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

**“Establishment and Support of a Rural Service Centre in the Khulo District, the
Autonomous Republic of Adjara, Georgia”
2011 – 2012**

December, 2012

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Identification form (1 str. A4)

<p>Partner country: Georgia</p>	<p>Project location: Georgia, Khulo, Autonomous Republic of Adjara</p>
<p>Project title in Czech/English: "Zřízení a podpora zemědělského servisního centra v okrese Khulo, autonomní republika Adžárie, Gruzie" "Establishment and Support of a Rural Service Centre in the Khulo District, the Autonomous Republic of Adjara, Georgia"</p>	<p>Project sector: Agriculture, forestry, fishery</p>
<p>Gestor: Czech Development Agency (CZDA)</p>	<p>Implementer: Caritas Czech Republic (Caritas CZ) Vladislavova 12, 110 00 Praha 1</p>
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1. Summary

1.1 Project description and context of evaluation

The project “Establishment and Support of a Rural Service Centre in the Khulo District, the Autonomous Republic of Adjara, Georgia” has been implemented from 2011 to 2012. At the time of the evaluation the project implementation was not terminated. This fact complicated the evaluation process and efficiency since several activities are still to be implemented. This Caritas CZ project is supervised and monitored by the Czech Development Agency together with the Czech Embassy in Tbilisi. The main partner and implementing organization is a local Georgian organization ABCO.

The overall goal of the project is to support selected agricultural activities through a cooperative approach as a sustainable source of livelihood in the rural regions of Georgia. The project identified three main aims under this overall goal: 1) The promotion of a cooperative farming approach among small farmers and preparation of the implementation of this model in selected regions of Georgia; 2) Functioning, sustainable and a competitive agricultural service center, and 3) Enhanced capacity of small farmers. In general, the project followed a clearly defined logical framework.

The evaluation approach used is in compliance with the Code of Ethics for Evaluators and strives 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’s monitoring, contracts and completion certificates). The primary data was collected on the ground in Georgia 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 fields (good governance, gender, environment and climate). Since the project has not been fully implemented and the impact was not possible to evaluate in quantifiable manner, we concentrated on obtaining mainly the qualitative data. Criterion of “visibility of the Czech development cooperation” was added to our assessment as we found it an important part of the Czech ODA.

Next to the individual semi-structured interviews, group discussions were used as another tool for data collection. Direct observation of the concrete project outputs were carried out at every project area. Our team also concentrated on evaluating the institutional setting and functionality of the cooperative rural service centre structures – 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 randomly with farmers whom we met.

1.2. Major findings and conclusions

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

Relevance: The project is implemented in the framework of Czech-Georgian cooperation based on the Concept of Czech Development Cooperation for years 2010-2017, according to which Georgia is one of the priority countries, however without a specific developmental programme framework. Identification of beneficiaries took place by the information campaign phase at the highest level of local Ministry of Agriculture. Nevertheless, no additional need assessment was done in the region or among selected groups, which could hinder effectiveness of some of the following activities - such as the focus of training and selection of proper mechanization. According to the original project documentation the goal of the project was to promote cooperative approach, establish one rural service center and help small farmers to access the market. In Dioknisi and Didachara Caritas CZ,

because of high interest of local farmers, established two non-profit associations, which can be regarded as highly relevant institutions for rural development in Georgia. This concept seems viable and sustainable at the moment. However, they differ from typical Georgian rural service centers (established typically by government or international donors) which focus mainly on provision of services and renting of machinery to farmers. **The relevance of this project was evaluated as high.**

Effectiveness: The rural service centers were established and are functional in two villages - Dioknisi and Didachara; tractors, equipment and potato seeds were delivered to respective villages and trainings were held. But there were some obstacles as well: the equipment in Didachara arrived only four months before the end of the project, at the end of agricultural season. Without the tractors it was complicated to start any consequent activities and develop institutional and financial setup of the association. At the same time, the evaluation mission found that there was a lack of printed and effective training materials available to the farmers. Also, the execution of all training could have been done in a more efficient and appropriate manner. Effectiveness of marketing support and the usage of the Manual of Best Practices of Cooperative Farming are questionable as well. **The effectiveness of this project was evaluated as rather high.**

Efficiency: Our team considered the administrative and personnel costs relatively high compared to the total project cost. -We found that a high percentage of the project money remains at the level of partner organizations, instead of “trickling down” to the end beneficiaries. The time spent by project managers with the end beneficiaries was not adequate. The beneficiaries lacked basic understanding of the project extent and duration. Their ownership of the project could have been improved with more active participation and information dissemination through assigned project coordinators. Some crucial activities, especially purchase of the tractor in village Didachara, occurred too late for bringing the needed impact. Therefore the overall **efficiency of the project was evaluated as rather low.**

Impact: Although the project is still on-going and its real impact will be shown in future, we have observed that farmers gained access to proper agricultural machinery and increased their capacity to cultivate land, improved their skills and knowledge, got access to better quality (high yield) potato seeds, at the same time the project had an indirect positive impact on women as they had less manual work in the field due to their households’ access to agricultural machinery. Also cooperation among the farmers has increased as well as exchange of experiences between both villages. As a possible negative impact we saw the potentially increased amount and therefore cost of inputs (fertilizers, pesticides, parts for the tractor, fuel) that farmers have to bear in relation to more intensive variety of potatoes. **The impact was evaluated as rather high depending on future circumstances.**

Sustainability: As the project is still ongoing, farmers are very motivated. Both centers have established a system of paying membership fees for those who used the tractor based on the size of the land plots (50 GEL per 1000 m2.). This amount covers the fuel costs and salary of the driver. The rest goes to a special fund, which can be used for repairs or saving for a new machinery equipment. None of the groups received basic maintenance equipment and training. According to respondents, they will try to find similar types of spare parts on the local market. But this fact can increase the likelihood of tractor breakdowns and decrease the sustainability of the whole project. In general, long term involvement of ABCO is crucial; therefore we positively evaluate the membership of newly established organizations in ABCO membership structure. **The sustainability was evaluated as rather high depending on future circumstances.**

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 benefited both men and women as it allowed for relatively less manual work due to access to machinery. Otherwise, there was no improvement in terms of gender equality brought about by this project. We believe that Caritas CZ could have encouraged the membership of at least one woman in every association. There was no such requirement and we did not notice any activity in this regard.

However, it should be noted that due to factors beyond the project’s control, such as the cultural and religious background of the participating communities and inefficient national regulations, it would have been a very complicated task to change the gender-related status-quo within the scope of this

project, requiring substantial additional capacity, time and funds. Therefore, **improvements in gender issues were evaluated as rather low.**

Environment: In general it can be concluded that the project had no strong positive or negative impact on the environment due to the fact that the intended project outputs were not fully executed and terminated. The farmers received several environmental trainings that encouraged them to change some of their field practices - for example landscape management for disaster prevention, techniques of more efficient irrigation, timing of pesticide applications etc. On the other hand, new varieties of potatoes breeds for more intensive agricultural practices require higher amount of agricultural inputs - especially mineral fertilizers and pesticides. Farmers are aware of that fact and they were also aware that the agrochemicals could cause serious environmental damages. **In total, improvement in environmental impact was evaluated as rather high.**

Good (democratic) governance: Both of the associations work on similar cooperative principles based on the association statutes. Members are officially registered and they decide on a one member-one vote principle. We found both groups highly motivated, well coordinated and with clear institutional setup. The associations may have potentially a positive influence on village good governance. Therefore, good governance was **evaluated as high.**

Visibility: The logos of Caritas CZ and Czech ODA were found on all the purchased equipment and in Didachara on the house where the tractor is stored. The official logos were however missing on the training materials. There was almost no media coverage related to the project and Czech ODA. **Therefore visibility was evaluated as rather high.**

1.2. Summary of conclusions according to the individual evaluation criteria

	Dioknisi	Didachara	Whole project
Relevance	High	High	High
Effectiveness	Rather high	Rather high	Rather high
Efficiency	Rather low	Low	Rather low
Impact	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>	Rather high - depending on circumstances
Sustainability	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>
<i>Cross-cutting principles and visibility of the Czech ODA</i>			
Gender	Rather low	Rather low	Rather low
Environment	Rather high	Rather high	Rather high
Governance	High	High	High
Visibility	Rather high	Rather high	Rather high

Evaluation scale

High	Rather high	Rather low	Low	N/A
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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 organization ABCO to be interested in the project outputs even after it terminates (e.g. by a contract stipulating the consultation on commercial terms).	Caritas CZ	1
3. Both rural service centers should have direct and independent access to guarantee services of the equipment (including the ownership of the receipts)	Caritas CZ	1
4. To incorporate the maintenance and operating the new equipment and environmentally sustainable management of agrochemicals into their trainings.	Caritas CZ	1
5. To involve at least 1-2 women in the rural service centers as members or observers.	Caritas CZ ABCO	2
6. To change the content, update and distribute printed Manual of best practices of cooperative farming.	Caritas CZ ABCO	2
7. To use printed materials at all future trainings.	Caritas CZ ABCO	2

Recommendations towards the processes and systems

Recommendation	The main addressee	Severity
8. More power and role in consecutive project observation for the Embassy of the Czech Republic.	MFA	1
9. 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 would 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. The client also expected information for future implementation of similar types of projects in other partner countries of Czech development cooperation. The project is implemented by the Czech Development Agency who monitors the project together with the Czech embassy in Tbilisi.

The project has been implemented from 2011 to 2012. At the moment the project is not terminated. This fact complicated the evaluation since several activities are still to be implemented. Impact and sustainability are very difficult to evaluate at this stage of project implementation. Therefore, our evaluation team focused primarily on evaluation of other evaluation criteria.

3. Background information about the project

3.1 Project description

According to the logical framework included in the original project documentation the **overall goal of the project** is: Support of selected agricultural activities through cooperative approach as a sustainable source of livelihood in rural regions of Georgia.

Objective 1 - Promotion of cooperative farming approach among small farmers and preparation of the implementation of this model in selected region of Georgia

Main indicators: interest of the stakeholders and references by international donors, based on surveys among professionals and experts

Output 1.1 - Information campaign

Under this output Caritas CZ's realized campaign focused on local authorities and local target groups of small farmers in 13 villages.

Output 1.2 - Updated manual of good practices - examples

The manual, which should have been developed under the framework of other Caritas CZ project "Enhancing effectiveness of small farmers in Georgia" (2008 – 2010), is supposed to be updated by the chapters containing good examples from this project.

Objective 2 - Functioning, sustainable and competitive agricultural service center

Main indicators: existing center providing services and realizing income, based on accounting books and narrative reports. The indicator was the minimum of 260 informed people.

Output 2.1. - Selected group of farmers will establish a rural service center.

Various groups of farmers that demonstrated their interest in participation submitted their proposals. Then they were trained in business planning (minimum 15 participants) and then the updated best business proposals were selected by Caritas CZ.

Output 2.2 - Registered rural service center

Based on the selection process of Output 2.1 the new rural service center was registered. The original plan was to create only one center. However, due to high interest and motivation of two villages, during the project implementation, Caritas CZ decided to establish two centers. This step is justified in the project documentation and our evaluation team also support this decision. One of the indicators was completed and detailed business and operational plan of the center.

Output 2.3 - Equipped rural center with necessary agricultural equipment

After the organization of the call for proposals, both rural centers were equipped with agricultural machinery - tractor, plough, potato planter and harvester, cultivators, grass-cutter, cart, fertilizer and

pesticides spreaders. In Dioknisi the equipment arrived during the year 2011 and farmers used it the next year. However, in Didachara, the equipment arrived only in the second part of year 2012, so it is too late for any experiments. The equipment will be used only in 2013 at the beginning of the new season.

Besides machinery, each of the centers should have received seeds of new variety of potatoes and training how to operate the equipment. Caritas CZ also recognized in the original project documentation the need for storage facilities for potatoes and mentioned that they will try to look for additional income for this activity. However, this remained only on paper, since no additional financial resources had been spent for the storage until date.

Output 2.4. - Service activities of the rural service center has started

Under this output several activities related to production of new potato seeds at demonstration fields or marketing support of the service centers were planned. However, no specific indicators besides (minimum 15 demo-projects) were defined. Both activities were not fully implemented during the visit of our team and it is difficult to evaluate it.

Objective 3 - Enhanced capacity of small farmers

Main indicators: farmers use their new knowledge for their day-to-day farming activities, based on agricultural production of "good quality"

Output 3.1 - Selected farmers are trained and they are able to train other farmers

Training of trainers approach was chosen by Caritas CZ in order to prepare selected local farmers for their own successive trainings. They were supposed to be trained in two topics - animal feeding and pasturing (minimum 15 farmers) and potatoes growing (minimum 15 farmers). After that they should receive training on "improvement of their presentation skills" (minimum 15 farmers) in order to conduct their own workshops.

Output 3.2 - Local farmers are trained in farming topics

Besides "training of trainers" Caritas CZ planned to organize separated trainings for small farmers (30 farmers each training). Besides potatoes and animals they were supposed to be trained in environmental protection, "disaster risk reduction approach" and ecology (15 farmers). The trainings were supposed to be given partially by trainers trained under output 3.1. without any involvement of ABCO trainers.

Output 3.3 - Farmers have practical experience with good quality potatoes growing

Under this output the demo projects of cultivation of new potatoes seeds were executed. However, it is not specified in the project documentation, how this output differs from output 2.4 and its indicators.

In general, the project followed clearly defined logical framework and therefore it is not necessary to make a restructuring of it. The only recommendation is, that Caritas CZ should have specified some of the indicators (especially on the objective level) in more specific and measurable way. In several cases it is not possible to evaluate their fulfillment objectively.

3.2 Key assumptions and risks

The original project proposal identified in the logical framework **the following assumptions and risks:**

1. **On the level of overall goal**
 - Stable political environment
 - Stable climatic conditions
 - Demand for production

2. **On the level of aims**
 - Access to information
 - PR of project

- Demand in the market
- Business contacts
- Improvement in the market position
- Interest of farmers

3. On the level of outputs

- Interests of local population in project participation
- Needed inputs from farmers
- Minimum bureaucratic obstacles
- Available mechanization on the local market
- Available field for demo-projects
- Interest for trainings

However, there is no distinction between the risks and presumptions and there is no specification on what different factors represent and how Caritas CZ would limit the impact of risks during the project implementation. PR of the project for example cannot represent either risk or presumption since it is fully controlled by the implementing organization. Some of the presumptions (improvement of market position, business contacts) represent rather indicators. Therefore, we found it insufficient for the efficient management of the project.

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

We applied a **participatory approach right from the preparatory 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.

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 from the 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

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

Stakeholders in Georgia

- The Czech embassy in Tbilisi
- The main partner implementing organizations - Association of Business Consulting Organizations of Georgia (ABCO)
- The supported local organizations - Dioknisi rural service centre, Didachara rural service centre
- The end beneficiaries
 - The farmers using the services of both rural service centers
 - The trained trainers
 - The tractor drivers
 - 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 Development cooperation of the Czech Republic with Georgia

The project is implemented in the framework of Czech-Georgian cooperation based on the Concept of Czech development cooperation for years 2010-2017¹, where Georgia is specified as a so called “project country”. It means that it is one of the priority countries, however without specific development program. Priority sector areas for Czech development cooperation in Georgia are following:

- health
- energy
- agriculture
- environment
- social infrastructure and services
- governance and civil society

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

Caritas CZ based identification of the beneficiaries on activities of the two first outputs. The starting point was output 1.1 - information campaign, where several meetings with local the Adjara Minister of Agriculture Donara Surmanidze and her vice-minister Tatia Khubulava, local Khulo representatives helped to focus on selected areas. Besides that Caritas CZ hired a local coordinator - David Tsulukidze, who later became the leader of the cooperative in Didachara. He collected three

¹ Koncepce zahraniční rozvojové spolupráce ČR na léta 2010 - 2017. Available from: http://www.mzv.cz/public/5b/5c/67/501254_391744_Koncepce_ZRS.doc

applications from three local village groups (Didachara, Dioknisi and Rekheta). Two of them were finally selected by the project committee. Concrete steps for the selection and support of small-farmer's associations were outlined in business plans prepared by each of the respective group.

However, no additional need assessment was done in the region or among selected groups, which could hinder effectiveness of some of the activities - especially focus of training and selection of proper mechanization. Caritas CZ decided to implement the project in two villages without thorough research on the livelihood of local people, farming techniques and availability of land and resources, knowledge of farmers and their needs. Some participatory appraisal techniques could have been used.

The farmers in Dioknisi were first informed about a possibility to join a project/training by the local government. They participated together with other groups from other villages. They had low expectations "nobody believed we can get some training, we just tried our luck". After trainings, writing a business plan and one additional training, they got information that they were chosen for the project.

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 promoting of cooperative approach. 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. It was also applied by Caritas CZ in Georgia in several previous projects as well, so a wide experience could have been expected.

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 the entry of 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". 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).

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

Caritas CZ uses in the proposal the terms “cooperative approach” based on small-farmers associations and so called “rural centers”, which are de facto and also de jure different concepts.

“Rural service centre” is the form of organization that provides services and rents its machinery to the farmers (formally it is a membership organization, "members" pay dues to use its services e.g. renting tractors), however, since they do not possess any legal or decision making rights we cannot speak about cooperative approach. Nevertheless 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. According to the Georgian law, these organizations are usually regarded as nonprofit entities (however can be also created for profit making). 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 fall 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).

In Diognisi and Didachara Caritas CZ finally established non-profit entities of local farmers. However, de facto, they are not rural service centers. Members mainly provide services and rent machinery to themselves (they are willing to rent it to the others, but the limited equipment cannot satisfy even all the needs of members due to heavy time-constraints during agro-timing of the season), which make them different from a typical rural service center. This concept seems viable and sustainable at the moment. According to the project proposal, the aim of the output 2.4 is that “the service **cooperative** in two years will create profit from selling their improved potato seeds”. However, Caritas CZ should consider the fact, that the non-profit union of farmers cannot be called "cooperative" and cannot create any profit without risking legal penalty and taxation as any other business company.

5.2. Effectiveness

5.2.1 - Update of the manual 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 update already finished manual "The Good Practices of Cooperative Farming" from Caritas previous projects. However, our evaluation team has not find any update so far (October 2012). Besides that, even though the name of the manual 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 Cooperative farming 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, since previous Caritas CZ projects, there is **only an electronic version of this document, which is available only at the ABCO office and Caritas CZ**. None of the project beneficiaries has received a printed copy of even the older version of the manual, nor are they actively using it.

5.2.2 - Establishment of two rural service centers

Under the project two non-profit rural service centers (because of high interest and motivation of the farmers) based on cooperative principles were created and registered in two villages - Dioknisi and Didachara. The villages are some 10 km away in mountainous region of Adjara in southeast Georgia where mainly Georgian Muslim population lives. Both groups know each other well.

Both of the associations work on similar cooperative principles based on the association statutes. Members are officially registered and decide on a one-member-one vote principle (In Dioknisi no major decision which would require all 17 people to come and vote has yet been taken. In Didachara the project activities have not fully started).

Since the Didachara group received all the equipment two months before the visit of the evaluation team, and both groups still receive support from the project it was impossible to fully evaluate effectiveness and sustainability of this institutional and financial approach. We found both groups highly motivated, well coordinated and with clear institutional setup. **Therefore, we believe that this output can contribute to the project aims very effectively.**

5.2.3 Tractor and equipment

Both groups received agricultural mechanization based on their business and strategic plans. Nevertheless the equipment for Didachara group arrived only two months ago (at the end of the agricultural season) before the visit of the evaluation team, so the tractor was used only once.

There were two suppliers of the mechanization selected by Caritas CZ - Agromehanika from Slovenia (for 2 tractors and grass-cutters) and Bolnisi-Agrotechnics Ltd from Georgia for the rest. The decision to order part of the equipment from Slovenia was explained by Caritas CZ as of better quality than the local supplier. Unfortunately, Agromehanika company has no branch and authorized dealer of spare parts in Georgia, which can complicate situation of both groups in case of machinery breakdowns.

The two tractors from Slovenia came by the boat cargo to the port in Batumi separately in two different years. The transportation costs were paid twice. Another complication that hinders fully effectiveness of the approach is that according to focus group with beneficiaries in Dioknisi, the tractor and all the

equipment is not sufficient for their fields since timing of the agricultural season is very tight. Also, higher up in the mountains they are able to use the bigger tractor, since the land is less hilly. The result is that they had to rent bigger tractor anyway. Moreover, Didachara farmers lack the hay-pressure machine, which could have been bought together with the tractor instead of some other equipment. This can be related to the fact, that there was no need assessment done by Caritas CZ before the purchase of equipment.

However in Dioknisi they all regard the tractor and the equipment as very useful and helpful. Mainly, they appreciated less time spend on the soil preparation and potatoes harvesting now. They even consider that next year they will expand their fields. Nevertheless, for clearing of the new land they would need to rent the bigger tractor anyway: *“Our plan is, and we have already started, to cultivate the lands that we were cultivating during the Soviet Union but were not used for a long time. The bushes/trees have to be removed it cannot be done manually. This soil is very fertile and promised greater production”.*

System of using the tractor - group discussion of farmers in Dioknisi

“Officially there are 17 members in Dioknisi rural service centre (October 2012) and together with 20 additional people are using the tractor. So it does not matter if you are from the original group or not. We decide about using the tractor according to the location of the land plot, we start with the places where the snow melts first.”

“There are about 20 other people who wish participating but the tractor is not enough for them. Some of the people had to wait for 20 days to use the tractor. For some of them it was too late.”

Even though in this case it is also difficult to evaluate effectiveness when both groups had hardly any time to use the equipment, we found in general the equipment as appropriate for local conditions and need of farmers. **Therefore, we believe that this output can contribute effectively to the project aims.**

5.2.4 Trainings

There were several trainings for the members of both groups. However, only trainings for trainers (Output 3.1) were organized in 2011. One additional training took place in spring 2012. The rest of trainings (Output 3.2) are still to come, therefore we could not evaluate it.

During the project implementation, **the group of selected future trainers** received several trainings on potatoes growing, animal feeding and presentation skills. The participants regarded the training as useful for their day-to-day work. However, they did not receive any printed materials at any training. Only slides of powerpoint presentations burnt on the CD. No other printed materials were developed. Our team believes that **the effectiveness of the trainings could have been increased even further if Caritas CZ/ABCO provided any brochures or handouts to the future trainers.** 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”*. It is also very difficult to use PowerPoint presentations as the only source for future revision of information provided (next to the hand written notes), especially for farmers with limited studying experience. Besides that the majority of farmers lack the capacity to read a presentation from CD, since they lack access to computers.

Caritas CZ used the same PowerPoint presentation from the previous project “Enhancing effectiveness of small farmers in Georgia” where young college students were trained. We believe that **it is not possible to use same materials for such groups of audience** with completely different level of practical experience, and that it would be more effective to suit the trainings to the real needs of farmers based on the proper need assessment or at least participatory approach during the workshop focused on practical solutions to day-to-day problems.

All animal production trainings were given by Giuli Gogoli, professor at the Agricultural university in Tbilisi and after thorough analysis of the powerpoint slides we believe they contained some of the theoretical information that are too distant from Didachara and Dioknisi farmers’ reality. They were

held in administrative capital Khulo and not in project villages. All participants had to travel to Khulo, which is some 15 km away. The trainings were given as standard university lectures without active participation of the participants or practical workshops. We believe that this approach can also limit effectiveness of learning for local farmers. Especially practical part on the field could have been included into the trainings. Also, since the trainings were repeated after one year, some specific techniques could have been tried and evaluated on the second training as a group activity of all farmers. However, Giuli Gogoli still receives calls and enquiries of local farmers and provides consultations over the phone all the time.

The Presentation on Potato includes 4 presentations. They are about potatoes, what sorts are there, how to properly cultivate and store them, potato diseases and what external/environmental factors affect them etc.

The Presentation on Animal production and feeding 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 would have access to printed copies of these presentations.

The indicator of 15 trained trainers and their active execution of consequent trainings was not fulfilled.

According to the respondents: *"About 4 people were selected as people who can continue training others. At the moment (October 2012), no trainings for farmers are happening; we are very busy with the harvest. But informally we receive calls every day from the people from neighboring villages and relatives. It is happening on informal level."*

What is the most important knowledge from the trainings that you now apply?

(a live group discussion started, farmers were enthusiastically talking about their ways of doing agriculture, which might have been a useful process of sharing for them):

- 1. Preparation of the soil – the potatoes looked better as a result*
- 2. How to use fertilizers – before I was not paying attention when to apply it and was finding the fertilizer at the harvested potatoes), now I learned it must be 6 months before the planting.*
- 3. I want to start crop rotation*
- 4. Proper watering and irrigation – which types are good at the slopes, capillary irrigation,*
- 5. Watering plants – before I was watering once, now more times*
- 6. Soil analysis - Next year we want to take the samples of soil to Tbilisi for analysis, it will advise us how to apply fertilizers.*
- 7. Seed selection*
- 8. food/treatment/diseases, safety norms about milk production /cheese/yoghurt*

Group of 15 farmers in Dioknisi

Besides that there was a special **training on the machinery use**. Unfortunately, this training was organized only in Dioknisi (according to ABCO, farmers from Dioknisi were supposed to train the other group in Didachara - however they were not aware of that) and prior to the arrival of the equipment, which we regards as very inefficient timing. The farmers received only theoretical training and according to them: *"It was video presentation training with a lecture. The teacher was from Tbilisi specializing in tractor/mechanical devices and machines. The tractor was not here by the time of the training. We learned which season is better to cultivate the land, the average depth the plough*

shall dig. We also discussed how the tractor can operate in different elevations/terrain, how to use the different extensions.”

The farmers would appreciate more training on the equipment maintenance and repair: *“We have previous experience with Russian tractors, so we find the tractor easy to operate. A purely technical workshop would be welcome, how to repair the tractor by our own means. We try to do everything by ourselves, we have instruments and also a certified welder who is also our member.”*

During the development of the business plan, all groups also received training in **business plan development**. Business training materials included 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 were short and followed by more detailed information in additional materials (mainly in MS Word format). The training materials included case studies as well. ABCO developed the material as in-kind from other projects and used these materials for all sorts of trainings. There is no information that these materials were used in the framework of Caritas CZ project 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 the older generation with only soviet secondary or tertiary education in agriculture these 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 it in everyday life/business situations, we believe that 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.

Most farmers are very motivated to continue learning. In both villages various farmers repeatedly stated that they would like to have more information and education on modern agricultural techniques and methodologies, particularly those that are suitable for their natural environment and that take into consideration their specific needs and limitations (in terms of natural conditions, economic and financial constraints and professional capacities)

5.2.5 New potato seeds, demo projects

The potatoes demo projects are included in two outputs - Output 2.4 and Output 3.3 without clear differentiation of indicators, risks, presumptions or management of shared activities between two outputs. In spring 2012 Caritas CZ bought 25 tons of potato seed (8 different varieties of potatoes - Marfonna, Picasso, Kondor, Arinda, Sante, Madeleine, Provento, Agria) in the container from Netherland. 12,5 tons were originally prepared for each village.

However, in Didachara Caritas CZ was not able to mobilize farmers to the full extent, and therefore the majority of potatoes were planted in Dioknisi. The Didachara farmers explained the reasons (during the group discussion):

- 1. the equipment came late so it could not have been used for planting - it would have been physically impossible to plant a bigger amounts of seeds only manually.*
- 2. the lands in the village are limited and people are not rich, therefore reluctant to try the new seeds (were afraid they will not give sufficient yield).*
- 3. The people therefore wanted to wait for results in Dioknisi village. Now that they see that the results are very good, they are very interested in them.*

In total 15 farmers were willing to use their small plots of land for new varieties - demo-projects. In Didachara, these fields are not in the village but high in the mountains (approximately 20 km from the village), where farmers own additional plots. They usually spent whole summer on these locations and only in the autumn migrate back to the village. They planted all the potatoes there, since at the time they received seed, all the plots in the village were occupied. They also believe that the land is of better quality in the mountains. On the contrary to the information of Caritas CZ Didachara made the decision that this first year not 50% of production will come back to the association but everything will stay with the farmers and the 50% will be returned the following year. Dioknisi farmers will return the 50% of the yield as stated in the project documentation.

It was too early to evaluate improvements in the potato production caused by the imported varieties, since the harvest season has not started. However, both groups claimed visible increase of yield (some farmers reported 30% increase) and improvements of the quality (size, taste, shape etc.). They also reported differences between different localities and varieties. They took evidence of all distributions, so that the next year they would be able to tell which variety is the best for different local agro ecological conditions. However, at the same time they reported higher needs of fertilizers and pesticides (especially against Phytophthora disease) related to the improved intensive varieties.

In general all farmers are very satisfied with this output. They compared new potatoes to the old ones, which were of very low quality, taste and they were not able to compete with potatoes imported from Turkey. They plan to choose 3-4 best varieties for the future use.

5.2.6 Marketing support

According to the project mid-term report, "ABCO established new distribution channels for potato growing members on the market in Batumi". However, according to the respondents, **there was no special support in this regard and they were able to sell their harvest only by their own usual forces** - selling through intermediaries (some farmers stated 80%) and directly from a rented lorry on the streets in Batumi.

Group discussions about selling the potatoes - summary of the farmers' conclusions:

- *We sell individually at the moment, but planning to approach larger customers together later*
- *We don't have capacity for an advertising campaign*
- *ABCO is trying to come up with some proper plan for that*
- *Gia got some basic marketing training*
- *In the past, we approached **restaurants in Ajara**, but the potato quality was not sufficient. Now we plan and hope to approach them again.*
- *It is difficult to approach **supermarkets (e.g. Goodwill)** - most Batumi customers buy vegetables on the markets and also in case of large supermarket chains, their suppliers are very rich, high level guys, people from villages don't have access to this level.*

- *We are therefore trying to target **small shops, local networks of mini markets**. Dioknisi already has an arrangement with 5 small shops.*
- *We hire a large truck and deliver to Batumi. In order not to push down the price, we have an agreement who is bringing how much potatoes to where.*

5.3. Efficiency

5.3.1 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 organization ABCO. There has been an exchange of project coordinators since 2011 in Caritas CZ.

Even though there are several people specified in the project documentation as “long-term” expert, “local project coordinator”, “marketing expert”, “agronomist”, the beneficiaries are in the regular contact only with Konstantin Zhgenti, the director of ABCO. They were not aware of any other coordinators of the project that could be in touch of them on a long-term basis. They were even not aware that the project will end in two months and they were hoping to get some support during 2013 as well². According to beneficiaries, nobody from the project management stayed in the village for couple of days, which we find inadequate to the financial resources spent on personal costs of project coordinators. On the other hand they were satisfied with the regular phone contact and with engagement of **the director of ABCO Mr. Konstantin Zhgenti, who is regarded by all beneficiaries as very dedicated and helpful person.**

Therefore, we believe that **long-term presence of Caritas CZ coordinator in the project locality would improve participation, access to the information and ownership of the project for final beneficiaries.**

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

The personnel and administrative costs are relatively high to the direct benefits for the farmers in two villages. They represent **995 300 CZK** (210 391 CZK Caritas CZ personnel costs, 429 300 ABCO personnel costs, 147 000 Caritas CZ administrative and 209 000 ABCO administrative costs), which is **43% of the whole budget of 2,3 mil in 2011.**

According to the project proposal for 2012, personnel and administrative costs will be **1 291 461 CZK** (456 000 CZK Caritas CZ personnel costs, 316 000 CZK ABCO personnel costs, 178 841 CZK Caritas CZ administrative, 340 620 CZK ABCO administrative costs), which is **56% of the whole budget of 2,3 mil in 2012.**

Also, budget items like “ABCO marketing expert”, “ABCO agronom” and especially “**ABCO long term coordinator**” (who cost **149 411 CZK in 2011 and 45 900 CZK in 2012** need to be noticed because there is not enough activity in the field that would justify these budgets. We also find the cost of trainings high (typically from 25000 CZK to 40000 CZK per training), considering involvement of local university teachers, the fact that the materials had been prepared previously from different funding, and beneficiaries received no printed brochures or handouts. On the other hand ABCO provided their car as in-kind.

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 and therefore we regards efficiency of this approach as low.

² This was later explained by Caritas CZ – ABCO is negotiating further assistance from Japanese donors and therefore did not announce terminativ of the project to these beneficiaries.

5.3.3 Tractor and equipment

The tender selection committee consisted of the Caritas CZ and ABCO only. The members of the rural service centers were not included in the decision making about their suppliers.

The two tractors from Slovenia came by the boat cargo to the port in Batumi in two different years. Unfortunately, in Didachara it was not possible to start any consequent activities and develop institutional and financial setup of the association without the tractor. We believe that it would have saved the cost of transport and allow starting using both tractors at both villages during the first project year if Caritas CZ purchased both tractors at the same year. Since the price of tractor was 13 354 EUR (333 850 CZK, in case of Didachara the tractor was even cheaper (9 500 EUR) since it does not have a cabin) the budget of the first year would allow for the purchase even with some most needed tractor equipment purchased at the local distributor Bolnisi-Agrotechnics in Georgia. It could provide more time for the implementation of all related activities. Caritas CZ argues that the budget in the first year was not sufficient for purchasing both tractors and that they preferred first testing the machinery in the first village before buying it for the second village.

Besides that there is **a crucial inconsistency in the final financial report from 2011, where "Tractor - 4WD, 80 HP" with price 662 949 CZK is reported to the donor.** This type of tractor at given price was included in the original project proposal, where Caritas CZ proposed only one bigger tractor. However, our team found different type of two purchased tractors and price of the tractors, which are specified above. Therefore, **the financial report does not reflect new strategy and reality on the ground.** As we learned later from Caritas CZ, this budget line includes price of smaller tractor 27kW (371 088 CZK), cut mower (111 864 CZK) and some other unspecified equipment, transport and training (205 526,4 CZK), which is in total **688 478,4 CZK**. Besides that Caritas CZ informed us that the financial costs of the project in 2011 included 194 471 CZK for potatoes seeds, which is not reported in the financial report at all. According to the project documentation all the seeds of potatoes (290 000 CZK) were purchased as a project cost-sharing.

5.4. Sustainability

As the project was still in process in October 2012, it can be only an attempt to forecast its sustainability. Therefore, we include sustainability chapter mainly in form of recommendations at the end of the report.

The farmers (during a group discussion of 15 farmers in Dioknisi) have expressed **the following problems that might hinder their sustainability:**

Households are indebted and pay a high interest:

- *"Out of 8000 households, 7000 families have 3 small different loans, interest is very high."*
- *"Some of us were forced to sell good potatoes that would cost double in 2 months, just to pay the interest in our bank loans".*
- *"In order to get money fast, we have to sell potatoes cheaply to intermediaries. E.g. you sell a kilo for 36 tetris (0,36 lari), in one hour they were for sale for 1 lari."*

It is hard to compete with imported (Turkish) potatoes:

- *"Local potato brands were very bad (they are even called "soap" for their bad taste), people stopped buying them. Now consumers need time to get accustomed to our better types of local potatoes".*
- *"Although our new potato brand is of better quality, prices of potatoes fell and it is very hard to compete on the market."*

The system of membership fees

The farmers who use the tractor pay a membership fee based on the size of the land plots (50 GEL per 1000 m²). Although the fee of the tractor is not cheap and most farmers need to pay it in installments, the final cost is still cheaper than using animals for the same work.

The membership fees are transferred to the bank account. First, costs for the fuel and salary of the driver need to be covered. The rest goes to a special fund, which can be used either for repairs or saving for a purchase of a new tractor. The coordinators are the centre's employees (no contract with ABCO) who will be paid from the remaining balance on the account.

Tractor and equipment

Farmers do appreciate the tractor: *"This tractor is a very huge property for us. Before that we were working manually. This means a lot for us, a big investment."* That alone is a valid reason for taking a good care of it. None of the group however received basic maintenance sets and the most needed spare parts, not even oil and air filters, which must be changed regularly (these activities were not planned in the project). According to respondents, they will find similar types on the market in Batumi. But, this fact can increase likelihood of tractor break down and decrease sustainability of the whole project.

The Agromehanika tractor is the first tractor of its kind in Georgia (a pilot tractor) and Agromehanika company has no branch and dealer of spare parts in Georgia, which can complicate situation of both groups in case of machinery breakdown. The farmers said that they would call Konstantin Zhgenti from ABCO if a repair was needed. We learned from Konstantin Zhgenti that there is a company GT Group who would provide a repair service based on email between GT Group and ABCO if needed. We called them to enquire about their services but could not get a qualified response. Out of several people we talked to, some say they can service any equipment and machinery, and others say they only service New Holland Agriculture equipment/machinery.

As the project is still ongoing, **farmers are very motivated and full of appreciation for the project.** They stated many times that *"this is the first time somebody got interested in how we live; we are very surprised and glad."* The members of both rural centers are determined to continue working extremely hard in the consequent years. As we learned from Konstantin Zhgenti, the Dioknisi group is already member of ABCO group of business consulting organizations. This fact can positively facilitate long-term sustainability and access of Dioknisi group to consultation and marketing services of ABCO.

Farmers expressed the following plans and desires:

- Dioknisi farmers would like to renovate an old barn and make it a potato warehouse; they are looking for funding for this enterprise.
- Didachara farmers need a special haymaker which will help them with the tedious work of making hay for their livestock.
- Both groups expressed the need for more equipment and machinery *"The tractor we have is not enough for our purposes. We want a tractor with a stronger engine, this one doesn't have enough power"*. They want to save money to buy another piece.
- Most farmers expressed their motivation to continuous education.

5.5 Impact

Positive impact of the evaluated project at this stage of project implementation could be summed up:

- More farmers have access to agricultural machinery, hence increased capacity to cultivate their land plots etc. (the tractors in Dioknisi and Didachara were bought and are being used)
- The new potato seeds were proven to bring a higher yield and a better quality
- Majority of beneficiaries received different types of training that helped them in their day-to-day jobs. The farmers are very motivated to continue learning.
- The cooperation among the farmers has increased as well as experience exchange between both villages
- There is a positive impact of less manual work (also for women)

A potentially negative impact of the evaluated project could be summed up:

- There are potentially higher amount and associated costs of inputs (fertilizers, pesticides, parts for the tractor, fuel, etc.)

As the project was still in process in October 2012, all possible impact cannot be exactly predicted.

5.6. Cross-cutting principles of the Czech ODA

Environment

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 fully executed and terminated.

Based on the current state of the project we could observe only possible impact on environment: Farmers were trained in environmental protection including disaster risk reduction. In the mountainous regions like Khulo, this is a very useful approach. The landscape in combination with deforestation and agricultural activities is very fragile to water erosion and landslides occur frequently. However, the seminar was planned in autumn 2012, so it was not possible to evaluate its benefits. Besides that, the beneficiaries also mentioned that other trainings focused on potato growing and soil preparation helped them to improve their environmental records - for example due to more efficient irrigation, the timing of pesticide applications etc.

It is difficult to evaluate impact of the new machinery for mineral fertilizers distribution and pesticide spraying, since neither of the two villages had fully experiment it for their crops. But, if farmers will be properly trained with the sprayers and distributors and the doses of fertilizers and pesticides are properly adjusted, the new equipment can bring potential improvement due to more even and efficient application.

On the other hand, new varieties of potatoes breeds suited for more intensive agricultural practices require higher amount of agricultural inputs - especially mineral fertilizers and pesticides. Farmers are aware of that fact and they were also aware that the agrochemicals could cause serious environmental damages. In the mountainous regions with fragile land endangered by water erosion the biggest risk is pollution of local streams, rivers and sources of water. Excess in application of fertilizers can cause deterioration of the soil quality as well.

Human rights including the gender issues

Gender issues are a particularly sensitive subject in mountainous Ajara, specifically Khulo villages, where the project was implemented. Majority of the population in these villages are Muslim, with relatively more conservative and patriarchal approach to the roles of women and men compared to the rest of the country. This is further enhanced by the geographical remoteness of the area, as well as the strong sense of community that prioritizes the wellbeing of a community over the interests of individuals and their freedoms.

Together with the inefficient regulatory oversight in this area (e.g. gender equality) and a lack of proactive policies to ensure equal opportunities for women, cultural and religious factors remain main obstacles to women empowerment, particularly in rural, remote mountain areas such as Khulo. As a result, majority of the households participating in this project were represented by men. The main formal and informal decision-making authorities were also held by men, and most of the training participants were male as well. Women in this case are indirect beneficiaries of this project (as a result of the project and the new machinery communities received they have less manual work to do in the field). Overall, there was no improvement in terms of gender equality brought about by this project. However, it should be noted that due to the above-mentioned factors and limitations, attempts to emphasize/influence gender-related issues within this particular project and communities could have damaged the main purpose of the project and its implementation.

Nevertheless, our evaluation team suggests attempting to involve at least 1-2 female (farmer) as a member (or observer) of the both rural centers.

Good (democratic) governance

Both of the associations work on similar cooperative principles based on the association statutes. Members are officially registered and they decide on one member-one vote principle.

They meet regularly and discuss all the problems together. The day to day/minor decisions are made by the management and administration of the association (In Dioknisi it means 5 people, which are paid seasonally, usually 3-4 months). Both groups opened bank account and established basic rules for financial surplus creation, which will allow them to have budget for maintenance and unexpected events like machinery equipment failure. Therefore, we found this approach effective for the rural development through support of local institutions. Every member must contribute amount which is calculated from the area cultivated. The contribution for the diesel of the tractor is separated. All the renting of the tractor was properly noted with written evidence.

We found both groups highly motivated, well coordinated and with clear institutional setup.

5.7. Visibility of the Czech development cooperation

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

- Both tractors and the equipment in both Dioknisi and Didachara
- Didachara - on a house near the house of association coordinator where the tractor is stored.

NO logos were found on:

- Any of the training materials or powerpoint presentations
- Bigger signs-plot in the villages in the project areas

Also, according to the Czech embassy, the visibility of the Czech development cooperation in Khulo is low. No particular media coverage of Dioknisi and Didachara rural service centers was found. There are some mentions of the CZDA and Caritas 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.

6. Conclusions

Summary of conclusions according to the individual evaluation criteria

	Dioknisi	Didachara	Whole project
Relevance	High	High	High
Effectiveness	Rather high	Rather high	Rather high
Efficiency	Rather low	Low	Rather low
Impact	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>	Rather high - depending on circumstances
Sustainability	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>	Rather high - <i>depending on circumstances</i>
<i>Cross-cutting principles and visibility of the Czech ODA</i>			
Gender	Rather low	Rather low	Rather low
Environment	Rather high	Rather high	Rather high
Governance	High	High	High
Visibility	Rather high	Rather high	Rather high

Evaluation scale

High	Rather high	Rather low	Low	N/A
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Below is a summary of our evaluation conclusions according to the evaluation criteria.

Relevance: The project is implemented in the framework of Czech-Georgian cooperation based on the Concept of Czech Development Cooperation for years 2010-2017, according to which Georgia is one of the priority countries, however without a specific developmental program. Identification of beneficiaries took place by the information campaign phase at the highest level of local Ministry of agriculture. Nevertheless, no additional need assessment was done in the region or among selected groups, which could hinder effectiveness of some of the following activities - such as the focus of training and selection of proper mechanization. According to the original project documentation the goal of the project was to promote cooperative approach, establish one rural service center and help small farmers to access the market. In Dioknisi and Didachara Caritas CZ because of high interest of local farmers established two non-profit associations, which can be regarded as highly relevant institutions for rural development in Georgia. This concept seems viable and sustainable at the moment. However, they differ from typical Georgian rural service centers (established typically by government or international donors) which focus mainly on provision of services and renting of machinery to farmers. **The relevance of this project was evaluated as high.**

Effectiveness: The rural service centers were established and functional in two villages - Dioknisi and Didachara; tractors, equipment and potato seeds were delivered to respective villages, and trainings were held. But there were some obstacles as well: the equipment in Didachara arrived only four months before the end of the project, at the end of agricultural season. Without the tractors it was complicated to start any consequent activities and develop institutional and financial setup of the association. At the same time, the evaluation mission found that there was a lack of printed and effective training materials available to the farmers. Also, the execution of all training could have been done in a more efficient and appropriate manner. Effectiveness of marketing support and the usage of the Manual of Best Practices of Cooperative Farming is questionable as well. Therefore, **the effectiveness of this project was evaluated as rather high.**

Efficiency: Our team considered the administrative and personnel costs relatively high compared to the total project cost. -We found that a high percentage of the project money remains at the level of partner organizations, instead of “trickling down” to the end beneficiaries. The time spent by project managers with the end beneficiaries was now adequate. The beneficiaries lacked basic understanding of the project extent and duration. Their ownership of the project could have been improved with more active participation and information dissemination through assigned project coordinators. Some crucial activities especially purchase of the tractor in village Didachara occurred too late for bringing the needed impact. Therefore the overall **efficiency of the project was evaluated as rather low.**

Impact: Although the project is still on-going and its real impact will be shown in future, we have observed that farmers gained access to proper agricultural machinery and increased their capacity to cultivate land, improved their skills and knowledge, got access to better quality (high yield) potato seeds, at the same time the project had an indirect positive impact on women as they had less manual work in the field due to their households’ access to agricultural machinery. Also cooperation among the farmers has increased as well as exchange of experiences between both villages. As a possible negative impact we saw the potentially increased amount and therefore cost of inputs (fertilizers, pesticides, parts for the tractor, fuel) that farmers have to bear in relation to more intensive variety of potatoes. **The impact was evaluated as rather high depending on future circumstances.**

Sustainability: As the project is still ongoing, farmers are very motivated. Both centers established a system of paying membership fees for those who used the tractor based on the size of the land plots (50 GEL per 1000 m2.). This amount covers the fuel costs and salary of the driver. The rest goes to a special fund, which can be used for repairs or saving for a new machinery equipment. None of the groups received basic maintenance equipment and training. According to respondents, they will try to find similar types of spare parts on the local market. But, this fact can increase the likelihood of tractor breakdowns and decrease the sustainability of the whole project. In general, long term involvement of ABCO is crucial; therefore we positively evaluate the membership of new organizations in ABCO membership structure. **The sustainability was evaluated as rather high depending on future circumstances.**

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 benefited both men and women as it allowed for relatively less manual work due to access to machinery. Otherwise, there was no improvement in terms of gender equality brought about by this project. We believe that Caritas CZ could have encouraged the membership of at least one woman in every association. There was no such requirement and we did not notice any activity in this regard.

However, it should be noted that due to factors beyond the project's control, such as the cultural and religious background of the participating communities and inefficient national regulations, it would have been a very complicated task to change the gender-related status-quo within the scope of this project, requiring substantial additional capacity, time and funds. Therefore, **improvements in gender issues were evaluated as rather low.**

Environment: In general it can be concluded that the project had no strong positive or negative impact on the environment due to the fact that the intended project outputs were not fully executed and terminated. The farmers received several environmental trainings that encouraged them to change some of their field practices - for example landscape management for disaster prevention, techniques of more efficient irrigation, timing of pesticide applications etc. On the other hand, new varieties of potatoes breeds for more intensive agricultural practices require higher amount of agricultural inputs - especially mineral fertilizers and pesticides. Farmers are aware of that fact and they were also aware that the agrochemicals could cause serious environmental damages. **In total, improvement in environmental impact was evaluated as rather high.**

Good (democratic) governance: Both of the associations work on similar cooperative principles based on the association statutes. Members are officially registered and they decide on a one member-one vote principle. We found both groups highly motivated, well coordinated and with clear institutional setup. The associations may have potentially a positive influence on village good governance. Therefore, good governance was **evaluated as high.**

Visibility: The logos of Caritas CZ and Czech ODA were found on all the purchased equipment and in Didachara on the house where the tractor is stored. The official logos were however missing on the training materials. There was almost no media coverage related to the project and Czech ODA. **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 organization ABCO to be interested in the project outputs even after it terminates (e.g. by a contract stipulating the consultation on commercial terms).	CZDA, Caritas CZ,	1
3. Both rural service centers should have direct and independent access to guarantee services of the equipment (including the ownership of the receipts)	Caritas CZ	1
4. To incorporate the maintenance and operating the new equipment and environmentally sustainable management of agrochemicals into their trainings.	Caritas CZ	1
5. To involve at least 1-2 women in the rural service centers as members or observers.	Caritas CZ	2
6. To change the content, update and distribute printed Manual of best practices of cooperative farming.	Caritas CZ	2
7. To use printed materials at all future trainings.	Caritas CZ	2

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

As it was concluded, the presence of Caritas CZ representative in Georgia and of project coordinator directly in the region on a longer term basis is necessary for better control and monitoring of implementation. We therefore strongly recommend having a project manager who is permanently based in Georgia and is in regular personal contact with project beneficiaries.

2. To motivate the implementing partner organization ABCO to be interested in the project even after it terminates (e.g. by a contract stipulating the consultation commercial terms).

Since the equipment in Didachara village has never been used and related activities has not started, services like "marketing advising" or assistance in case of technical problems with the new machinery need to be provided longer than for a few months. The both rural service centers need time to develop their selling strategies and learn from mistakes. Since the funding from the Czech donor terminates at the end of 2012, the continuation of the support by the Georgian organization ABCO could have been stipulated in the contract with Caritas CZ and potentially new contracts with two farmers association. Contract can be based on commercial relationship between ABCO and new associations of farmers. The paid service can be operated on a low budget, since the consultations over the phone could be sufficient in most of the cases. The fact that the main goal of ABCO is to "Assist the development of private entrepreneurship in all Georgia" and the fact that that Dioknisi village has become member of ABCO should facilitate the long-term commitment for the sustainability.

3. The both rural service centers should have direct and independent access to guarantee and machinery maintenance services (including the ownership of the receipts)

Long term monitoring in order to protect the ownership and access to the equipment by the individual rural service centers is recommended. The users of the equipment should also have the purchase

receipts and documents and direct contacts to service and maintenance providers in Georgia. We also recommend Caritas CZ, to provide both groups with basic set of the most common spare parts, especially for the tractor, which has no regular dealer in Georgia. It is necessary to get farmers into the direct contact with GT group and provide them with written assurance of guarantee, supply of the spare parts and repair services

4. To incorporate the maintenance and operating the new equipment and environmentally sustainable management of agrochemicals into the trainings.

In the mountainous regions with fragile land endangered by water erosion the biggest risk is the pollution of local streams, rivers and sources of water. Excess in application of fertilizers can cause deterioration of the soil quality as well. Since the new seeds of potatoes require higher amount of these agricultural inputs, we encourage Caritas CZ and their local partners to incorporate environmentally sustainable management of agrochemicals and special training with the new tractor equipment for application of pesticides and mineral fertilizers into trainings.

5. To involve at least 1-2 women into the rural service centers as members or observers.

Although it is a complicated task to change the gender-related status-quo within the scope of this project, requiring substantial additional capacity, time and funds from donors and implementing organizations, our team finds very useful to try to start involving women into a more active participation of both rural service centers.

6. To restructure, update and distribute the manual.

To restructure the manual in a way that it contains more relevant information and case studies from functioning cooperative approaches and rural centers, to shorten the chapter on guarantee funds, which is not relevant to the project, to update it with the experience from this project, to print it and distribute it among other donors, local authorities and partners, so that the aim of “replication of good practices” can be fulfilled before the end of the project.

7. To use printed materials at all future trainings.

The effectiveness of the trainings can be increased even further if Caritas CZ/ABCO provides any brochures or handouts to the farmers and future trainers. The printed PowerPoint presentations cannot function as a substitution of regular written materials even if properly distributed to the final beneficiaries.

7.2. Recommendations towards the processes and systems

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