be its continuous support to new cooperatives even after the project termination. At least, support in form of consultations and time-to-time direct monitoring could be directly stipulated between Caritas CZ and its main implementing partner. ABCO claims its continuous support to the cheese and marmalade production and argues that it is not possible to serve them as sales agent forever.

Caritas CZ named other external factors that influenced the project during its implementation:

- minimum of state support in the area of agriculture and small business support
- ultraliberal market
- strict tax authorities
- fragmentation of agricultural fields after the privatization
- macroeconomic factors – inaccessibility of prior markets
- about 40% of labor is active in agriculture, the share of agriculture on GDP is only 9%³
- time pressure on project implementation and identification from the side of CZDA between 2008-2010.

² Transparency International about food safety regulations in Georgia (“Food Safety in Georgia”, 2009 & “Competition in Georgia”, 2012) that review food safety regulations, situation on the market, political and economic background. (available from: <http://www.transparency.ge/en/content/food-safety-georgia> and <http://www.transparency.ge/en/post/report/tiq-publishes-report-on-competition-in-georgia>)

³http://geostat.ge/cms/site_images/_files/georgian/agriculture/2011%20wli%20soflis%20meurneoba.pdf

3.3 Reconstructed logical framework

Due to the unclear structure of the project, where different aims, outputs and assumptions were defined in different way in various project documents, the evaluation team decided to reconstruct the whole project logical framework. The new framework is in Table 3. Red parts represents original logical framework, black parts reconstructed logical framework by the evaluation team.

However, in 2010 Caritas CZ developed a completely new structure of the project intervention logic, which did not follow approved structure of the project and numbering of aims and outputs from previous two years. Assumptions, risks, objectives or new goal of the project were not defined at all. Due to incompatibility of the numbering it is not possible to include the last year into the original logical framework and link new outputs with original numbering of aims. It is necessary to deal with this year separately. The 2010 logical framework is in Table 4.

Table 3 - Reconstructed logical framework 2008-2009

	Intervention logic	Indicators	Sources of indicators	Assumptions and risks
General objective	Development of rural regions in Georgia	Increased volumes of agricultural production, increased access to the markets for the small farmers	Evaluation, questionnaires	Stable political and climate environment, consumer demand
Aims	1. Analysis of best practices of small farmers cooperative farming in Georgia and preparation for the implementation of similar projects in selected regions	References by international donors in Georgia Application of outputs outside of the project Printed manual used outside the project	Survey among agriculture business professionals	Availability of information sources. Willingness of target groups to answer the survey questions Will of the farmers to cooperate
	2. Increase of effectiveness of milk/potato/fruit production	Increased amount and quality of production	Evaluation, survey Accounting books	Appropriate climatic conditions Need of the farmers to reach higher efficiency through cooperation
	3. Market access improvement for small milk/potato/fruit producers	Selling of cooperative members under better conditions Number of long-term cooperative customers increased	Accounting of cooperatives	Demand on the food market Enforcement of the food safety law even for small farmers No tax or legal complications for registration of new cooperatives Continuous support of Georgian project partners even after the end of project
Outputs	1.1 Strategic plan for the project implementation in 2009 and 2010	Annual report, strategic plan Printed report	Evaluation Report	
	1.2. - Guidelines for the best-practices of cooperative farming of small farmers	Publication, interest of donor community Printed publication	Qualitative research	
	1.3 - Training materials for managers of cooperatives	Interest for training Printed training materials in form of easy to work brochures	Evidence of partner organization Brochures	
	2.1 - Trained beneficiaries of the project	Increase of quantity and quality of	Evaluation, survey	

		production Increase of the knowledge of participants All cooperative members trained	Final tests Lists of participants	
	2.2 - Access to the necessary expertise	Expertise in the local communities Expertise available throughout the year	Evaluation, observation Protocols from contact with beneficiaries	
	2.3. - Equipment provided to the beneficiaries - small farmers	Increase of quantity and quality of production Equipment is legally owned by the members that actively use it	Evaluation, survey Protocol of transfers of legal rights to beneficiaries Statute of the cooperative	
	3.1 - Established cooperatives in selected villages	Registration Statutes defining membership and profit sharing Number of farmers as cooperative members for each cooperative	Evaluation, observation Officially registered statute	
	3.2 - Improved quality and quantity of processing in selected regions	Processing of commodities Added value of cooperative products Certificates of quality	Accounting evidence of the cooperative unit Value chain analyses Certificates	
	3.3. - Cooperative units providing market access for their members	Number of farmers in each cooperative Number of customers increased	Number of formally registered farmers Accounting evidence	
Activities	<p>Activity 1.1.1 – Study of materials</p> <p>Activity 1.1.2 – Quantitative survey</p> <p>Activity 1.1.3 – Qualitative survey</p> <p>Activity 1.1.4 – Preparation of the strategic plan</p> <p>Activity 1.2.1 – Preparation of guidelines of best practices of cooperative farming</p> <p>Activity 1.3.1 – Preparation of training module</p> <p>Activity 2.1.1. - Training of business planning</p> <p>Activity 2.2.1 – Training in citrus, kiwi and nuts cultivation</p> <p>Activity 2.2.2 – Training of milk collection</p> <p>Activity 3.1.1 – Meetings in villages</p> <p>Activity 3.1.2 – Establishment of cheese processing company</p> <p>Activity 3.1.3 – Establishment of fruit processing company</p> <p>Activity 3.1.4 – Establishment of dried fruit processing company in Guria</p> <p>Activity 3.1.5 – Establishment of fruit sorting and storing in Guria</p> <p>Activity 3.2.1 – purchase and distribution</p>			

	of equipment Activity 3.3.1 – Marketing and management training for key persons in cooperatives Activity 3.3.2 – Marketing and planning support for cooperatives Activity 3.3.3 – Survey of markets, networking and development of distribution databases Activity 3.3.4 – Commodity round tables			

Table 4 – Reconstructed logical framework 2010

	<i>Intervention logic</i>	<i>Indicators</i>	<i>Sources of indicators</i>	<i>Assumptions and risks</i>
New outputs in 2010 The aims were not specified	1.1 – Increase of competitiveness of the cooperative in Guria	BIO certificate for 20 tons of kiwi, 50 tons of blueberries and 100 tons of tea Double increase of sold products	Accounting books	
	1.2 – Development and sharing of good practices examples of the cooperative	Presentation on international fair Document Meetings in 2-3 regions of Guria	Protocols from the fair or meetings Photo-documentation	
	1.3. - Support of cooperative members for better participation on cooperative activities, enhancement of knowledge of members	15 members will implement the plans 22 to 50 members will participate on trainings	List of participants, photo-documentation	
	1.4 – Equipment of the cooperative for increase of quality of services for the farmers	Training and administration building is build and equipped	Protocol, photo-documentation	
	1.5. - Increase of capacities of mechanization centre in Akhaltsikhe (ARSC)	Tractor is bought Office room is reconstructed Existing study plans 15 trainers trained 120 farmers attend the Sunday school	Protocol, photo-documentation List of participants	
	1.6 – Continued support and capacity building of fruit processors in Adigeni	Packing equipment is bought and installed Association members are trained	Protocol, photo-documentation	
Activities	Activity 1.1.1 – BIO (organic) certificate for wild and perennial crops Activity 1.1.2 – Development of bar codes for dry fruit and tea products Activity 1.1.3 – Pilot project on extra-large fruit processing for jams and marmalades Activity 1.2.1 – Participation on international economic forum or fair Activity 1.2.2 – Sharing of experiences of good cooperative farming Activity 1.3.1 – Putting into the practice of strategic and marketing plan of the cooperative Activity 1.3.2 – Training for fruit processing farmers Activity 1.3.3 – Training for perennial organic product cultivation Activity 1.4.1 – purchase of building material and building of training and administration building Activity 1.4.2 – Furnishing of administrative and training building with furniture,			

	<p>computers and internet Activity 1.5.1 – purchase of farming machinery (tractor) for ARSC Activity 1.5.2 – Renovation of office rooms in ARSC Activity 1.5.3 – Establishment of the Sunday school for young farmers with focus on soil cultivation and animal breeding Activity 1.5.4 – Development of the study plan for soils cultivation and animal breeding Activity 1.5.5 – Organization of the trainers training Activity 1.6.1 – Purchase and installation of packing equipment for the association Activity 1.6.2 – Organization of the training for association members</p>			
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3.4 Caritas CZ as an implementing organization

Caritas CZ is one of the largest Czech non-governmental organizations (previously known as the Czech Catholic Charity) operating in the field of development cooperation and humanitarian aid. It operates through its network of archdiocese and diocesan caritas and is a member of Caritas Internationalis and Caritas Europe. Caritas CZ operates mostly in the field of social and health area and provides humanitarian aid and development cooperation in countries affected by natural disasters or war conflicts. Some of the countries of operation include Indonesia, Mongolia, Moldova, Georgia, Serbia, and Haiti. In Georgia, it started with humanitarian assistance especially after the armed conflict in 2008 and currently concentrates on agriculture, healthcare and civil participation in decision-making processes.

4. Methodology of evaluation

The chosen evaluation strategy is in compliance with the Code of Ethics for Evaluators (Czech Evaluation Society, 2011) and strives for proficiency, integrity and responsibility.

4.1 Methods of data collection

The secondary data was collected primarily during the preparatory phase and partly during the field phase. Our team studied the available project documentation in detail (project proposals, budgets, annual reports and monitoring reports including the Czech embassy monitoring, contracts, completion certificates).

We studied the strategy of Czech development cooperation with Georgia and other Czech ODA projects in this region, as well as operations of other foreign donors (Mercy Corps, UMCOR). The web pages of all stakeholder organizations were studied, as well as maps of the project areas. In Georgia, press monitoring was carried out in order to find out if and how the projects are presented in the media.

The sources of objectively verifiable indicators were inspected – the training materials, the best practice manual, the list of participants, the law on food security etc.

The primary data was collected mainly through the **semi-structured interviews using questionnaires**. Our team was aiming at making the evaluation a useful exercise and process for all stakeholders.

We applied a participatory approach already during the preparation phase and asked the representatives of the Ministry of Foreign Affairs, Czech Development Agency, Caritas CZ and the Czech embassy in Tbilisi to express their opinions on what the evaluation should concentrate on and what could be its added and unique value. We did the same with the representatives of the Georgian implementing and beneficiary organizations.

Consequently, the questionnaires were prepared separately for every group of respondents – taking into consideration their relationship towards the project and the type of benefits. The evaluation questions were divided into the sections of relevance, effectiveness, efficiency, sustainability and the cross-cutting fields (good governance, gender, environment and climate). We concentrated on obtaining mainly the qualitative data.

The evaluation questions were modified once they were tested in the field. We left as much space as possible to the respondents to express their relationship freely, assessments and recommendations towards the evaluated project and its outputs. Our Georgian colleague Tamar played a crucial role during the interviews in Georgia not only as an interpreter but also as a patient verifier of the obtained answers. As she explained, it was important and necessary to ask some of the questions more times and by repeating the answers, to verify if our understanding of the answer was correct. She also made sure that the role of our team was strictly understood as for the purposes of evaluation only, not for the identification of new projects.

Some of the individual interviews were carried over the telephone as some of the end beneficiaries had moved to distant locations.

After finishing the interviews with the project beneficiaries, we carried a second round of interviews with the partner and implementing organizations in Georgia. We also sent a list of additional questions to the current and also former Caritas CZ team members in order to verify our conclusions.

Criterion of “visibility of the Czech development cooperation” was added to our assessment as we found it an important part of the project implementation.

Next to the individual semi-structured interviews, **group discussions** were used as another tool for data collection.

Direct observation of the concrete projects outputs was carried out at every project area. Our team compared the stated outputs in the project documentation with the reality. An important part was also the state and quality of the training outputs and achieved knowledge, the quality of the created business plans by individual associations etc. The process of triangulation was conducted.

Our team also concentrated on evaluating the institutional setting and functionality of the cooperative and rural service centre structure – the democratic governance, the transparent economy, management efficiency, inclusiveness and ownership from the side of small farmers, financial sustainability, marketing and distribution channels and legislative conformity.

Besides that, our team tried to spend as much time with the end beneficiaries as possible. In between the meetings, we paid attention to **informal interviews**. We carried **observation transect-walks** and talked to randomly met farmers. At the end of each day, we summoned up the most important findings as a team including from our local driver who helped us to understand what the people were really saying.

The end beneficiaries were chosen for an interview from the lists that were part of the project documentation (e.g. the members of associations, the participants of trainings etc). We did our best to choose the respondents independently from suggestions of local partners’ managers. In order to secure a diverse sample, we took into consideration the following criteria:

- scale of benefits
- locality – respondents living close by/far from the project centre
- gender
- age
- ethnic/religious alliance

During the field phase we faced a few obstacles

- **inaccessibility of some documentation** (e.g. mid-term reports, the approval of changes during the project implementation by the donor, blueprint documentation of the floor in Ozurgeti, Best practice Manual - updated version)
- **some of the projects did not continue as planned, so the intended end beneficiaries were not part of the project any more** (e.g. the farmers delivering milk to the Dairy farmers association, the farmers attending Sunday school for farmers, the people collecting blueberries for sale, farmers in Guria who are not Agroproduct members but just its possible suppliers etc.). It was therefore difficult to collect quantitative data.

For complexity we mention that the field phase was conducted one week after the local elections. The evaluation team however believes that the data collection was not influenced by any way.

The evaluation report was written in English and only later was translated to Czech by a professional translator RNDr. Monika Helingerová, Ph.D.

4.2 Sources of data

Stakeholders in the Czech Republic

- Caritas Czech Republic
- Former project managers of Caritas Czech Republic
- Czech Development Agency – Department of Project Identification and Monitoring (Georgia)
- Ministry of Foreign Affairs of the Czech Republic - Development Cooperation and Humanitarian Aid Department
- Referential group

Stakeholders in Georgia

- The Czech embassy in Tbilisi
- The main partner implementing organizations - Caritas Georgia, Association of Business Consulting Organizations of Georgia (ABCO), Guria Agribusiness Centre (GABC)
- The supported local organizations - Akhaltsikhe rural service centre, Agroproduct
- The end beneficiaries
 - The trained trainers by Akhaltsikhe rural service centre
 - The farmers using the services of Akhaltsikhe rural service centre
 - The fruit processing association members
 - The Milk Association members
 - The Kvenobani local coordinators for dried fruit/tea and blueberries
 - The members of individual associations
 - The farmers who attended the agricultural trainings
- The consultants of ABCO
- The lecturers from the State agricultural university employed by ABCO for the trainings
- The representatives of the local authorities
- The members of the communities who are not beneficiaries of the project

5. Major Findings and Conclusions

5.1 Relevance

5.1.1. Relevance of the project to the Program of Development cooperation of the Czech Republic with Georgia

The project was primarily based on the decision of the Czech government no. 1063 from 20. 8. 2008 with the main aim to react quickly to the negative impact of the war conflict between Georgia and Russia. The identification of the whole program was based on the joint identification of CZDA and the Czech embassy in Georgia from 2008. The main aim was to improve situation of the internally displaced people in the conflict's areas. Agriculture was one of the identified sectors for possible intervention.

5.1.2. Relevance based on the needs assessment in the project areas

The concrete selection of localities for the project was based on quantitative and qualitative assessments of The Samtskhe-Javakheti and Guria regions organized by Caritas CZ during first stages of the project in 2008 and 2009 and on secondary sources from other donors and development organizations. Besides that, the concrete steps for the selection and support of small-farmer's associations were outlined in business plans prepared by each of the respective group.

Akhalsikhe Projects

During the 5-day training, different business proposals were created. Consequently, 2 projects were chosen for support - one for cheese production and the second one for marmalade production. The cheese production included 2 different business proposals, putting together 2 different groups from different geographical locations (Adigeni is some 15 km from Akhalsikhe), forming **Dairy Farmers Association** together:

1. By Malkhaz and Tristan Mschvilidze (29.05.2009): "The business idea of the initiative group aims at creating a small milk processing workshop based on existing cattle breeding in the village Unc'a in Adigeni region. The workshop should process fresh milk of their own production as well as bought milk from the farmers from the nearby villages." Currently, both farmers produce sulguni cheese in their own home workshop.
2. By Theimuraz Usov, Medea Berdzenišvili and Jura Stambulcjan (15.05.2009): "The business idea of the initiative group aims at creating a small milk processing workshop in Akhalsikhe town and buying raw milk from Akhalsikhe and Adigeni regions for further processing."

The marmalade production:

by Stephane Gigolašvili, Cicino Abuladze, Nodar Gigolašvili and Rusudan Gigolašvili (15.05.2009): "The planned business activity is collecting fruits and berries growing in Adigeni region, processing and distribution of the ecologically pure marmalades, juices and syrups."

Generally, both business proposals are very simple and lack capacity assessment of the association and marketing strategy how to sell the cheese and the marmalades and to whom.

5.1.3. Cooperatives in Development Cooperation and Rural Development

The original concept of the project was based on building rural institutions and mobilizing small farmers through support of cooperatives. This in turn would support markets and poor people's access to them. This highly relevant approach is widely used in development cooperation and is practiced by many different donors. The positive relationship between economic development and institutional success is widely documented.

It is based on the recognition that market opportunities are limited by the transaction costs resulting from inadequate information, incomplete definition of property rights and barriers to entry for new participants. Institutions support markets by helping to manage the risks of market exchange,

increasing efficiency and raising returns. But not all institutions lead to growth, nor is there one set of institutions which guarantee growth.

The year 2012 was proclaimed by the United Nation as the International year of cooperatives. According to the UN definition, “cooperatives are business enterprises owned and controlled by the very members that they serve. Their member-driven nature is one of the most clearly differentiating factors of cooperative enterprises. This fact means that decisions made in cooperatives are balanced by the pursuit of profit, and the needs and interests of members and their communities”⁴. Besides that, the clear distinction of cooperatives is that they are based on cooperative principles of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives and concern for the community.

5.1.4. Cooperatives and Rural Service Centers according to Georgian National Law and Strategies

According to Georgian law, a **Cooperative** is one of legal, organizational forms for entrepreneurial, commercial, profit making entities/organizations. They are mainly governed by the Laws of Georgia on Entrepreneurs (or Entrepreneurs Law) and the Tax Code.

According to this law a Cooperative is governed by a Board of Directors, and may also have a Supervisory Board to control the Board of Directors. Nevertheless, the major decision making body is the General Assembly of Cooperative members/shareholders that has to be convened at least once a year. Each cooperative member/shareholder has one vote, unless otherwise stipulated in the statute of the cooperative. In general, compared to other commercial enterprises/entities cooperatives have more freedom to direct their activities based on their own statute than the law. At the same time, due to the fact that legal stipulations for cooperatives are relatively vague compared to other organizational forms of entrepreneurial organizations, this can lead to misinterpretation of the law both by cooperatives and state agencies and lead to legal disputes (for example lead to a tax dispute).

Cooperatives are taxed like other profit-making entities/organizations based on their activities, assets, property, profits, etc. In general they don't get preferential treatment. In other words, cooperatives would potentially be subject to a Profit Tax (current rate 15%), a Value-Added Tax - VAT (18%, if registered as a VAT taxpayer and if the total amount of taxable income from economic activities made more than 100,000.00 GEL within one consecutive year) and a Property tax – 1% on the self-assessed value of property (if and when applicable)⁵.

Support and capacity building of cooperatives is widely practiced by donors in Georgia. However, cooperative approach has also its limits and critics. The problem is especially ideological background caused by the inheritance from Soviet Union forced collectivization and establishment of cooperative.

Interview with Caritas CZ - September 20, 2012 suggested the cooperatives are working well:

- 1. Are the purchase prices higher when selling to a cooperative compared to selling directly? Yes, the overall profit is higher for farmers as the costs in total are lower in a cooperative.”**
- 2. When do the farmers get paid? “After the cooperative sells the commodities. E.g. in Guria, the farmers don't want to accept these conditions.”**
- 3. Are the farmers obliged to sell only to the cooperative? “No.”**
- 4. How do the cooperatives finance their administrative costs? Are they able to finance these costs without the help of the project money? The administrative costs are paid from the profits. We don't know the exact percentage of administrative costs; it would be interesting to find it out.”**
- 5. Are cooperatives common even in other areas in Georgia? Based on our research a few years ago, we think that farmers cooperate more on bases of extended family, but not a community.**

⁴ ILO, 2010. Project Design Manual A Step-by-Step Tool to Support the Development of Cooperatives and Other Forms of Self-Help Organization, available from: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---coop/documents/instructionalmaterial/wcms_159819.pdf

⁵ Transparency International - Georgian Taxation System Overview http://transparency.ge/sites/default/files/post_attachments/Taxation%20in%20Georgia%20ENG_final_0.pdf

According to the original project documentation the goal of the project was to support cooperatives and cooperative approach in general. However, in the last year of the project implementation Caritas CZ decided to allocate some resources (mainly a tractor - 720 000 CZK and renovation of the building - 215 000 CZK) also as a support to the Akhaltsikhe Rural Service Centre, which is not the cooperative by the purpose nor by the law.

The ARSC is example of the so called “**Rural service centre**” which is the form of organization that provides services and rents its machinery to the farmers (formally it is a membership organization and “members” pay dues to use its services (e.g. renting tractors). Even though this output differs from the original intention to support small farmer’s cooperative, the rural service centers can be regarded as highly relevant institutions for the rural development in Georgia. As such, they are supported by the Georgian government, other Czech ODA projects and various donors. In Georgia, these unions and associations are usually regarded as nonprofit entities if they are not entrepreneurial (e.g. created for profit making purposes). They can be registered as legal entities or not be registered at all. There are no specific rules for nonprofit unions as such; all nonprofit organizations fell under the definition of a non-entrepreneurial, non-commercial, legal person/legal entity and are governed by the Civil Code and the Tax Code. Usually these are charitable and grant-making associations/unions or community organizations. If they do not engage in any type of economic activities they are exempt from taxes (mainly profit tax, and VAT).

5.2. Effectiveness - To what extent were the project aims fulfilled

5.2.1 - Analysis of best practices of small farmers cooperative farming in Georgia and preparation for the implementation of similar projects in selected regions

According to the original project proposal **this project output should summarize “The Good Practices of Cooperative Farming”**, based on experiences of effective cooperatives especially from the western region of Georgia. The indicator developed for this activity was focused on application of this manual “outside of the projects framework” and take-over “by other donors in Georgia”.

Even though the name of the manual still speaks of “Best Practices of Cooperative Farming”, it includes only two chapters - “**Process of Establishment of a Rural Service Centre**” and “**Establishment of Loan Guarantee Funds in the Area of Agricultural Loans**”. As is described earlier in this report Cooperatives and Rural service centers are in Georgia “de facto” and even “de jure” two different concepts. Loan guarantee fund describes steps of establishment and provision of funds from perspective of the financial institution, which is irrelevant for the aims and activities of the project, since there is no cooperative involved in the Loan Guarantee Fund system.

Besides that, there is only an electronic version of this document, which is available only at the ABCO Caritas CZ and at agrogeorgia webpage⁶. None of the project partners has received a printed copy, nor are they actively using the manual. Therefore it was not possible to evaluate the effectiveness or impact of this output.

5.2.2 - Establishment of cooperatives

Two other outputs of the project (“increase of market access” and “increase of effectiveness” of cooperatives) are closely interlinked. However, the project was spread across several different localities in Southern and Eastern Georgia. Therefore, for the sake of the clarity of effectiveness of approach selected by Caritas CZ, we decided to structure following chapter not according to the original intervention logic but according to the geographical location of different project activities. In each locality, we will apply the structured approach according to the hierarchy of outputs and activities.

Samtskhe-Javakheti Region

⁶ <http://agrogeorgia.posterous.com/tag/development>

There were two associations of small farmers established under the project in Samtskhe-Javakheti Region. However, none of them operates in compliance with the original plan. In the last year Caritas CZ decided to also support the **Akhaltsikhe Rural Service Centre**, which is still working till date.

5.2.2.1 - Akhaltsikhe rural service centre

Establishment

The support of Akhaltsikhe rural service centre, located in the town of Akhaltsikhe, was not included in the original project proposal approved by the donor. Since rural service centers in Georgia do not fulfil criteria for cooperative of small farmers, it is difficult to link this output to the original logical framework and aims. The ARSC was supported and equipped from other two projects of Czech ODA (both supervised by CZDA) and still receives support from Japanese ODA and USAID. However, the centre provides important services to farmers in the region and its activities are organized in an effective way.

Support

ARSC functions well and it provides different services to all types of farmers. There is no special focus on small farmers. Main activities are related to distribution potatoes (financed from other Czech ODA projects) and renting out of machinery. According to the registration book of the Farmtrac tractor purchased from the project, the tractor had been used several times a week until May 2012. Since then our team did not see any continuation (according to the respondents, the book was not available in the office). When our team visited the machinery compound twice, the tractor was there with no visible sign of damages. Unfortunately, we did not see it working.

Training of trainers - Sunday school for farmers

During the initial interviews with Caritas Prague, we learned: "A Sunday school was organized for young farmers. The modules created from our project for the training of trainers were used during the Sunday school. However, the Sunday school implementation was organized by the ARSC and you have to ask them for documents."

ARSC recruited students from the Akhaltsikhe Vocational College "Opizari" and provided them with training. However, these trained trainers were not "used", as ARSC concluded the students were "not experienced enough and were not able to give clear answers to the farmers". Also the Vocational College refused long term cooperation in this project. Unfortunately, the students who were preparing for the teaching never received any feedback and were very disappointed (see one of the interviews in the box).

Interview with one of the students who participated on the training*:

1. Who invited you for the training? How were you selected?

I learned about it from the director of our Institute. Koka came several times and asked questions about our knowledge, if we would like to do some agricultural business and offered us to participate in this training. It took place in the ARCS, my main contact person was Konstantin.

2. What did you expect?

They said they will choose several people from our group who might work in the villages and train farmers. There was no direct promise of employment, but in general we believed that participation in trainings will contribute to our employment.

3. What did you learn? Did you find the training materials useful?

The first training was about livestock breeding – cattle, poultry and feeding and diseases. The second one was on different crops including potatoes.

We got CDs with power point presentations. I don't have any printed materials. We made notes to our exercise books. I used it all as additional source of information on Akhaltsikhe college.

4. How were you trained to teach?

There was no separate workshop on teaching skills, but Konstantin told us that at the end of the training we have to prepare 2 presentations - imitation of training. And based on the success, 5 people will be selected to later get a job to teach the farmers. Out of the 5, two people would be finalists and they would go to schools to teach kids on agriculture. Out of these 2, 1 would be employed. But we don't know anything after that.

5. Do you know who was selected?

No. I don't even know if someone was ever selected.

6. Did you ask someone for the results?

We were all from the same college, we communicated among one another, but no one knew if anyone was selected. Konstantin made some hints on whose presentations were good and who's not, but no choice. We did not contact anyone else, we were just waiting for the results. We wanted to continue, teaching was a good way to earn some money. It was on the level of rumors that it had finished because the financial aid finished”.

*other interviews confirmed the same information

Also, because ARSC faced problems with headmasters, **the Sunday school for farmers was never held**. ARSC is organizing different types of trainings for farmers, using mostly the teachers from the Akhaltsikhe Agricultural school. Konstantin Zhgenti claims that more than 100 farmers were trained. ABCO also claims that “the vocational institute is still using the materials.”

During the project the trainers and project partners received only electronic version of slide presentations. No other printed materials were developed. Especially, if the approach selected by Caritas CZ was “training of trainers” approach it could be expected that the training materials would contain also methodological and teaching instruction. According to ABCO “they were supposed to make their own notes” and “adapt those training materials given to them on CDs according to their needs and then use these materials to make own presentations”.

It was surprising for us to **find no training materials (printed or electronic) even at ARSC**. Gocha explained: “after the trainings were over, all the remaining materials were submitted to Tbilisi, reports were written by ABCO.”

5.2.2.2 Akhaltsikhe – Milk Association

One of two cooperatives established according to the original goal of the project was “The Akhaltsikhe Dairy Farmers Association” - registered 24th of August 2009. The aim of the association was to increase effectiveness of collection and processing milk by cooperation among member and non-member farmers and at the same time to improve access to the market through improved quality (sanitary standards and variety of production) for the local farmers. Unfortunately, at the time of the evaluation, the members were not in regular contact, and they continue to process and sell their milk as they used to do before the project. The milk processing as such operates (during the time of the evaluation there was no winter milk and therefore no cheese production) using available milk from any available sources (provided there are customers for the products).

Establishment

The association was selected from two proposals of different business plans from Akhaltsikhe and Untsa. The project proposal of two farmers (brothers) from Untsa was aiming on establishment of small processing unit for milk in their locality. Other group included small farmers and one milk processing technician. Both proposals contained the plan for improvement of logistic and equipment for the collection on milk (during summer, which is the only production season due to the availability of fodder, farmers are usually spread across the summer pastures and they have no access to the collection points in Akhaltsikhe or bigger villages). However, **Caritas CZ decided to join two groups together and focus attention on one milk processing plant in Akhaltsikhe**. The justification of this decision is not included in the annual project report.

Excerpts from the interviews with Association members (farmers, 1 technician):

“When we were writing this business plan, we didn't have much experience and did not believe some funding could really come”.

“The association members were not working so tightly together, they wrote a business plan but after that it was more coordinated by Ilja”.

“When we started, I didn't have so many cows, I was not taking them to the meadows. But now the cows are in the mountains. I move from pastures to pastures, it is cheaper – we don't have to store and transport milk but produce cheese immediately and store it in salty water. We are about 11 families that move together like this. We

had 50-60 cows, sold some, now have 35. We lend each other milk and cows, so we cooperate like this”.

“Their main goal was that the milk processing factory will help the local farmers increase their outputs and develop this small business. They thought this would work because they were sure these new food law will be introduced, wanted to be ahead and wanted to have the factory, suppliers and a distribution chain. There used to be a milk surplus and fewer factories so we had a competitive advantage”.

Support, marketing and distribution

During the project implementation, the group received several trainings on business planning, milk processing, cheese processing and animal breeding and insemination. Some of the trainings were financed from other donors. The cooperative members regarded the training as useful for their day-to-day work. However, they mostly did not receive printed materials at the training⁷. Our team believes that **the effectiveness of the trainings could have been increased even further if Caritas CZ provided any brochures or handouts to the farmers.** It is very difficult to use power point presentations as the only source for future revision of information provided (next to the hand written notes), especially for farmers with limited education and studying experience.

The responding milk farmers evaluated the obtained trainings in a positive way and as beneficial, e.g. *“before attending the trainings, I wasn’t considering all the costs, now I am able to make better calculations and see my situation in a long term.”* or *“attendance allowed me to widen my networking, I met new people. Also I have a better access to banks, although I didn’t get larger loan, Gocha helped me to find a smaller loan.”*

The association received trainings in marketing and some of smaller customers were contacted by ABCO (two shops in Akhaltsikhe and restaurant in Batumi), however, this was not done in thorough and sustainable way, so **there are no distribution channels for factory cheese products at the moment.**

Was the aim of the project effectively reached through this output?

The factory was moved from the original location to the building that is now owned by Akhaltsikhe AGRO. This is the new Ltd. company, partially owned by Ilja Zardiashvili, former local coordinator of the Caritas CZ projects in the Samtskhe-Javakheti Region. The company is co-owned by Akhaltsikhe rural service centre and 2 other private owners from Tbilisi that our team was not able to identify. Unfortunately, the factory has never been used according to its potential capacity, neither by Akhaltsikhe AGRO nor by the created association of farmers. This year only a small quantity of milk was processed between May and August. **The milk came from other farmers, not the cooperative members.** The equipment purchased by Caritas CZ for the mozzarella type of cheese and bigger tank for pasteurization has never been used.

“If you ask me, the cheese factory is working. Another story is why the farmers are not participating in this project. It is a lesson to learn, that farmers are not ready for such cooperation and for such business. It is a very good lesson to learn”.

*“Sorry, we did our best. It is one of the best cheese processing enterprises in that region and Georgia. Its capacity is bigger but this is up to the management. We helped them in every way. We created everything. We created sustainable distribution channels, selling in Adjara, we provided technical training. Ok, the project is finished, ABCO cannot stay there forever, it is not our obligation”.*Konstantin Zhgenti, ABCO

The reasons why the factory is not working properly, mentioned by both sides (members of the cooperative and factory managers) were:

- it is cheaper to process milk directly by the farmers and sell it by traditional marketing channels, as the farmers are not required to process cheese according to the strict food safety standards introduced by the new law
- it is expensive to operate such big factory and therefore impossible to reach break-even point and make profits since running and personnel costs are high

⁷ ABCO claims handouts were distributed during the business planning training (marketing and distribution)

- there are no stable customers for the milk established during the project
- the factory lacks proper milk collection and transportation logistics and system
- there is no milk available in winter season, so the employees have no work
- farmers need to be paid in advance and the factory management is not willing to bear the associated risks

5.2.2.3 Akhaltsikhe – Fruit processing Association

Second organization of small farmers established by Caritas CZ was “Fruit Processor Association”, registered on 25th of August 2009. However, the association stopped to purchase and processes any fruits in 2011 and now the whole equipment is not used and is stored in the basement of one of the association members.

Establishment

The process of mobilization, selection, training and registration was similar as in the case of dairy farmers association. The most active members of the association is Stephan Gigolashvili, who shares the main responsibility for fruit purchasing and marketing and his mother Tsitsino Abuladze. Other members are family relatives as well. Stephan used to work for the Akhaltsikhe Business Centre as a local mobilizer in 2006 and is still in contact with them.

Support, marketing and distribution

The association received similar type of training. ABCO was actively and personally involved in marketing and distribution support. Some of the trainings were also financed by other donors like Mercy Corps and respondents were not sure, which of them were provided by Caritas CZ. As was the case of dairy farmers, they did not receive printed materials that could facilitate them consequent self-study of topics discussed during the trainings⁸. Nevertheless they were satisfied with all the trainings.

During the project the main customer was Caritas Georgia. Besides that some of the local and Tbilisi shops purchased the products several times. Even top hotel chain Marriott was interested in their product. However, the purchase never happened.

The association received also design of labels for their products as part of the project activities. However, the association was not consulted with the soft copy of the label design which resulted that they find the logo “small and not identifiable” and the label “similar to another company with the name “Gift from Grandmother”. There are contact details to the Akhaltsikhe business centre, but not directly to the association, which limits possibility them being contacted by their customers. This lack of ownership might affect the sales too. The members of association have no contact to the company that made the design and they don't know how to order more labels.

The association stopped whole production and processing during 2011 and at the moment they do not know if they will start again or not. Therefore, our conclusion is similar to the Dairy Farmers Association. The project should have focused more attention on assumption and risks based on reality of small fruit farmers in Georgia. Then on very thorough selection of association members and their **capacity building** so that they can act as independent entrepreneurs.

⁸ ABCO claims handouts were distributed during the business planning training (marketing and distribution)

5.2.2.4 Guria Agroprodukt

Establishment

According to the original project proposal, Caritas CZ planned to establish two small village cooperatives in the region. Even the detailed strategic plan based on quantitative and qualitative survey conducted in 2008 and 2009 still indicated this strategy. However, during 2009, the strategy changed, and Caritas decided to support already established cooperative based in Ozurgeti city - Agroprodukt. The reason for this shift is not explained in the project documentation and the evaluation team has not received any approval of the donor either.

The Agroprodukt was officially registered on 10th of February 2009. However, it had existed even before the project started. Caritas CZ stated that the “Agroprodukt with more than 250 members is one the biggest cooperatives in Georgia”. However, according to the statute there were only 7 founding members and cooperative members of the Agroprodukt that make the general assembly. The list of more than 250 names that is part of the project documentation **has no legal relation with the Agroprodukt**. According to the respondents, the list comprises any farmers that received some sort of services or sold their product to the cooperative. At this moment, the cooperative members are not in any contact with majority of people on the list. They are not part of the general assembly, they have neither ownership rights nor decision power, and they could not share any profits of the cooperative. Farmers can become members of cooperative after paying the membership fees – however Agroprodukt was not able to provide services in the recent time to the farmers who therefore lost interest in this conditional membership.

“There was no single assembly of 250 farmers. They don’t know one another. They are only used as suppliers. Some from the list might not be there any more - some moved away, got married, we don’t know them. Only the coordinators can mobilize the villagers if needed.”

“Yes, last time when we were buying, Agroprodukt was one of the largest cooperatives in Georgia. But the membership is not permanent. And it is not an active one. If we can purchase and provide trainings, they are members. If not, then no. Membership fee was 25 GEL per year 2009/2010, but no activities now”.
Aleko Mameshvili, former director/Head of the Board

According to the Agroprodukt statute, as well as the Georgian regulations, each new member shall express his/her wish to join the cooperative in writing and this information shall be submitted to the Public Registry for registration (any new member shall be on the list). A person will be regarded a member of the cooperative only after he/she is registered in the Public Registry as a full member of this cooperative. A new member will also have a responsibility to pay his/her share in the amount of GEL 25 at least.

The Agroprodukt and GABC

There is a close personal and financial relationship between GABC and Agroprodukt. Both organizations have inter-linked governing structures - share the same members (one family) in executive and governing structures. Both organizations share the same office. The director of Agroprodukt is Zaza Mameshvili brother of Aleko Mameshvili, the founder and former chairman of GABC. Current director and chairman of GABC is Aleko's wife Tamar Khomeriki. Nevertheless, the legal status of Agroprodukt is for-profit cooperative while GABC is non-profit union. GABC is also a member of ABCO.

According to the members and management of Agroprodukt the next step is to transform the legal form from cooperative to Ltd. All 7 members see it as a necessary step for the improvement of economic and management performance.

Support and trainings

The respondents remembered different training of production of various crops and they regarded them as useful for the day-to-day activities.

One of the project output was organic (BIO) certification for perennial crops and blueberries. However, the same output was also supported by other Caritas CZ project supervised by CZDA in 2010. Since there is no production and processing whatsoever, both certificates are not in use. Similar situation is with the barcodes development.

The process of blueberry certification

"We invited a local certification expert who certified that the areas where we collect blueberries are organic and that the berries will be collected only in this area will be considered clean.

But so far we didn't need the certification. We don't need it for the local market, only for export.

If we find a large customer we will contact the cert. company, the representative will come several times, check if we really get berries only from the inspected areas and we will then receive written certifications again that these berries are organic. We hope to use the certificate in the future".

Kvenobani representative

The Agroproduct together with GABC now owns and operates fruit processing factory in Ozurgeti. Part of the equipment is in the village of Kvenobani. The complicated legal situation is also based on the fact, that some parts of the equipment (extra-large fruit processing unit, dehydrator in Kvenobani village, packing equipment, administrative building, concrete floor under the cooling house) was purchased from the MFA sources by Caritas CZ and is now owned by the Agroproduct, and the rest (sorting machine and cooling house with all the equipment) was purchased from the project of CZDA and is owned by GABC.

5.2.2.5 Kvenobani

The cooperative (legally non-formal association) of small farmers in Kvenobani village is one of two cooperatives that should have been created in villages in Guria region. The association received **the dehydrator for fruit and tea** that is actively being used until now. The association had small homemade dehydrator before the project, however, they are now very satisfied with the new one.

"This equipment is better technologically and environmentally. It uses infrared rays, uses less electricity, can produce more, faster and it is more convenient as well. It is also more hygienic - it is meant for food products- and healthier because the rays kill germs/parasites better than the sunshine". Kvenobani representative

They are not using the packing equipment installed in Agroproduct factory in Ozurgeti, since they cannot reach the necessary amount of production to use it in an efficient way. They have also never used the labels with barcodes, only used their own labels for the purpose of exhibitions.

5.2.2.6 ABCO Presentations & Training Materials

The main part of the soft-component of all project activities was trainings organized by ABCO. As stated earlier the main limit of effectiveness was the fact, that there are no printed materials developed by the project suited for self-study of beneficiaries. Plant and animal presentations were developed by university experts hired by ABCO. The same materials are used for farmers in other Caritas projects (in Khulo region).

The Presentation on Potato and Cereals includes 10 presentations in total. 4 presentations are about potatoes, what sorts are there, how to properly cultivate and store them, potato diseases and what external/environmental factors affect them etc. 1 short presentation is about maize. 1 presentation about land reclamation/amelioration; 1 presentation is about herbicides; 1 about carrots and beetroot; 1 about cereal/grain crops like wheat, barley, oat; and 1 about onions.

Training Materials for Sunday School this section has 17 theoretical presentations on livestock and poultry breeding (includes information on cattle, pigs, sheep etc) and basics of dairy/milk production. The presentations are quite detailed with comparative tables for different breeds of cattle, their milking capacity and productivity, as well as specific instructions on care and disease monitoring and treatment. The presentations also include information about proper feeding, artificial insemination, rules of milking, milk sorting, factors affecting productivity, sanitary requirements, transportation of animals, and taking care of animal feces (cleaning and potential for use as a biogas source in local farm settings).

In both above cases the presentations have basic, introductory information with some detailed tables and graphs, as well as procedures that can help in crop cultivation and livestock breeding /dairy

production. The presentations are easily understandable, especially if verbal explanations follow and trainees have access to printed copies of these presentations.

Business training materials include presentations and additional materials on the Legal framework (organizational forms of legal entities), taxes, marketing, (including basic information about markets and customer service), financial planning and management, profit and loss calculation, cash flow basics, grant proposal writing, negotiation skills as well as a handbook on doing business in Georgia. There are also calculations and tables for determining the costs of production, including proper feeding of cattle (dairy and otherwise). Presentations are short and followed by more detailed information in additional materials (mainly in MS Word format). The training materials include case studies as well. ABCO uses these materials for all sorts of trainings. There is no information that these materials were developed and financed by Caritas or Czech ODA.

The business training module seems very thorough, with examples, explanations, case studies and exercises. But its success and effectiveness depends on the background, capacity and skills of the trainees. For younger people, with at least some background in modern business and management basics, this can be a useful methodology. For older generation with only soviet secondary or tertiary education in agriculture this materials and methodology may not be very useful or easy to grasp because the amount and complexity of the information, as well as variety of topics, can be too much to digest and fully comprehend only after a 1 week or training. In order to implement in everyday life/business situations each topic requires that a person fully understands the context and details of issues discussed, this may be problematic without a longer-term, regular training/study.

5.3. Efficiency

5.3.1 Was it possible to reach the same outputs more economically?

Our team finds the costs of some of the soft components of the project quite high relative to the benefits of the beneficiaries - especially the prices of creating the training materials, trainings, marketing support, budget for strategy, analysis and feasibility study as well as the personal and administrative costs. We find that a high percentage of the project money is remaining at the level of partner organizations, instead of “trickling down” to the end beneficiaries.

Akhaltzikhe rural service centre

In the final 2010 financial report Caritas CZ states that the tractor is “Tractor New Holland”, while the tractor purchased for ARSC is Farmtrac. In narrative part of the final report the information of new tender for Farmtrac is mentioned, however, the financial report is inconsistent with reality.

ABCO later provided explanation – because GT Group (winner of first tender) was not able to provide New Holland tractor 80 HP without VAT, second tender was announced. BolnisAgro won the tender and provided 80 HP Farmtrac tractor on terms of DDU, VAT was not paid. However, the Farmtrac tractor has exactly same price as the original New Holland tractor – 720 000 CZK.

Besides the tractor, the ARSC received financial support for the renovation of the office building (215 000 CZK). However the official owner of the building is not ARSC, but the Akhaltzikhe Business Centre. ARSC has a registered address in the building and for the purpose of reconstruction Caritas made a gift contract with ARSC.

Part of the Activity 1.5.3 in ARSC was establishment of Sunday training school for young farmers (121 000,- CZK for material preparation and training of trainers). According to the plan of outputs and activities for 2010, indicators for this activity were “Existing study plans”, “15 trainers trained”, “120 farmers attend the Sunday school”. Unfortunately, this activity never continued beyond initial selection and training of trainers, and based on the respondents from ABCO and ARSC there was even no plan for continuation and shared responsibility between ABCO and ARSC for the implementation.

Akhaltzikhe – Milk Association

From a technical perspective, the factory is well established, equipped and maintained. Caritas CZ purchased equipment for the milk processing worth of 722 500 CZK. Even bigger part of the equipment was purchased by UMCOR (cca 130 000 USD financed by USAID). There is also a small laboratory that is not used at the moment. The evaluation team did not see the milk collection truck, which was identified as the crucial part in milk collection from remote farmers.

Akhaltzikhe – Fruit processing Association

Caritas CZ spent 63 200 CZK worth for the equipment in 2009. The equipment allows the association to produce different types of marmalades based on the fruits purchased from the local village. The budget spent for marketing consultations and personal/overhead costs of ABCO is in contrast to the support the association received. It would provided enough resources for continued quality service to this association even after the project termination.

In 2010 according to the project documentation (Activity 1.6.1) “Adigeni Fruit Processing Association” received additional material equipment support (for packing and sterilization) worth 313 600 CZK. However, this equipment has never arrived to the fruit association.

Guria Agroproduct

The Cooperative Agroproduct in city of Ozurgeti (Guria region) was the output of the project from the perspective of used resources. Besides that the same organization was supported by two other projects of the Czech ODA.

The training building was built for 350 000 CZK next to the warehouse. The members of Agroproduct and the listed farmers are free to use it anytime. However, this building is very far for them and therefore never used. The farmers have no occasion or reason to use the building. The office

equipment bought for the training building includes laptop and accessories – these cannot be left in the training building as it is not used, so it is used in the GABC office.

TENDERS

The tender selection committees consisted mostly of the Caritas CZ team and the close management of the local partner organizations. Other people (e.g. from the board) were not included in the decision making about the suppliers.

- **Fruit Dehydrator** - May 14, 2009 - Jan Černík – CCR, Pavel Gruber – CCR, Sylva Horáková – CCR, Konstantin Zhgenti – ABCO, Aleko Mameshvili – Aproprodukt Guria.
- **Cheese Production** - October 16, 2009 - Sylva Horáková – Caritas CZ, Konstantin Zhgenti – ABCO, Illia Zardiashvili – Caritas Georgia.
- **Storage Construction** - May 14 2009 - Jan Černík – CCR, Pavel Gruber – CCR, Sylva Horáková – CCR, Konstantin Zhgenti – ABCO, Aleko Mameshvili – Aproprodukt Guria.
- **Laying of the Warehouse Floor** (purchase of construction material) - November 12, 2009 - Sylva Horáková – CCR, Kateřina Zezulková – CCR, Aleko Mameshvili – GABC, Zaza Mameshvili – Agroprodukt Guria.

5.3.2 How was the project managed and coordinated since the beginning till the final hand-over to the beneficiaries?

The project has been implemented mainly by the Caritas CZ partner organizations - ABCO, GABC (member of ABCO) and Caritas Georgia. There has been a frequent fluctuation of project coordinators in Caritas CZ since 2008. Also, the present project managers are not aware of the project continuation (see the answers about cooperative farming).

The project activities in Samtskhe-Javakheti were coordinated by the ABCO and in Guria by GABC (member of ABCO). However, as stated by ABCO, there was no coordination and ABCO had no direct information of problems in Guria.

Caritas Georgia played only limited role in the whole project and their access to the information about the project is now very limited. The main coordinator of the project Ilja Zardiashvili left the organization and established his own company Akhaltsikhe AGRO, which now co-own the milk processing equipment in Akhaltsikhe.

5.4. Sustainability

The main restraint of project sustainability is according to the evaluation team insufficient managing and marketing capacities of the newly established entities and unclearly defined ownership structures. Because of that, the original end beneficiaries do not feel sufficient ownership of the project outputs and are not willing to further cooperate and invest their own resources into the sustainable development of the entities.

Marketing advising (as an item in the budget) worked only during the project duration. When the project terminates, there is no strategy of continued responsibility for the project, even though services like marketing advising would be very much needed at least 1 more year to ensure the continuation of business and the know how transfer.

5.4.1 Akhaltsikhe rural service centre

The building of the ARSC belongs technically to its director (ARSC has a contract with Maia Atoshvili). **The training room** is used rarely; it is not a busy place where the farmers would drop by every day.

The Manual of Best Practices for Cooperatives seems to be a document that no one has used or is even planning to use it. Sylva Horakova sent the first version to a web site of some international organization.

5.4.2 Akhaltsikhe – Milk Association

At the introductory meeting with Caritas CZ we learned that “this project is profitable, sustainable and the members finance further development of the factory from their profits.”

However, the reality is different. The farmers who wrote the business proposal are not participating in the work of the factory, they are on their own. The equipment is owned by the Milk association (including the equipment donated by UMCOR). Akhaltsikhe Agro (10% Iija Zardiashvili, ARSC and 2 private investors) operates it. The farmers don't have resources to maintain the equipment themselves and seem to consider it more as a property of Akhalsikhe Agro. One of the farmer confirmed “Technically the equipment is in the name of the Association; however it might be transferred to Akhaltsikhe Agro in the future”.

The agreement between Akhaltsikhe AGRO and the Dairy Farmers Association is that “the profits go to one, who brings the milk”, and it is not shared based on the ownership of equipment. Also there is “gentleman agreement” on sharing of cost for reparation and maintenance. The result is that there is no more incentive for the small dairy farmers selected by Caritas CZ to continue according to the intention of the project.

“This equipment is in the association’s name, if we wish, we can use it. But I have not used it for the last 2 years; it is more convenient for me to produce my own cheese. I don’t have an ownership feeling because I am not using it. As long as I am not using it I don’t really feel responsible for it. I know that this equipment cannot be sold without our agreement. I think we will use this factory sooner or later so there is no point of selling it.”

Milk farmer, member of the Milk Association

Therefore, our conclusion is, that project should have focused more attention on assumption and risks based on reality of small dairy farmers in Georgia. Then on proper selection of cooperative members willing to work together and finally focus more attention on overcoming economic, logistical and social obstacles for effective cooperation among small farmer members, according to their needs instead of purchasing unnecessary equipment and providing theoretical training to them.

Future of the factory - in quotes of ABCO and Akhaltsikhe Agro:

“Food safety law was endowed by the Parliament, and to avoid any big protest by the farmers it was not implemented. During developing the business plan the farmers said they are ready to pay for the transport. (if they used the factory, they would have profit, but this profit would be less than now, they count every penny). But sooner or later, in about 3-4 years, they will have to turn to this production. Although it is difficult to say because the government doesn’t want to have problems with the population.

Today the dairy farmers produce cheaper cheese in their homes, but no one expected that after so many years we will not have food standards in this country. But the cheese factory is important; you cannot create it in one day after the food safety is introduced.

*There are some other possibilities for the factory - good supermarkets are willing to pay more for good products. And these don't want to deal with people who cannot supply permanently (these farmers don't have winter milk).
ABCO*

“The future of the cheese factory depends on the government policy – if stricter rules are applied, all small farmers will be forced to go to a cheese factory. If nothing changes, we could start our own farm that can provide milk. Mercy corps has a project that aims at cattle breeding and milk, and we plan to approach them to help us start a farm. This is a way to produce stable amount of cheese, and deliver to the corporate and big customers.”

5.4.3 Akhaltsikhe – Fruit processing Association

At the introductory meeting with Caritas CZ we learned that “this is a small village cooperative with minimum administrative costs but now has problems finding the customers”. However the association terminated its activities during in 2011, when they realized that they are not able to reach breakeven point and make profit and that they had no reliable customers.

- The positive aspect of sustainability is that the members invested their time and money and worked extremely hard. They are still motivated to create a prospering fruit processing entity.
- The hindrance to sustainability was their reliance on ABCO/ARSC during the project duration and inability to continue finding customers on their own after the project terminated.
- **The Association members should have been more actively involved in direct contact with the customers and learning to follow up the contacts, the customer care and how to find new ones.** It seems most marmalade distribution was done by ABCO who would come, take the marmalades and get them to the customers, then transfer money to the association account. ABCO also took the marmalades to Tbilisi to the biggest customer Caritas Georgia. Stephan took some marmalade to Batumi (he did not keep the customers as the transport was too expensive compared to small quantities the 3 hotels were taking) and Akhaltsikhe.
- **The Association is aiming at the most demanding clients** (e.g. Marriott hotel in Tbilisi) who have very strict requirements on food safety tests. Thinking that it is necessary to obtain different types of expensive tests hinders the continuation of sales. Instead of simple targeting of local customers in their neighborhood and Akhaltsikhe (their marmalades are known for great taste and quality), they are taking the most difficult path.
- In 2009 – 170 kg of jam (3 types) were produced, in 2010 – 250 kg of jams and in 2011 – 300 kg of jam – (15 types). As the equipment is manual, it requires a huge amount of labor. The Association concludes “If we continue to produce the amounts that we can, we can never get any profit, in the last years we just covered costs. We therefore want to expand”.

Because they want to increase the quantity of produced marmalades, buy some automatic equipment (processor), homogenizer (for large bakeries who need smooth marmalades) and have the place of production testing for food safety (for the Marriott hotel), they plan to move their production to Akhaltsikhe to a new premise. They think, these steps will solve all their problems with sales. Our evaluation team worries about the viability of these plans (especially if they were not able to sell and operate in smaller quantities when the costs were minimal). We see the danger of high operational costs (renting the new premise, transport of the fruits and people from Ude, investing into new equipment) and at the same time not enough preparation for planning the sales, building relationship with customers and doing active marketing.

ABCO has given up on this association, citing its director Konstantin Zhgenti: *“They are 6 hotels in Akhaltsikhe, I was bringing boxes with jam to them, they paid me cash. It is up to Stephan to repeat the same. They know all the hotels, all they need to do is go to the hotel physically and do a very simple marketing. The quality of jams is really very good. I bought the jams myself, and I would love to buy them again. ABCO cannot be doing marketing instead of Stephan. We did enough. The problem is that Stephan is not a sales person. I told them to find somebody else but they did not.”*

5.4.4 Guria Agroprodukt

Our initial interviews at Caritas CZ and CZDA revealed their apprehension of uncertain sustainability (without further Czech ODA intervention) and capacity of Agroproduct management.

The cooperative is not working. There are several technical, economic, legal and managerial aspects. However, our team believes, that the main factor is the wrong institutional setup of the cooperation, which legally includes 7 cooperative members, and not 250 as was repeatedly claimed by Caritas CZ. Therefore, even other Czech ODA projects that were identified in Ozurgeti, could not fulfill small farmers support through support of cooperatives approach.

Besides that, GABC, as a former project partner, is now more focusing on its new EC projects on domestic violence and associated social issues.

There are several factors:

1. **Agroproduct did not pay the tax returns on time** and the revenue authorities issued the penalty of 12 000 GEL, that is beyond financial possibilities of Agroproduct or GABC. The reason why Agroproduct did not fulfill its tax requirements is not clear to our team, since the information of tax duty is widely know and Caritas CZ did a wide research of the cooperative legal environment and selected implementation partners specialized in the establishment of small and middle enterprises. The tax problem occurred during the last year of project implementation when Agroproduct bought and sold several tons of mandarin oranges.
2. **The condensation of water from the installation of the cooling system** (provided by CZDA) and the poor quality and thickness of the floor (provided through the local tender by Caritas CZ) causes high humidity in the cooling house, and according to the respondents it is not possible to store fruits there without the risk of deterioration of quality. Unfortunately, the CZDA tender for the floor specified only size but not the quality or isolation characteristics. Therefore it is not possible to conclude that the Georgian supplier did not follow specification in the tender and the poor quality is the result of insufficient tender specifications organized by Caritas CZ (based on technical documentation by CZDA).

“Last year the clementines were damaged within 1-2 days, Agroproduct had to cover expenses (bought them from the farmers before, so farmers were paid). We were lucky that the storage was not full, the loss would have been huge”.

Even though CZDA invested additional resources into the technical evaluation of the storage house by experts, the situation remains unresolved.

“The expert was assessing the situation, sent a report to the embassy, but GABC doesn’t have the report. We didn’t have any discussion with this person. We heard, separating the parts of the fridge to smaller apartments, would be too expensive (Konstantins’s suggestion), though we liked this idea before.” Aleco

Adding an extra layer on the floor?

“Now, there are no feasible solutions to the foundation – one suggestion is to add 8 cm of layers, but in case they increase the height of the floor, people will have to do everything manually, the electric loaders wouldn’t be able to be used. The weight of the machines is 1-1,5t, the new layer will not be able to resist this pressure. Also hard to transport goods inside.

= a drainage pipe around the fridge might be optimum, but cannot guarantee 100% its efficiency. But it will significantly reduce the humidity.

3. **Farmers are not members of the cooperative and have no sense of ownership and responsibility for its operation. They are considered as suppliers only and since then they need to be paid in cash.**
4. **Lack of managerial skills of the management** – for the processing of dried fruits packing or extra-large processing. The equipment has never been installed and used. It was just put into the factory.
5. **Lack of will among farmers to use the warehouse** - they would not be willing to store their fruits there without being paid in advance. Although there would be some customers e.g. from Tbilisi who wanted to store their products in the warehouse, it cannot be used at the moment.
6. **Lack of will of Agroproduct management to invest own resources and bear the entrepreneurial risks.** There is no clear business plan that would be based on necessary investment for the purchase of new production and clear distribution channels to foreigner or local customers. Farmers need cash in advance.

7. **High consumption of electric power when the cooler is operating.** One of the reasons mentioned by respondents were also high costs associated with the cooling system⁹. At the moment the Agroproduct management is not prepared to finance them fully.

How GABC sees the future of the warehouse?

“One of the recommendations from the CZDA was to transfer all the remaining equipment to GABC. They recommended changing the legal form of the cooperative (due to tax problem). Part of the costs will be on GABC and part on the cooperative. GABC doesn't have the final solution yet.”

“The potential new company will have its founding members, 15-20 larger farmers who will be also producing goods, the smaller farmers will be selling goods to the larger farmers”.

“There are some larger producers who need smaller storage in regions, the warehouse can serve them when we can give guarantee the fruits will not be spoiled”. Aleko Mameshvili, former director/Head of the Board

Ownership

- Generally, what was bought by Ircon belongs to GABC, what was bought by Caritas belongs to Agroproduct.
- The concrete floor foundation, part of equipment (compote processing) and administrative building is owned by Agroproduct
- The cooling storage, sorting machine and the whole land is owned by GABC.

5.4.5 Guria Kvenobani

The production was 800 kg of persimmon, 300 kg of blueberries and 1200 kg of tea in 2011 and similar planned amount of tea and persimmon in 2012. There is no collection and processing of blueberries that received the certificate from the project. The main reason according to the recipients was the **lack the resources for paying the blueberry collectors in cash right after the harvest and that they lack regular customers**. Therefore they focus only on tea and persimmon.

“There was no production of dried blueberries this year; we had no funds to buy them. People who collect blueberries are farmers living high in the mountains. They have to go to the woods for 2 days and miss their work on the farm. They insist on immediate payment. The main issue is trust – they are afraid they will not get paid, it happened many times they were not paid (milk, cheese, berries) by the middlemen. We therefore need money in order to produce the dried blueberries. But we don't have access to the loans here.”

They also rent their dehydrating equipment to other villagers. **However, they were not aware that they do not own the dehydrating equipment.** The equipment was transferred from Caritas CZ directly to Agroproduct, so they have no legal right of possession to it. Also, because some of the Agroproduct equipment is now blocked by tax authorities, it might complicate the sustainability of their production. There is a theoretic possibility that Agroproduct can sell the equipment (as the Kvenobani person is not legally registered anywhere and has no decision power) in order to cover part of their debt. If this happened, the only functioning part of the project would be ruined.

In order to make this output sustainable it is necessary to either allow their membership in Agroproduct, or register the equipment ownership directly to the community in Kvenobani which uses it.

⁹ The setup of the warehouse causes that it is not suitable for storing a smaller amount of fruits than its total capacity (it is necessary to cool the whole warehouse which is very costly if calculated on one unit of fruit).

5.4.6.1 Was the obtained bio certificate (output 1.1) renewed in 2011 as planned?

The certification was done only once by Kavkaz cert. But, it can be renewed any time according to the amount of products for export. There is so far almost no demand for organic products in Georgia.

5.4.6.1 Was the bio certificate for permanent crops (tea, kiwi) obtained as planned?

Certification of permanent crops requires 3 years (transition period). 12 families expressed their wish to get this for tea and kiwi, and allegedly the certificate is expected next year.

5.5 Impact

Positive impact of the evaluated project could be summed up:

- More farmers have access to proper agricultural machinery, hence increased capacity to cultivate their land plots etc. (the tractor in ARCS was bought and is being used)
- Training room in Akhaltsikhe was reconstructed and is being occasionally used for seminars, workshops and meetings
- Majority of beneficiaries received different types of training that helped them in their day-to-day jobs
- Students of Akhaltsikhe Vocational institute obtained some training, it might have improved their employment opportunities
- ARSC continues to provide training as part of service of selling potato seeds and other commodities
- Kvenobani dehydrator is being used by the association and has improved their livelihood

Negative impact of the evaluated project could be summed up:

- Cooperative farming approach may be perceived negatively after the failure of the “cooperatives” in the project
- The will for future cooperation through building of rural institutions may be decreased by another example of failure of this approach.
- Problem with sustaining the facilities to the point of people having to sell their property (Akhaltsikhe Agro sustaining the cheese factory, Aleko Mameshvili selling his van to cover part of the tax debt in Guria)
- Farmers may lose the property/equipment because they are either not the legal owners (e.g. Kvenobani dryer) or they are not using it due to other reasons (training building in Ozurgeti, cheese factory in Akhaltsikhe)

In general **the proclaimed targeting of small farmers and cooperative approach did not work in a long term.** None of the created cooperatives work until date according to its original plan. The presence of a field manager who would visit and stay in the communities on regular bases is tremendously missing here. At the end of the project, the small farmers are not mobilized and trust is not built.

5.6. Cross-cutting principles of the Czech ODA

Environment

At the introductory meeting with Caritas CZ we learned that “they have been trying to be environmentally sensitive and stressing the organic products - their certification and marketing.”

In general it can be concluded that the project had no strong positive or negative impact on environment due to the fact that intended project outputs were not sustainable or they had only a limited impact. Only farmers in Kvenobani village that profited from the new dehydrator stated, that the new equipment compared to the old homemade dehydrator has better impact on environment in terms of its efficiency and power consumption.

However, if the fruit Agroproduct factory in Ozurgeti will start to operate one day, the impact on energy consumption of its cooling facilities will be substantial. It can be reduced by installation of small solar power plant. At the same time, if the production of organic perennial crops will be renewed one day, it can bring positive environmental impact in terms of sharing good practices of land and environment conservation.

Akhaltsikhe Rural Service Center

Most managerial, administrative and manual worker positions are occupied by men. To great extent this is due to the intrinsic, traditional gender role distribution in many rural areas of Georgia (drivers, technicians, laborers are usually male). In addition, the manager of the Akhaltsikhe Rural Service Center, who at the same time is the director of the Akhaltsikhe Business Service Center, seems to be more comfortable working with men (women work on easy works as potato sorting). As a result the informal culture in the center is not particularly female-friendly/women-oriented (this shows in the physical environment of the premises, as well as the organizational setup of the center). As long as the present labor regulations in Georgia do little to contribute to change in conservative and often discriminatory approaches towards gender roles in the workplace, and fail to ensure that equal opportunity policies are universally respected in all sectors and by all employers, the management of this service center (or any other similar organization for that matter) does not feel any pressure to change current management practices and be more sensitive to gender issues, or ensure equal opportunities for women.

Akhaltsikhe Milk Farmers' Association

Formally there is one woman in the association but as of now the association is not operating as planned. This complicates its assessment in terms of gender issues.

Akhaltsikhe Fruit Processors' Association

There are mostly women occupied in this association. As of today it is also not operating as planned. Traditional/conservative distribution of gender roles is also characteristic of this organization. Namely, the women were supposed to be occupied with fruit picking and marmalade production, whereas the main decision-making role was rested with the men of the association, specifically with Stephan Gigolashvili. Although the women of this association could greatly add to his management, marketing and business planning skills it seems they are reluctant to take over even some of his managerial responsibilities as this is a “man’s work”.

Guria Agroproduct

Guria Agroproduct is slightly more balanced in terms of gender but it is not clear whether the women in this cooperative actually have equal decision-making power or their presence is just a formality. The assessment is hindered by the fact that some of the cooperative members are close relatives. In terms of the active suppliers and partners of this cooperative (sometimes also referred to as the members of the cooperative), and most of the so called “mobilizers” from various villages they are also predominantly male.

Overall, for the cases described above the following shall be taken into consideration:

1. **Cultural factors** – people in rural areas are prone to patriarchal, conservative approach to gender roles in the workplace and at home¹⁰;

¹⁰ How Does Gender Determine Roles and Behaviors of Women in and outside of Georgian Families? CRRRC Survey 2011 http://crrccenters.org/store/files/Reports/Mariam%20Naskidashvili_How%20Gender%20Determines%20Role%20and%20Behavior%20of%20Women%20in%20and%20outside%20a%20Family%20in%20Georgia.pdf

2. **Regulatory framework** – not proactive and efficient in changing the status quo and ensuring equal opportunities for women;

Our findings are quite in line with the findings of the **2010 gender assessment funded by USAID¹¹**, which states: “Notions of gender roles also influence the educational and employment opportunities of both women and men. Both academic and labor spheres exhibit gender segregation. Some fields, such as teaching, social services and healthcare, are dominated by women while others, such as energy, information and technology and construction, by men. In the transition period, fields where men predominated proved not to be economically viable and as a result many men became unemployed. Because of widespread norms about what constitutes “men’s work” and “women’s work,” some unemployed men have faced difficulties adapting to new markets and in overcoming perceived stigma over taking low-status jobs. In contrast, women are characterized as more resilient, and it is more socially acceptable for them to undertake menial and unregulated work to support the family. Overall, however, women’s economic status is lower than men’s. On average, women earn less than men, as a result of both horizontal segregation (women in less profitable sectors of the economy) and vertical segregation (women occupying lower paying positions within sectors).”

Governance:

It seems that at the initial stage of the project Caritas was successful in engaging local authorities and the line ministries (e.g. Ministry of Agriculture of Georgia). At a later stage substantial challenges emerged, particularly in Guria, where the largest cooperative supported through this project failed to ensure adequate legal setup and ended in a tax dispute with the Revenue Service of Georgia. It seems that at later stages of the project implementation, as well as after the project termination, the beneficiary entities were not sufficiently proactive and transparent, and did not have necessary capacity to ensure proper management and governance of their respective organizations, whereas implementing partners (ABCO/GABC) and Caritas CZ failed to properly guide them through this process.

Some of the intended end beneficiaries are not part of the project any more (e.g. the farmers delivering milk to the Dairy farmers association, the farmers attending Sunday school for farmers, the people collecting blueberries for sale, farmers in Guria who are not Agroproduct members etc.). They are not part of the general assembly, they have neither ownership rights nor decision power, and they could not share any profits of the cooperatives.

5.7. Visibility of the Czech development cooperation

The logos of Caritas and official logo of Czech Development Cooperation were found on

- In the office of ARSC
- On Best practice manual - but only draft from 2009
- Akhaltsikhe cheese factory entrance and on the equipment
- Akhaltsikhe tractor
- In Guria warehouse and on the installed equipment
- In marmalade production room
- In Kvenobani fruit dehydrator room

NO logos were found on:

- any of the training materials!
- the facade of ARSC building (there is even no sign on the building as such)
- seminar room of ARSC
- Guria main entrance to the warehouse and the training building.

*“I was never told that it is a requirement of the donor to use the Czech logo on the materials.”
Konstantin Zhgenti, ABCO*

¹¹ Gender Assessment USAID/Georgia, 2010
http://georgia.usaid.gov/sites/default/files/Georgia_Gender_Assessment.pdf

Press monitoring - visibility of the Czech Development Cooperation in the media

1. A video coverage on the **National Public Broadcaster** about Akhaltsikhe Rural Center. It says that the center was funded by the Czech Development Agency and has a small comment by the Ambassador who was at the opening of the rural center (<http://1tv.ge/news-view/9073>)
2. A news article on **GHN news agency** regarding the opening of the fruit storage and sorting facility in Guria funded by the CZDA (9.2.2010) (<http://www.ghn.ge/print-7882.html>)
3. There are some comments of the CZDA and Caritas CZ in media regarding other projects ongoing in 2011 and 2012, but most of the time the press and media coverage is scarce as such. Usually both organizations (especially CZDA) are mentioned in the news blocks of NGOs, donor organizations or local state agencies which cooperate with the Czech Development Agency, rather than the press.

Six project photos were part of Caritas CZ 2011 calendar, which was distributed to wide range of partners, donors and institutions in the CR and Georgia. According to the CZDA, during the project implementation the project visibility was high at the level of state institutions (Ministry of Agriculture, Georgia), international donors and wide expert public.

6. Conclusions

Summary of conclusions according to the individual evaluation criteria

Criteria	ARSC Akhaltsikhe	Milk Akhaltsikhe	Marmalade Ude	Agroprodukt + GABC Guria	Dried fruits Kvenobani	Whole project
Relevance	Rather high	High	High	Rather high	High	High
Effectiveness	Rather low	Rather low	Rather low	Rather low	Rather high	Rather low
Efficiency	Rather high	Rather low	Rather low	Rather low	Rather high	Rather low
Impact	Rather high	Low	Low	Rather low	Rather high	Rather low
Sustainability	High	Rather low	Low	Rather low	Rather high	Rather low
<i>Cross-cutting principles and visibility of the Czech ODA</i>						
Gender	Rather low	N/A	Low	High	N/A	Rather low
Environment	N/A	N/A	N/A	Rather low	Rather high	Rather high
Governance	Low	Rather low	Low	Low/Rather Low	N/A	Rather low
Visibility	Rather low	Rather high	Rather high	Rather low	Rather high	Rather high

Evaluation scale

High	Rather high	Rather low	Low	N/A
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Relevance: The project reflected the decision of the Czech government to mitigate the negative impact of the armed conflict between Georgia and Russia in 2008. The identification of the whole program was based on the joint identification of CZDA and the Czech embassy in Georgia from 2008. The main aim was to improve situation of the internally displaced people in the conflict's areas. Agriculture was one of the identified sectors for possible intervention. Based on the assumption that rural institutions and mobilization of small farmers improves their access to markets, a support to small-farmers' cooperatives was identified as a priority direction. The relevance of this project was evaluated as **high**.

Effectiveness: During the project implementation, outputs of purchasing the equipment for all established organizations were realized (equipment for processing of milk and fruits, fruit dehydrator, packaging equipment). A training building was built for Agroprodukt. A tractor was purchased and a training room was renovated for ARSC. A number of trainings were conducted for members and farmers. The new entities produced the first results during the project duration (cheese, marmalades, mandarins, dried fruits and tea) and their representatives presented themselves at several special fairs.

The evaluation team however found that at present none of the cooperatives/associations that was started as a project output works in the intended way with the originally intended end beneficiaries. Akhaltsikhe Rural Service Center and Kvenobani (both had existed before the project) operate successfully. We believe that the effectiveness of selected approach was not fully appropriate even during the project implementation and therefore the effectiveness of the project was evaluated as **rather low**.

Efficiency: Our team considers the administrative and personnel costs of the project quite high compared to the total project cost - especially the prices of creating the training materials, trainings, marketing support, budget for strategy, analysis and feasibility study as well as the personal and administrative costs. We find that a high percentage of the project money remains at the level of partner organizations, instead of "trickling down" to the end beneficiaries. Therefore the overall efficiency of the project was evaluated as **rather low**.

Impact: As a result of this project more farmers gained access to proper agricultural machinery and increased their capacity to cultivate land, improved their skills and knowledge. In general though, the proclaimed targeting of small farmers did not work. Some were facing risk of losing the gained equipment because of tax dispute and unclear ownership of the equipment (dehydrator in Kvenobani, Guria facilities), some were not using the equipment (cheese factory in Akhaltsikhe, training room in Ozurgeti). At the end of the project, the smaller farmers were not properly mobilized. To some, the project affirmed widespread believe that cooperative approach is not working for small farmers in Georgia. Therefore the impact of the project was evaluated as **rather low**.

Sustainability: The main restraint of project sustainability is according to the evaluation team insufficient managing and marketing capacities of the newly established entities and unclearly defined ownership structures. Because of that, the original end beneficiaries do not feel sufficient ownership of the project outputs and are not willing to further cooperate and invest their own resources into the sustainable development of the entities. The other factors include the problems with taxes (particularly in Guria), involving farmers as suppliers only (instead of members) and over dependence on partner organizations, instead of increasing self-reliance of all participants/beneficiaries. Therefore the sustainability was evaluated as **rather low**.

Human rights and gender equality: The project did not focus specifically on gender issues, therefore its positive effect in that regard was quite limited. It should be mentioned that changing a status quo related to gender roles in Georgia would have required substantial additional capacity, funds and time due to objective reasons, such as cultural and regulatory environment in Georgia. Therefore, contribution to gender issues was evaluated as **rather low**.

Environment: In general the project had no strong positive or negative impact on environment due to the fact that intended project outputs were not sustainable or they had only a limited impact. Only farmers in Kvenobani village that profited from the new dehydrator stated that the new equipment compared to the old homemade dehydrator has better impact on environment in terms of its efficiency and power consumption. However, if the fruit Agroprodukt factory in Ozurgeti will start to operate one day, the impact on energy consumption of its cooling facilities will be substantial. It can be reduced by installation of small solar power plant. At the same time, if the production of organic perennial crops will be renewed one day, it can bring positive environmental impact in terms of sharing good practices of land and environment conservation. Therefore, contribution to the environmental protection was evaluated as **rather high**.

Good (democratic) governance: It seems that at the initial stage of the project Caritas was successful in engaging local authorities and the line ministries (e.g. Ministry of Agriculture of Georgia). At a later stage substantial challenges emerged, particularly in Guria, where the largest cooperative supported through this project failed to ensure adequate legal setup and ended in a tax dispute with the Revenue Service of Georgia. It seems that at later stages of the project implementation, as well as after the project termination, the beneficiary entities were not sufficiently proactive and transparent, and did not have necessary capacity to ensure proper management and governance of their respective organizations, whereas implementing partners (ABCO/GABC) and Caritas CZ failed to properly guide them through this process. Therefore good governance was evaluated as **rather low**.

Visibility: There was some media coverage of the project and 6 project photos were part of Caritas CZ 2011 calendar, which was distributed to wide range of partners, donors and institutions in the CR and Georgia. In some cases there were no Czech logos present (e.g. on all training materials developed from the project, ARSC and Guria buildings). Therefore visibility was evaluated as **rather high**.

7. Recommendations

7.1. Recommendations towards the project and continuation of the development cooperation

Recommendation	The main addressee	Severity
1. Steady presence of Caritas CZ project manager in Georgia	Caritas CZ	1
2. To motivate the implementing partner organizations to be interested in the project even after it terminates (e.g. by a contract stipulating the consultation and monitoring based on commercial terms) and to keep observing this project in a long term manner.	Caritas CZ	1
3. Long term monitoring in order to protect the ownership and access to the equipment by the individual farmers/cooperatives (e.g. fruit dehydrator in Kvenobani, cheese factory in Akhaltsikhe, GABC x Agroproduct).	Caritas CZ CZDA,	1
4. Guria - the cooling systems should be repaired immediately (isolation), the humidity should be then measured with some simple equipment. Apart from regular monitoring/creating a business plan, no further finances should be allocated to this particular project.	CZDA	1
5. Guria - If the development intervention is supposed to support cooperative farming for small farmers, we recommend an extension of membership of Agroproduct to small farmers. In other case it is recommended to establish a non-profit company and use their private investment to run the company (Ltd.)	Caritas CZ	2
6. For identification and monitoring of similarly oriented projects, we recommend to put higher emphasis on building sufficient managerial and marketing capacities of new entities and clearly define their ownership relations	CZDA	1

1. Steady presence of a Caritas CZ project manager in Georgia

We strongly recommend having a project manager who is permanently based in Georgia.

2. To motivate the implementing partner organizations to be interested in the project even after it terminates (e.g. by a contract stipulating the consultations and monitoring based on commercial terms) and to keep observing this project in a long term manner

Being involved in the project after the donor funding terminates is crucial for its sustainability and impact. Very often, services like “marketing advising” need to be provided longer than for a few months. The beneficiaries need time to develop their business. E.g. in case of fruit processing association, further feedback and consultations are crucial in order to make sustainable/viable decisions if to move the production to Akhaltsikhe. A group discussion might be encouraged so reassess the members’ capacities. They have to face the decision to either find new capacity for customer search/care within their team or outside or close this operation altogether.

3. Long term monitoring in order to protect the ownership and access to the equipment by the individual farmers/cooperatives (e.g. fruit dehydrator in Kvenobani, cheese factory in Akhaltsikhe, GABC x Agroproduct). The equipment users should also have the purchase receipts and documents.

Caritas CZ should ensure that the end beneficiaries have legal rights to the ownership of the project material outputs because the donor was able to raise funds in the farmers’ name. Although we were

assured that “the equipment/building is there, the farmers can use it anytime they like”, very often the project outputs are not being used by the intended end beneficiaries. It is important that farmers know about this possibility. In some cases it can be encouraged simply, e.g. the fruit processing association could make use of the ARSC office/training room 1x a week or could even have a small permanent “showcase” with displayed marmalades there.

4. Guria warehouse - the cooling systems should be repaired immediately (isolation), the humidity should be then measured with some simple equipment. A quality business plan should be created by GABC.

We would advocate for direct communication of the Czech experts with GABC. In order to provide a clear answer to the evaluation question if further financial support should be provided, our team has come to a conclusion that apart from regular monitoring/helping to create a quality business plan and monitoring of internal humidity, no further finances should be allocated to this particular project.

5. Guria warehouse - If the development intervention is supposed to support cooperative farming for small farmers, we recommend an extension of membership of Agroproduct to small farmers. In other case it is recommended to establish a for-profit company (Ltd.)

6. For identification and monitoring of similarly oriented projects, we recommend to put higher emphasis on building sufficient managerial and marketing capacities of new entities and clearly define their ownership relations

It is necessary that the end project beneficiaries through cooperative approach feel sufficient ownership of project outputs, are interested into the decision making and are therefore further willing to cooperate and invest their own resources into the sustainable development of these entities.

7.2. Recommendations towards the processes and systems

Recommendation	The main addressee	Severity
More power in project observation for the Embassy of the Czech republic after the project terminates.	MFA	1
English as the official language of evaluation reports	MFA	1

1. More power in project observation for the Czech embassy

The embassy of the Czech Republic in Tbilisi has a special attaché for Development Cooperation who, with the cooperation of his Georgian local coordinator, can play a greater role in consecutive project observation.

2. English as the official language of evaluation reports

Evaluation teams often include a local expert who might not be a Czech speaker. Our Georgian colleague had the unique first-hand experience of talking to the beneficiaries directly and she was therefore a crucial person in co-creating the report. It would not be feasible to create it in Czech; therefore it was written in English.

The first version of this report was sent for comments to the stakeholders; some of them are not Czech speakers. The fact, that the project is mainly implemented by Georgian organization ABCO with limited involvement of Caritas CZ makes a case in this point. If this report would have been in Czech, ABCO would be excluded from the process of commenting the report and would get only a brief English summary.

The same recommendation has been made in previous evaluation reports of 2012 (e.g. evaluation of projects in Mongolia by 4G consite, p. 22).