

External review and impact evaluation of  
the Alliances Caucasus Programme

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Produced by GeoWel Research LLC

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## Table of Abbreviations

ABWA	Association of Businesswomen of Adjara
ACCI	Adjara Chamber of Commerce and Industry
ADA	Austrian Development Agency
AJ	Adjara
AJA	Agricultural Journalists Association
ALCP	Alliances Caucasus Programme
AMR	Animal Movement Route
APMA	Agriculture Programme Management Agency
BAC	Before and After Comparison
BACO	Before and After Comparison + Opinion
BIG	Business Institute of Georgia
CENN	Caucasus Environmental NGO Network
DCED	The Donor Committee for Enterprise Development
DCFTA	Deep and Comprehensive Free Trade Areas
DDR	Disaster Risk Reduction
EBRD	European Bank for Reconstruction and Development
EGSIA	Environmental, Gender and Social Impact Assessment
EGSIM	Environmental, Gender and Social Impact Management
EU	European Union
FAO	Food and Agriculture Organization
GAG	Goderdzi Alpine Garden
GBU	Georgian Beekeepers Union
GCCI	Georgian Chamber of Commerce and Industry
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GMM	Georgian Milk Mark
GWC	Georgian Wool Company
HACCP	Hazard Analysis Critical Control Point
IC	Investment Climate
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
ISO	International Organization for Standardization
JBA	Jara Beekeepers Association

JRC	Journalism Resource Center
KK	Kvemo Kartli
KTW	Kakhetian Traditional Winemaking
LEADER	Liaison Entre Actions de Développement Rural / Links between actions for rural development
LHP	Livestock and Honey Producers
MEPA	Ministry of Environmental Protection and Agriculture of Georgia
MOU	memorandum of understanding
MRDI	Ministry of Regional Development and Infrastructure
MSD	Market Systems Development
NAIC	Net Attributable Income Calculation
NAITS	National Animal Health and Identification System
NALA	National Association of Local Authorities of Georgia
NFA	National Food Agency
OECD DAC	OECD Development Assistance Committee
PPP	Public Private Partnership
ROI	Return on Investment
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs SECO (Staatssekretariat für Wirtschaft SECO)
SJ	Samtskhe-Javakheti
SME	Small and medium-sized enterprises
SROI	Social return on Investment
UNDP	United Nations development Programme
US FDA	U.S. Food and Drug Administration
USDA	U.S. Department of Agriculture
UWR	Union of Women's Rooms
VET	Vocational Education and Training
VSP	Veterinary Surveillance Point
WR	Woman's Room

## Executive Summary

The Alliances Lesser Caucasus Project (ALCP) is a market systems development programme working in the livestock and honey market system in Armenia, Azerbaijan and Georgia. It is a Swiss Agency for Development and Cooperation (SDC) project in cooperation with the Austrian Development Cooperation (since January 2020) implemented by Mercy Corps Georgia. It covers Kakheti, Samtskhe Javakheti, Kvemo Kartli and Adjara. The project has existed in different forms, and covering different geographies, since 2008.

The overall purpose of the project is to create systemic change in the market environment in a way that creates improvements in income, employment and opportunity for the core market players, particularly Livestock and Honey Producers. This impact assessment is a review of the project, covering 2017-2021. The research and analysis took place from December 2021 to February 2022. The research was undertaken according to OECD DAC principles and so considers issues of coherence, relevance, effectiveness, efficiency, impact and sustainability.

### Introduced Systemic Change

The project has created systemic change across all of the sectors with which it has engaged. Most of this has built on work that predates the 2017-2021 period. In the dairy sector, the Georgian Milk Mark (GMM) is the most recent step in a process of change that has seen the gradual formalization of the sector, with increasing numbers of cattle per household and farmers moving away from home cheese production to supplying milk to processors, with more and higher quality milk securing higher incomes. Reduction in labor demands for women, in cheese production, along with increased training opportunities has had a meaningful impact on gender equality. Work in this sector is the continuation of previous interventions that have seen support to feed, veterinary and information provision aligned with increasing governance standards.

Dramatic expansion of sheep flocks and lamb prices also signify systemic changes in the sheep market, with diversification of export, better animal health and management of animal movement routes and increased income from the sale of wool. This is most clearly seen in higher sheep prices and larger flocks and has generated material impact on the, largely ethnically Azeri, communities for whom this is their principal source of income.

The honey sector has perhaps seen the most profound systemic shift. From an industry that one interviewee described as 'dying' there has been dramatic growth, albeit from an incredibly low baseline. A market that was once strangled by over-supply and antibiotic adulterated products has seen antibiotics use plummet and prices increase, even in the face of Covid-driven drops in local demand. The combination of bulk exports and the development of bio and Jara honey creates the possibility that honey will become a major income contributor and export category in the future.

This is all underpinned by systemic changes in the rules and enabling environment, with better machinery, pharmaceuticals and feed, each of which are successful and profitable businesses, with an increasingly regional reach, better information through input supply chains and journalism and a better governance environment, with more inclusive engagement with women and ethnic minorities.

### Achieved Results

The project reports supporting 54,000 Livestock and Honey Producers (LHPs), against a target of 40,000 and the Net Additional Income Contribution (NAIC) of the project is 54 million GEL, which is more than double the target of 25 million GEL. Reported Social Return on Investment (SROI) is 974% and Return on Investment (ROI) is 344% compared to a target of 200% and 40% respectively.

These results are hugely positive, though NAIC and SROI are extremely unevenly distributed across interventions. Support of the feed producer Agrotreading and support of the of the machinery seller Mar-Mot create a provisional reported (approximately) 40x SROI. Support of the meat sector, almost entirely dominated by support of the meat exporter Alali, has a 20x SROI. This huge impact seems justified in the case of Agrotreading, since making complex feed available has been shown to have had significant impact on productivity of milk and meat production. It also seems justified in the case of Alali, where massive market growth has occurred from selling cattle for Halal slaughter. The attribution may have been too generous in the case of Mar-Mot, but correcting this will not change the extremely positive aggregate picture.

These interventions are significant outliers and the rest of the interventions are in a more expected range. Milk provides a good SROI of 149% given that milk is a fairly mature supply chain. This return is based on the development of the Georgian Milk Mark, to help cheese producers market themselves as using locally produced Georgian milk to high health and safety standards. A consumer survey showed high (though geographically varied) levels of recognition. By developing the GMM, supporting processors to adopt it and marketing it to retailers and consumers, processors have been able to sell more effectively, particularly to supermarkets.

This formalization has allowed cheese producers to increase their volume of milk purchased and increase the price they pay for milk and so encouraged farmers to increase the number of cattle they keep, shift to selling milk rather than producing and selling cheese (creating a huge time saving, particularly for women), increase the money they pay on inputs and paying more attention to animal care and health.

Interventions in the wool sector have produced an SROI of 74%. This reflects the fact that an initially promising investment was hit hard by Covid. Support for the wool sector was driven by the realization that, in Georgia, wool was significantly treated as a waste by-product, with around  $\frac{1}{2}$  thrown away and less than  $\frac{1}{4}$  used to make products or sold to collectors. Support focused on investments in the Georgian Wool Company (GWC) and a smaller investment in Wool House. With ALCP support, in 2018 GWC opened 6 new collection points and increased its collection, reaching a peak collection level of 830 tonnes. Most of this intended for export.

Following Covid, the prices of wool internationally dropped by as much as  $\frac{1}{3}$  and shipping costs increased by as much as  $\frac{2}{3}$ . As a result, exports of wool dramatically reduced and collection dropped accordingly, though they were able to maintain some turnover because they found a modest demand for the washed wool, in the local market for mattresses and pillows.

Honey is the only supply-chain that has a negative SROI, indicating that more money was spent on the intervention, than revenue it generated. This mostly reflects the early-stage nature of the investment in what is still a fairly small sector. The ALCP project has largely invented a legitimate export market by lobbying for new regulations, supporting large processors/exporters and coordinating honey producers. This has seen a growth in exports from more or less zero to over 150 tonnes, with significant new orders suggesting that it can grow fast from here. This is significant, as a reliable bulk export market provides a bedrock of demand which can give confidence to people to invest.

The project has also worked extensively in market 'supporting functions' and 'rules' across sectors, beyond what has been already mentioned. The project has provided continuing support to business services, particularly food safety, Global Gap, Good Manufacturing Practices and Good Hygiene Assessment and HACCP. In previous stages of the project, they have dramatically expanded agricultural journalism training and reporting, and the project continues to leverage this network and works to expand it into the rest of the region, with success in Armenia.

They have also worked extensively on governance. Advocacy, particularly encouraging health and safety standards for dairies and slaughterhouses, limiting antibiotic use in beekeeping and in disease management for sheep, has been essential, as failure to enforce these standards undermines consumer trust, makes export impossible and removes incentives for investment. Work with the government on the management of transhumance, particularly with support for Veterinary Surveillance Points, has had a huge impact on disease management, with around one million animals using the route.

Woman's Rooms, which is run through local government, supported the development of 653 grant applications, and the success of 137 of those applications in securing grants of 2.2 million GEL helping to start 88 business and create 216 new jobs with combined salary of GEL 3.4 million. Working with Batumi Botanical Garden to open Goderdzi Alpine Garden also helps to expand interest and engagement in ecology and ecotourism. Since opening it has attracted 37,000 visitors and been written about extensively and hosted events on ecotourism and conservation. It has been selected to host the International Congress of Alpine and Arctic Botanical Gardens in 2022.

Global trade was significantly disrupted by Covid and regional interaction was made even harder by the war between Armenia and Azerbaijan, over Nagorno-Karabakh. In terms of quantitative results, the project slightly underperforms its cross-border export targets (since Agrot trading should not be included). However, the impact of Mar-Mot's input exports are considerable in their reach to farmers. Total exports massively exceeds its overall export targets (though 80% comes from one company). The project has also provided commercial support in Armenia through the Mar-Mot machinery intervention, as well as food safety and hygiene systems in Armenia.

Cross regional interaction has been encouraged beyond the direct commercial interventions. One Woman's Room has been opened and two more will soon be opened in Armenia, supporting women's involvement in local government and providing support in the community for women more generally. The Journalism resource center has worked with three universities in Armenia and one in Azerbaijan, to develop agricultural journalism modules for university courses. It also works with an Armenian outlet on agrjournalism content and held a large international conference on agricultural journalism in 2020. While it has been delayed by Covid, Georgia also developed plans for an animal movement route in Armenia.

### Key lessons learned

In terms of specific interventions and sectors, all of the current major intervention areas have value and can be continued with fairly modest adjustments. In terms of broad trends formalisation of the food production market means that farmers (and particularly women) are liberated from menial processing tasks to focus on production. This gives them time to expand herds/flocks, to pay more attention to animal care and phytosanitary standards and hopefully provides additional income and stable revenue streams to justify greater investment in better feed, pharmaceuticals and machinery.

This is a generally positive direction, but is dependent on the maintenance of an equitable application of rules on sanitary food production. Maintaining food standards in milk/dairy, meat and honey will all be necessary to avoid backsliding.

Formalisation can bring market concentration, particularly with large processors and supermarkets. The project is already working on advocacy to help regulate the market abuses of supermarkets, but also needs to do what it can to mitigate processor market concentration by working with smaller processors and slaughterhouses, located in places close to isolated communities.

Formalisation will also result in fewer people working more productively. This is to be welcomed, if it means a shift away from low-paid or unpaid menial tasks, but will need new income opportunities to utilise the 'liberated' time. Increasing production of commoditized goods like milk for the local market will ultimately (and maybe soon) hit consumption limits. Therefore, producers will have to orient to new markets.

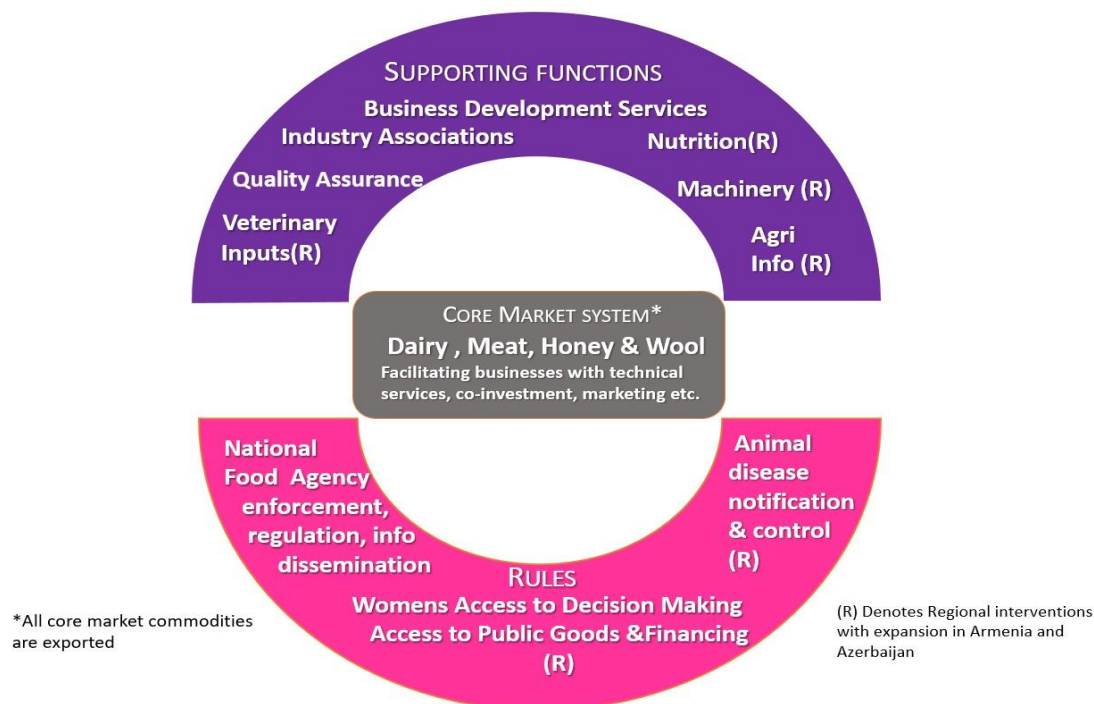
The success of Halal meat, honey and even wool as export growth areas, show that the upsides can be considerable if one identifies an export category where local price points or value addition can serve international demand. Supporting non-agricultural rural income growth will also be important. The success of the Woman's Rooms in supporting grant applications from first-time business people, was considerable. This should probably be supplemented with sector-oriented business training, particularly for women.

This will also align with a natural shift in orientation to focus on environmental considerations and sustainable communities. As production grows in some areas, water resources become scarcer and the climate becomes more volatile, it will be necessary to adopt resilience approaches just to maintain recent gains. But beyond that, as a country naturally oriented to nature and eco-tourism, with severe limit for commercial farming, there are natural tie-ins with traditional animal breeds, sustainable agriculture and approaches that protect communities while allowing producers to move up the value chain.

## Methodology

The overall purpose of the project is to create systemic change in the market environment in a way that creates improvements in income, employment and opportunity for the core market players, particularly Livestock and Honey Producers in Georgia, Armenia and Azerbaijan. This is done through in-country market system development (Outcome 1), engagement between the three countries of the region (Outcome 2) and export promotion (Outcome 3). The logic of how these interventions work is to facilitate the development of supporting functions and rules to provide the right context for improvements in the core market systems, as shown below.

Figure 1: Key Areas of Focus in the Regional Livestock Market System



Reference: Project reporting

The monitoring and evaluation employed the standard OECD DAC criteria, and was undertaken to assess the coherence, relevance, effectiveness, impact, efficiency and sustainability of the project. It was undertaken from late December 2021 to early February 2022.

Desk research started with consideration of the log-frame. The overall system of monitoring and evaluation undertaken in the ALCP project is extremely comprehensive, involving sectoral research to identify interventions and to provide the underpinning for the intervention logic, investment-specific results chains and monitoring plans, weekly data collection and periodic validation with quantitative and qualitative field work. The current study reviewed this data as well as the nine impact assessments undertaken mostly during 2021<sup>1</sup>, as well as a review of the survey data and qualitative analysis that underpinned those assessments.

<sup>1</sup> Productivity in ALCP Dairy Suppliers Impact Assessment (February 2021), Women's Access to Financing Impact Assessment (March 2020), Agro Trading Impact Assessment (July 2021), Meat Impact Assessment (2021), Measuring Urban Dairy Consumers' Awareness of the Georgian Milk Mark (2020), A National Qualitative Review of the Municipal

It also involved consideration of outside evaluation already undertaken, including the “Evaluation of SDC’s Performance in Market Systems Development in Agriculture 2013-2019”<sup>2</sup> and the ILO’s study “Better Cheese Better Work: The ALCP’s Impact on Informality and Working Conditions in Georgia’s Dairy Sector (2020)”, as well as the extensive project library. Research was also undertaken independently on the broader context of agricultural reform, reform of the food sector as well as the developmental programs involved in those area.

Field research was undertaken mainly from the 17<sup>th</sup>-24<sup>th</sup> January and was done exclusively by zoom or by phone, as a result of the Covid context and safety considerations. Field interviews were generally conducted in Georgia. 24 field interviews were undertaken as well as three focus groups.<sup>3</sup>

## Coherence

The ALCP program and its outcome goals and interventions closely align with the overall aims laid out by the Swiss Cooperation (SDC, SECO and HSD). The project was designed and largely operated under the Swiss Cooperation Strategy South Caucasus 2017–2020. This prioritizes enhanced regional dialogue and cooperation, better coping with economic, political and natural disaster shocks, inclusive economic development, more democratic and legitimate institutions, with gender equality and good governance as cross-cutting themes.<sup>4</sup>

Under its new Strategy for 2022-2025, Swiss Cooperation in Caucasus, focuses more on climate change and sustainable resource management. Any program in the future will have to focus more on climate change mitigation and adaptation as well as sustainable resource management in all levels of value chain.<sup>5</sup> In Azerbaijan and Georgia SECO has a somewhat difference in emphasis but its priorities align with ALCP in the broadest sense.<sup>6</sup>

The Programme also closely aligns with the ADA’s strategy priorities in the South Caucasus. For Armenia/Georgia ADA’s sector priority for 2012-2020 has been agriculture/forestry.<sup>7</sup> ALCP also complies with the principles on Environmental, Gender and Social Impact Assessment (EGSIA) laid out in the Environmental, Gender and Social Impact Management Manual (EGSIM).<sup>8</sup>

There has also been extensive alignment and engagement with associated development projects and partners. The project has extensively engaged with FAO/National Animal Health and Identification System (NAITS) project in the development and evolution of the Veterinary Surveillance Points (VSPs) and the broader animal health campaign roll-out.

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Women's Rooms (June 2020), Mar-Mot Ltd Impact Assessment of Machinery Inputs Supplier in Armenia (2021), Georgian Milk Mark User Dairies, Impact Assessment (2021) and Wool Impact Assessment (August 2021).

<sup>2</sup> Though, it is important to note that while this study did provide a summary M+E of some of ALCPs predecessors, it did not provide an overview M+E of the ALCP project generally.

<sup>3</sup> These interviews did not aspire to balance of gender or geography since they were mainly interviews with managers and owners of project partner organisations, and these were predominantly men. Out of 42 interviewees and focus group participants, 17 were women. The breakdown of the focus groups is included in annex 1 and 2

<sup>4</sup> SDC, SECO, DP (2017), *Swiss Cooperation Strategy South Caucasus 2017–2020*

<sup>5</sup> SDC, SECO, FDFA (2021), *Swiss Cooperation Programme South Caucasus Region 2022-2025*

<sup>6</sup> SECO, *Multi-Country Investment Climate Program*.

<https://www.eda.admin.ch/deza/en/home/projekte/projekte.filterResults.html/content/dezaprojects/SECO/en/2017/UR01043/phase1?oldPagePath=/content/deza/en/home/projekte/projekte.html> (Reviewed December 24, 2021)

<sup>7</sup> Manual: Environmental, Gender and Social Impact Management

<sup>8</sup> Manual: Environmental, Gender and Social Impact Management

Engagement with UN Women has also been intensive on Women’s Rooms, most recently working with them to develop a Woman’s Information Center Report, that will provide the framework for the roll-out of Women’s Rooms across the country, in-turn supported by the creation of the Woman’s Rooms Union.

The project has also facilitated engagement with many other projects, as a thought leader, with an unparalleled experience of MSD in the regional agricultural context, including work with SDC-financed, Rural SME Development Programme, with the Microinsurance at Milliman consultant, US FDA financed Meat and Dairy support project and with UNDP’s Climate Adaptation, VET and Agro-Duo Projects.

The project components are strongly reinforcing, as improvements in local markets (outcome 1) support export-orientation (outcome 2 and 3) and these new markets further justify the initial investments. Also, formalization of rules helps to justify investments and greater use of inputs supports market segmentation and formalization.

## Relevance

There is little doubt that agriculture is a hugely important sector for promoting pro-poor growth. According to ILO’s old methodology, 43% of the Georgian population are ‘employed’ in agriculture and this number has not changed dramatically in many years. Persistent low productivity in the sector has ensured that, over many years, while poverty has gone down in Georgia, it remains worst in rural areas. In 2019, poverty was 24% in rural areas compared to 18% in urban areas.<sup>9</sup> Working to increase productivity in rural areas is, therefore, one of the clearest ways to improve the income and opportunities of the largest and most disadvantaged part of the Georgian population.

Rural output is roughly 50/50 animal husbandry and plant growing therefore a case can be made for working with either one.<sup>10</sup> Until recent times, both meat and dairy have also been subject to major structural problems, representing a low-input low-output model, that has allowed many avenues for MSD interventions.

The gender implications for the meat and dairy sector have also offered promising prospects. Historically, the main reason for keeping cattle was for milk production and most milk was consumed as cheese. Women would take the bulk of the responsibility for milking cows and processing cheese. This is hugely time consuming. By assisting the formalization of the sector, MSD has been able to liberate women from cheese production and enhance both their opportunities for other work and quality of life.<sup>11</sup> In addition, in recent years, animal/meat has been a significant export category, increasing prices and incomes. The wool and honey markets had minimal value before project involvement and so offered opportunity for value addition.

The programme aligns with the Georgian Government’s goal of EU alignment and with its 2015-2020 Strategy directions for agricultural and rural development as well as Ministry of Agriculture existing interventions, including cofinancing of processing facilities, extension services, food security and animal health.<sup>12</sup>

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<sup>9</sup> GeoStat, Living conditions (<https://www.geostat.ge/en/modules/categories/192/living-conditions>)

<sup>10</sup> GeoStat, *Statistics: Agriculture, General Agro Sector*. <https://www.geostat.ge/en/modules/categories/196/agriculture> (Reviewed February 2, 2022)

<sup>11</sup> ILO (2020), Better cheese, better work: the Alliances Caucasus Programme Impact on Informality and Working Conditions in Georgia’s Dairy Sector.

<sup>12</sup> <https://mepa.gov.ge/Ge/StateProjects>  
<https://mepa.gov.ge/Ge/PublicInformation/20395>  
<https://mepa.gov.ge/En/PublicInformation/32012/>

## Project Effectiveness by Intervention

### Dairy Sector (Outcome 1 and Outcome 3)

The milk and dairy sector is one of the most heavily researched sectors of the ALCP programme and the project has been working on the sector, in different ways, since at least 2008. The focal point for the dairy intervention in 2017-2021 has been working on the Georgian Milk Mark and associated activities. ALCP initiated the Georgian Milk Mark, based on a study of urban consumers dairy and meat preferences in 2018.<sup>13</sup> This showed that consumers in Georgia were interested to consume products that used Georgian raw milk coming from largely grass-fed cows.

Georgian Milk Mark (GMM) was developed by Business Institute of Georgia, with marketing support from the Georgian Marketing Agency. This was further supported by encouraging journalism around the GMM and associated issues and building connections with retailers. Also, they supported milk processors in carrying out the changes necessary to gain the GMM, particularly, helping them gain HACCP certification.

GMM has achieved an impressive level of recognition amongst producers with 80% of the non-GMM interviewed dairies being aware about it. ALCP also carried out a consumer survey about levels of consumer awareness of the GMM brand. This showed that 23% of urban consumers purposefully buy the GMM branded dairy products and 34% know about it. However, awareness is extremely varied with higher levels of recognition in Akhaltsikhe, Batumi and Kutaisi, and lower levels in Rustavi, Telavi and Tbilisi.

The principal benefit of gaining the GMM is the ability of the producer to reliably market themselves as selling a premium product. In our discussion with BIG and GMM dairies we came across multiple instances, where contracts were secured with significant help from the GMM brand.<sup>14</sup>

Several processors highlighted that the old business-model of producing at low standards for small shops was increasingly unsustainable and that ALCP support in GMM, HACCP certification and investment support had help them transition to a new, sustainable business model.<sup>15</sup>

One of the processors highlighted the shift in behaviour that had been facilitated by formalisation.

“[Farmers] also prefer to use their time on different activities and not on milk processing...Approximately 90% of the population in the region prefers to sell milk to Tsevari. It is better for them to sell milk today rather than a week later”<sup>16</sup>

A few milk producers had been facilitated to export requiring, amongst other things, US FDA certification. This has been referenced as a benchmark for the high standards of the project.

The project conducted an Impact Assessment, that was completed in September 2021. The impact assessment concluded that the 15 dairies using the GMM had been supplied by 1,507, generating 2.5 million GEL in NAIC. This is based on an attribution of 20 tetri per liter benefit to any farmer that sells to the GMM (about a 20% supplement). This seems reasonable.

Other analysis by the ALCP project of the dairy sector more broadly and an ILO Study over many years show a broader income impact of the ALCP dairy intervention over many years.

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<sup>13</sup> ALCO (June 2018), Dairy and Beef Consumer Preferences

<sup>14</sup> Interview with Business Institute of Georgia, 18 January 2022

<sup>15</sup> Interview with Milkeni, 14 January 2022

<sup>16</sup> Interview with Tsevari, 14 January 2022

‘the changes facilitated by ALCP alone (the project uses an attribution rate of 40 per cent), it can be concluded that the project has contributed to lifting thousands of rural households well above the poverty line. As several studies have shown, it has also made an important contribution to rural development well beyond the dairy sector as dairy income is spent and invested in local communities’.

But as the ILO study, and others, go on to observe, this is not just about income, but also about a massive time saving for women. ILO highlight that;

‘In addition to better incomes, working conditions for farmers improved with respect to savings in time (three hours per day on average) and heavy work on cheese making (for women in particular), income stability and a sense of security. Additional gains were achieved with respect to access to training and business services and greater gender equality’.<sup>17</sup>

### Meat (Outcome 3 and Outcome 1)

Interventions in the meat sector date back to 2008 and have included 10 slaughterhouses. In the 2017-2021 period since the biggest (and most impactful) of these interventions has been support of Alali slaughterhouse that focused on halal lamb production for export, this intervention has largely fallen under objective 3. However, the meat interventions in this period include four slaughterhouses *Alali Ltd, Ori Gio Ltd, Kutaturi Ltd and Niazovi*.

In terms of assessing impact of Alali, the project provides a preliminary assessment of the Net Attributable Income Calculation (NAIC) for farmers, of 3.9 million GEL, based on attribution of 14% of the total value (given to farmers) for processed sheep. This calculation includes all meat sales since Alali did not sell slaughtered meat in significant volumes before working with ALCP. The logic of attributing 14% of overall purchasing price to NAIC was that Alali exports represent 14% of overall meat exports.

Trying to attribute changes in overall market prices and overall exports, to one company is always challenging. As an alternative logic, the project is able to generate similar scale NAIC based on direct income and cost saving and this is probably a safer strategy. Alali told us that they give farmers a 15-20 GEL supplement per sheep for slaughtered versus live animals, added to a transport cost saving this gives 22.5 GEL income supplement per sheep which would give 2.5 million Gel NAIC, without taking into account any market effects.

Moving from live animals to slaughtered meat exports also provides income diversification, and opens up potential for sale of meat that comes from a range of animals that could not be sold live. Alali particularly highlighted the opportunity that is presented by the possibility of selling old ewe meat which is abundant and currently has more or less no market value.

### Wool (Outcome 3 and Outcome 1)

ALCP has been working to facilitate the development of the wool sector since 2013. This was driven by the realization that, in Georgia, wool was significantly treated as a waste by-product, with around ½ thrown away and less than ¼ used to make products or sold to collectors. ALCP, therefore, worked with a number of market actors to build this sector, largely from scratch. This category was and is included in objective 3, because its focal point was the development of an export market for wool. However, as we will see, an unintended

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<sup>17</sup> ILO (2020), Better cheese, better work: the Alliances Caucasus Programme Impact on Informality and Working Conditions in Georgia’s Dairy Sector.

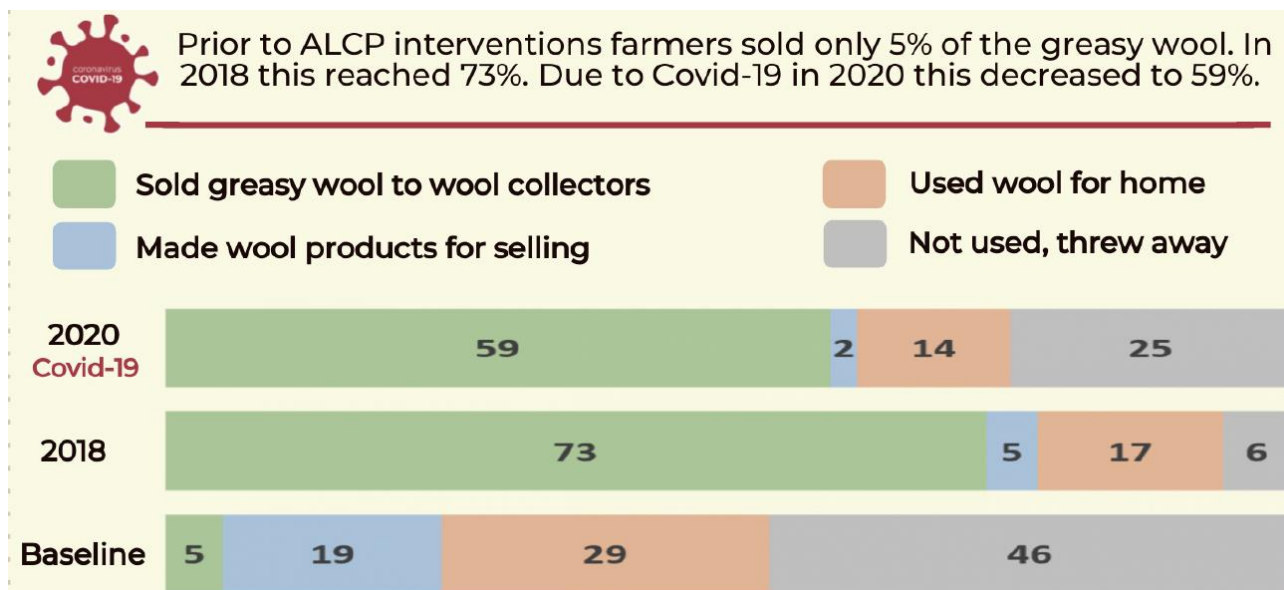
consequence has been the creation of a modest local market, which may also help actors to remain diversified.

By the time the project started, Georgia was on the 3<sup>rd</sup> country list for wool and greasy wool exports had already increased 5 times over the previous 2 years. Market support particularly focused on the support of the Georgian Wool Company, as the largest collector and exporter, but also included Wool House which is more involved in processing and production.

With project support, in 2018 Georgian Wool Company (GWC) opened 6 new collection points and increased its collection, reaching a peak collection level of 830 tonnes. Unfortunately, the wool sector was probably the worst hit of all of ALCPs interventions, by Covid. Following Covid, the prices of wool internationally dropped by as much as 30% and shipping costs increased significantly by as much as 2/3 (from around USD 1500 to around USD 2500 for a container to China). As a result, exports of wool dramatically reduced. Georgian Wool Company therefore collected dramatically less wool.

This loss has been able to partially off-set because of the washing facility, as GWC has been able to sell washed wool as stuffing for locally produced mattresses and pillows, substituting imported artificial fibres, the price of which went up as a result of Covid and increased transportation costs. Wool House has also grown with support from the project increasing its processing of Georgian wool, by 10x to 12 tonnes in 2020, though this is small in absolute terms. A summary of the impact of the ALCP interventions is shown below.

Figure 2: Change in patterns of wool use – baseline versus 2020



Source: ALCP (August 2021), Wool Impact Assessment (2018-2021)

This summary provides a compelling vision of systemic change, though the benchmark is 2014 and so cannot be entirely attributed to the project.

The picture for this sector is complicated. The revenue generated by the wool was never likely to be a major export. However, it was the utilisation of a resource that was otherwise wasted. For women the intervention provided significant time saving. The wool that had been sold in the past was often washed and carded and this was required significant labor. However, there is no data on the aggregate scale of the saving or what women did with time saved. Altogether, it was and may continue to be, part of the pattern of interventions,

along with animal movement route management, veterinary surveillance points and slaughterhouse development that support the transformation of the sector and Georgian sheep farmers.

### Honey (Outcome 3 and Outcome 1)

Honey became a project focus following discussions in Adjara that encourage a 2014 market analysis, support to the Adjara Honey Festival and other efforts aimed at the domestic market. In 2017 the project conducted research into export opportunities in the sector.<sup>18</sup> This study found that while some opportunities existed, the only export taking place was illegal export to Turkey.<sup>19</sup> In 2017, the study notes some improvements in the local space that had already taken place, including EU listing Georgia as a third country for honey, accreditation of a main laboratory, the implementation of a Residue Monitoring Plan and support of agriculture bee-keepers cooperatives. However, they also highlight a lack of companies with the right facilities, information, marketing and trust, as key problems.<sup>20</sup>

To correct for these weaknesses, the project engaged in PPP, sector coordination, marketing and direct producer support. The project worked to facilitate public-private partnership on the sector, through engagement with local and national government and the convening of a Honey Advisory Committees, using this platform to lobby for better regulation of the sector, particularly on antibiotic use. They facilitated efforts aimed at marketing honey at home and abroad and supported companies that were trying to upgrade their facilities for export. At the same time, the project has focused on bio-honey.<sup>21</sup>

According to Api Geo, a local processor, prior to the project there were no new markets and selling honey was impossible as supply was far greater than demand. Thus, prices were steadily declining. “It is safe to say that before the entrance of Mercy Corps, the sector was basically dying”.<sup>22</sup>

In recent years the price of honey has been steadily increasing and it can be attributed to the discovery of new markets. “There was another enterprise which exported honey to Bulgaria, and he bought honey [in Georgia] for 6-7GEL. Now that we have also started buying honey [to export alongside our own honey] and exporting it, the price of honey increased. It became 9, 10 or sometimes even 11 GEL. This is the wholesale price. The market price is even higher”.<sup>23</sup> Exports have been crucial to supporting demand while domestic demand has decreased due to Covid.

These developments have been facilitated by ALCP export facilitation, farmer engagement through the Georgian Beekeepers Union and Jara Beekeepers Association and lobbying on regulations. Thanks to lobbying by a range of project supported players, there was a ban on imports of key antibiotics, the use of which can lead to honey’s exclusion from export markets. Following the ban of antibiotic imports, usage dropped quickly. “Studies on honey contamination were also conducted. In 2018, this figure dropped to 55%. Then the media and state structures became more actively involved. The union printed flyers and had meetings with beekeepers in the regions. As a result, in 2019 this figure dropped to 8%, in 2020 - to 6%”.<sup>24</sup> They are also

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<sup>18</sup> ALCP (November 2017), Prospects for the Export of Georgian Honey

<sup>19</sup> It is impossible to quantify this export, but anecdotal evidence suggests that it was small scale.

<sup>20</sup> ALCP (November 2017), Prospects for the Export of Georgian Honey, p6

<sup>21</sup> Biocertification issued by Caucascert Ltd to Jara Beekeepers, states ‘This certificate has been issued on the basis of GC “Standard for Production, Processing, Labelling and Marketing of Organically Produced Foods” (GC Standard), which is equivalent to the requirements of Regulations (EC) No 834/2007, No 889/2008, No 1235/2008; and corresponds to the Codex Alimentarius organic norms. CAUCASCERT Ltd is accredited by DAkkS, Germany’.

<sup>22</sup> Interview with Api Geo, 20 January 2022

<sup>23</sup> Interview with Api Geo, 20 January 2022

<sup>24</sup> Interview with the Georgian Beekeepers Union, 17 January 2022

actively involved in supporting exports, conducting research and acting as a contact point for potential clients for Georgian products.

Overall, the intervention really can claim to have rehabilitated the honey sector almost from nothing. Growth in the sector has been huge, though from a very low baseline. It is also interesting that while the volumes are still modest in absolute terms (150 tonnes might represent a \$1-1.5 of value), there are indications that exports in the \$10's of millions (requiring thousands of tonnes of exports) may be achievable in the medium term.<sup>25</sup>

For this reason, it is definitely important that the honey intervention not be judged in absolute terms – either in terms of the number of participants, the NAIC or the absolute value of exports. All of these are small at the current time, but the opportunity, if things continue to progress, are considerable.

### Business input services (Outcomes 1, 2 and 3)

Business input services are related to each of the outcomes, with emphasis shifting depending on the nature of the client and their activity. Star Consulting was the main organisation to provide trainings under the project. These trainings took place from 2017-2021 and included 196 trainees on Basic Food Safety, Global Gap, Good Manufacturing and Good Hygiene as well as HACCP. Many of these are probably better understood as corporate 'certification' and, like HACCP, generated significant material improvements in the prospects for the business. These trainings were very positively assessed by all of the people interviewed for the current M+E project. Star Consulting also worked with Signum LLC in Armenia, where they carried out assessments and implemented food safety and hygiene systems.

Since December 2020, Gergili LLC has conducted thirteen enhanced Business Environmental Assessment Tool assessments, which included additional aspects on Occupational Health and Safety for ten ALCP clients (dairy, slaughterhouses, wool, honey and bio-security points). They have also worked on management of waste water for Georgian Wool Company and drafted safety guidelines for private sheep dipping.

### Information (Consumer Awareness and Journalism) – Adjara, JRC, retail (Outcome 1)

Information provision has been critical to the project both in enhancing farmer and consumer knowledge. Work with the Journalism Resource Center started in 2014 and largely focused on the support of agricultural journalism and training of journalists on agricultural issues. This was in response to survey data highlighting both low levels of agricultural knowledge and low levels of agricultural journalism. JRC produce agricultural content for a range of sources and in 2019 they started an agricultural and environmental TV station that is freely available in the regions.

JRC continued to be a resource during the project, facilitating the screening of the Jara Movie, helping to share information on how farmers should respond to Covid and engaging with two national media campaigns that were undertaken by the project on the Georgian Milk Marks and Dos and Donts of antibiotic use in the honey sector. JRC continues to support the training of agricultural journalists in Georgia, as well as expanding into Armenian and Azerbaijan.

To expand the availability of agrijournalism, the project also worked with Adjara TV, which in 2018 developed consumer interest segments in Hashtag and MeVarFermeri at Adjara TV. This was used to support other

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<sup>25</sup> Interview with the Georgian Beekeepers Union, 17 January 2022

elements of the program, particularly consumer information around Georgian Milk Mark and antibiotics in honey.

The Journalism Resource Center also worked to help generate improvements in information provision in the rest of the region. Starting in 2018, JRC has provided trainings and worked with three universities in Armenia and one in Azerbaijan to try and develop agrijournalism university courses, as well as helping Armenian regional ALT TV to include agricultural content. At around the same time the Public Broadcaster has also renewed an agricultural television program that had previously been cancelled.

In 2020 the JRC hosted a regional online conference, the *Agricultural Journalism and Agricultural Education Conference* with journalists from Georgia, Azerbaijan, Armenia, Ukraine and Moldova. The JRC will publish a book of the case studies in three languages and share it with all universities. JRC admit that there have been particular challenges in moving forward with cross-border engagement in Azerbaijan. In Armenia, however, the engagement has become far more regular and systematic. Particularly with Armenian Alt TV, they said, they are regularly having production calls, sharing content and discussing ideas for new articles.

### Woman's Rooms (Outcome 1)

The predecessor projects to ALCP started the first pilot of Woman's Rooms in 2012, particularly to increase the involvement of women in municipal infrastructure planning meetings. Before the Women's Rooms were opened, women's participation in these meetings was 3%. In 2016 this was 35%.

The two main target areas for the Women's Rooms in the 2017-2021 ALCP was to provide support to the WR users in their application for business grants from different sources, and to facilitate the development of Women's Rooms in Armenia. The project has also been working to support the national roll-out of the Women's Rooms to the whole country, as a national policy.

In June 2020 ALCP produced 'a National Qualitative Review of the Municipal Women's Rooms'. This highlighted the role of the Women's Rooms in supporting 653 grant applications, and the success of 137 of those applications in securing grants of 2.2 million GEL helping to start 88 business. Most of these were greenhouses, guesthouses, hotels, fruit processing, sewing workshops, beauty salons etc. These businesses created 216 new jobs with a combined income of GEL 3.4 million and more than 90% of the businesses persist to this day.

According to our discussions with women who ran the program, and those who received support, it was essential. As one recipient said, "I am a recipient of 2 grants, which I won for my business idea of fruit (mandarin) chips. Women's Room helped me a lot. I did not have a computer or a printer. So, the WR manager worked with me in the women's room to finish the business idea, and fill out the application. I could not have done it without them".

In addition to business support, the Woman's Rooms made efforts to support the sustainability of the Woman's Rooms generally and provide support to the staff. To that end, they provided training for Woman's Room employees.

Mercy Corps have also been involved in the development of the Women's Rooms by advocating to have them adopted nationwide. At the current time the Women's Rooms only cover about half the municipalities in the country. In coordination with UN Women, Mercy Corps have been working to convince the Ministry of Regional Development and Infrastructure to mandate the adoption of Women's Rooms for all municipalities nationwide.

Efforts to expand the Woman's Room model to Armenia started when representatives of Lori Governor's office and Alaverdi and Spitaki municipalities visited the Women's Rooms in Adjara. Shortly afterwards an MOU and a Grant Agreement were signed with Alaverdi Municipality, and in August 2019 Alaverdi Women's Room was opened.

In March 2020 a meeting was held with Tumanyan and Tashir. They expressed an interest in setting up their own Woman's Rooms, but due to Covid-related border closures ALCP identified an Armenian NGO to take the responsibility to implement two new WRs. In August 2020 two memorandums and grant agreements were signed with these municipalities, though these have not been opened yet. Their opening is anticipated in 2022.

Activities in the Alaverdi Woman's Room have included, in 2020, the provision of 600 services to 350 people, 85% were women. Most services were about how to handle certain official issues, e. g. filling forms and writing requests to the local government. Also, the WR served women who needed social and infant allowance or juridical information or assistance. In 2021 it has been used for discussions and trainings on woman's leadership as well as for a wide range of consultations with government and NGOs.

### Veterinary Surveillance Points (Outcome 1)

ALCP is credited with clear responsibility for having taken the initiative to support and develop Animal Movement Routes generally in Georgia. As a Star Consulting representative summarized,

“In fact, it is due to Mercy Corps, and more importantly Helen Bradbury, that transhumance roads were repaired and bio-security yards for sheep and cattle were set up. Our government needs daily reminders to act as a bridge between the farmer and the legislature; to write the necessary laws and enforce them properly. Cooperation is not popular in Georgia. This is where the importance of donors shows - in the formation of associations and unions”.<sup>26</sup>

One of the key pieces of infrastructure for these routes are Veterinary Surveillance Points, which provide a regular point of oversight on animal health and location for health interventions like government financed sheep dipping. Three new veterinary surveillance points were finalized in the 2017-2021 project. Also, within the framework of the project, an international consultant was hired to develop a plan for improving the system. Following the submission of that plan, the government, in consultation with ALCP, local government and NGOs, agreed to open a 7<sup>th</sup> VSP and ALCP financed the development of four water points on the animal movement route.

According to the 2020 annual report, over 3.2 million heads have been dipped/showered in six VSPs between 2016 and 2020 and in 2021 around 1 million animals used the route.<sup>27</sup> The main benefit of these routes is that they facilitate better, more effective dipping/showering of animals, which controls ticks and the diseases that they carry. Water points are also critical for managing the route, for animal health and welfare and for making farmer's lives easier.

The other intervention connected to this area, but included under objective 2, is the effort to extend the transhumance management to Armenia. This, activity started with Armenian Food Safety Inspection Body wanting to observe how the Georgia AMR management took place. Following this engagement, ALCP hired supported the development of a plan for Armenia. Following the development of a plan, there was a meeting

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<sup>26</sup> Interview with Star Consulting 17 January 2022

<sup>27</sup> ALCP 2020-2021 Annual report

in Yerevan in 2019, but with Covid in March of 2020 and the war, the project has been frozen subject to the Armenian government securing financing.

### Feed/Agrotrading (Outcome 2)

The Agrotrading intervention is primarily a dairy sector intervention and, while it was originally envisaged as Outcome 2 – should almost certainly be considered under Outcome 1 – since it has almost no cross-border dimension. However, Agrotrading is worth considering separately because of the scale of its purported impact.

ALCP started working with Agrotrading in 2016. Under this intervention they have supported Agrotrading mainly in the production of complex animal feed. In April 2021, ALCP conducted an Impact Assessment to evaluate the results of the intervention, comparing a group of 41 farmers who were using the Agrotrading combined feed and farmers who were not. This information was used to deduce the impact of combined feed on milk production and on cattle weight.

The survey found that the treatment group farmers generally used 2kg of combined feed per milking cow per day, and that this input created a 29% increase in milk yield. It also increases the live weight of milking heifers by 13kg and bulls by 20kg. As a consequence, they deduced a NAIC of GEL 10 million for the LHPs, or 1913 Gel per recipient. About 80% of the benefit came from an improvement in milk yield. This generates a SROI of 37x based on the \$88k ALCP investment. This is obviously huge. However, the project has 80% co-financing from the client. If we treated the whole project as a social investment then SROI would be 7.4x. Also, the project team explain that the survey results are consistent with the upper-end of expectations, since they provided a complex feed to the market at a low price point that can create significant improvements over other market alternatives. This seems like a reasonable deduction, though assessing the reasonableness of the scale of the impact is beyond the scope of this research.

### Machinery/Mar-Mot (Outcome 2)

The machinery service expansion to Armenia is entirely based on the support of Mar-Mot LLC, a Georgian based machinery importer and producer. Engagement between ALCP and Mar-Mot goes back to 2014. The intervention in the 2017-2021 period consisted of trade facilitation and advice concerning Mar-Mot expanding its sales to the Armenian market as well as an investment in a large truck for delivering equipment. Mar-Mot sells to eight retailers in Armenia who predominantly sell mowers and rakes to agricultural service providers. These service providers, then provide hay cutting service to the farmers.

Mar-Mot have generated 4 million Gel of sales in Armenia since entering the market in 2017 and Mar-Mot give Mercy Corps considerable credit for supporting them in accessing the Armenian market. Mercy Corps conclude that this intervention has supported 16,995 farmers, and that this, in turn, allowed those farmers to expand hay production. They calculate that this increased hay production generated an NAIC for the farmers of 11.2 million GEL.

This estimation is based on survey answers regarding the expansion of cultivated land over the period of the intervention. The causal assumption of the project, is that the expansion of cultivated land was largely facilitated by Mar-Mot facilitating a significant increase in the availability of agricultural equipment. This is extensively supported by project qualitative analysis. In particular, they point out that before the intervention service providers were far more likely to use old equipment and that equipment often did not work very well.<sup>28</sup>

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<sup>28</sup> ALCP (Sept 2021), Mar-Mot Ltd, Impact Assessment of Machinery Inputs Supplier in Armenia, p3

They also highlight that there is evidence that the machinery improvements have resulted in improvements in service provision.

‘Due to better access to hay-making machinery services, these farmers reported fewer delays in cultivating hay: in 2017 61% of farmers had delays, while in 2021 only 14% reported the same....Most of the interviewed farmers (61%) mentioned that compared to the baseline year of 2017, machinery services have improved: they emphasized that the machinery services are faster (43%), breaks down less (39%) and that a better quality of hay is cultivated (16%).’<sup>29</sup>

On top of this, from their qualitative interviews, they have provided a series of supporting opinions from people along the supply chain. From the shops selling the equipment, to the service provider who is acting as an intermediary with the farmers, to the farmers themselves. Additionally, their methodology attributes 73% of the benefit from the expansion of hay production to the project – based on the percentage of surveyed company’s sales originate from Mar-Mot.

Altogether, these are strong arguments. But it still seems hard to accept that the principal driver for such a significant expansion of hay cultivation resulted from this one intervention. To make that argument, one would have to be able to say that if Mar-Mot had not imported these products then the service providers would not have upgraded this equipment. That is to say, one would have to argue that there is some supply constraint on machinery which either meant that it was unavailable or that it was sufficiently more expensive to preclude the service providers from buying it, without Mar-Mot deciding to sell.

This determination needs an assessment, not of the improvements generated by new machinery, but the degree to which Mar-Mot increased the supply of machinery in a given market. The project team suggest that Mar-Mot machinery is 10-15% cheaper than the local market for most products and as much as 25% for the Georgian-produced parts. They also say that orders made to Mar-Mot can be made quickly, as they are based in Georgia and have significant inventory.

These are significant improvements but do not seem enough to claim that Mar-Mot was helping Armenian communities overcome supply constraints. Of course, if we do not attribute the change to the project, to what do we attribute it? One obvious alternative explanation for an increase in provision of technical equipment might simply be the dramatic increases in hay price that the project reports happened at the time, maybe as the result of a drought. Even without Mar-Mot, since hay prices have gone up 3x, one might argue that demand for new equipment would also go up, as farmers would see huge financial incentives in cutting hay in places that might not otherwise have been economical.

At its core, the problem of attribution here is also connected to methodology. The method that they use for this assessment is Before and After Comparison + Opinion (BACO). This is allowable by DCED methodology. ALCP argue that they chose this approach rather than an approach that included a control, in discussion with their DCED advisor, because they said that there were too many problems with the comparability of control groups.

There is no doubt that control groups create challenges and the team should be congratulated on conducting field research at all, in the post-war Armenian context, particularly during a pandemic. However, the BACO approach is generally only supposed to be used if we are confident that there are not systemic changes taking

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<sup>29</sup> ALCP (Sept 2021), Mar-Mot Ltd, Impact Assessment of Machinery Inputs Supplier in Armenia, p3

place that could constitute an alternative explanation for the changes between 'Before' and 'After'. As a study by their DCED consultant suggests,

'Similar to the Before and After Comparison (BAC), this Before and After Comparison with Opinion (BACO) method also assumes there are no, or very few influential factors, and that these can be neglected or isolated'.<sup>30</sup>

This is clearly a complex issue and not one that allows easy resolution. However, given that the current methodology suggests a SROI of approximately 40x, it seems like it needs an extraordinary level of proof. This would require some kind of market analysis that substantiates the lack of alternative agricultural equipment. In the absence of such proof, the NAIC should probably be adjusted down.

### Goderdzi Alpine Garden

With the support of ALCP, the Batumi Botanical Garden founded the Gorderdzi Alpine Garden (GAG) in one of the most beautiful mountain passes in Georgia. Since opening it has attracted 37,000 visitors and been written about extensively and hosted events on ecotourism and conservation. It has been selected to host the International Congress of Alpine and Arctic Botanical Gardens in 2022. The GAG connects to the honey sector directly through its promotion of Jara beekeeping but, more importantly, it is reflective of a more general orientation towards integrated and cohesive sustainable eco-development and represents the kind of connected programming that one would expect to see more of in the next iteration of the ALCP.

### General assessment of the quantitative aggregate impact

A detailed breakdown of quantitative indicators is provided in Annex 3 along with a summary discussion of how the numbers were derived in most major cases. Across the board, the project has over-delivered, relative to its targets, but this delivery is often heavily concentrated in a few key interventions and understanding what has happened in these extreme cases helps us to make sense of the overall numbers. Nonetheless, the scale of over-delivery is so large, that even if these outliers are excluded the project has still generally done well.

Since the ultimate goal of the project is to generate higher 'income and employment' opportunities. One of the most important variables in the log-frame pertain to employment and income generation. The project reports Net Attributable Income Calculation (NAIC) of 57 million GEL compared to a target of 25 million. Most of that is made up of the NAIC of 31.4 million GEL for LHPs which compares to an 11.5 million GEL target. 68% of the LHP NAIC is made up of the Agrotreading and Mar-Mot investments, which has already been discussed.

The NAIC for clients is 13.6m GEL compared to a target of 8 million GEL. This represents the profit that is generated by the intervention-related turnover. In most cases, the entire turnover of the client was treated as connected to the project intervention. Alali is the largest contributor to this total, with a GEL 4 million NAIC. Honey and Wool, by comparison, are fairly modest with client NAIC of GEL 500k and GEL 650k respectively.

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<sup>30</sup> Posthumus, H. and Wanitphon, P. (2015). Measuring attribution: a practical framework to select appropriate attribution methods, with cases from ALCP Georgia, MDF in East Timor, Propcom Mai-Karfi in Nigeria and Samarth-NMDP in Nepal. (p4)

[https://www.enterprise-development.org/wp-content/uploads/RMMeasuring\\_Attribution\\_Overview\\_Case\\_September\\_2015.pdf](https://www.enterprise-development.org/wp-content/uploads/RMMeasuring_Attribution_Overview_Case_September_2015.pdf)

Direct job creation is 445 compared to a 220 target. This generates a salary of GEL 6.6 million. By far the largest contributor to this figure is the Woman’s Rooms, where ALCP-supported project proposals generated 216 jobs.

Levels of indirect effect from the project, including business expansion, crowding-in NAIC and job creation also exceed targets, but less than in the case of the direct effects.

However, all of the indirect effect data is based on specific instances of indirect effect, identified by the project team. It is worth noting that this is an extremely narrow way of understanding impact. This counts the number of companies that the project can directly identify as copying project interventions, and since the project team know the terrain very well, this probably does collect a lot of the target group. However, it also obviously misses many. In any of the target sectors, it misses all the farmers who are neighbours, friends and relatives of beneficiaries, who decided to increase the number of cows they have, or who changed their animal-care or sales practices, based on the success a beneficiary had shown. It misses the investors and business people who decided to upgrade their facilities or change their business practices based on a news story. In short, it will clearly understate the overall effect. This is the downside of the intervention-specific attribution model that the project has accepted, and it is probably unavoidable, but it should definitely be kept in mind when considering the results.

In terms of quantitative cross-border commercial indicators, cross border trading of GEL 15 million is provisionally reported. However, this is certainly a mistake since Agrot trading turnover is not cross-border trade. Excluding agrot trading gives us GEL 4 million (the exports of Mar-Mot) of cross border trade, compared to a target of GEL 5 million. Exports of 66 million GEL compare well to the GEL 25 million, though over 80% of that is from the meat exporter Alali. Without this one company exports would be GEL 14 million, which is still good given the huge disruption to export created by Covid, in meat, honey and wool sectors.

## Efficiency

As has clearly been demonstrated through consideration of the aggregate results, the project has, by any reasonable metric dramatically exceeded its targets, under difficult circumstances. This is provided in the aggregate targets, most clearly, in terms of Social Return on Investment (SROI). The SROI takes the ALCP investments and the client investments and compares them to the farmer NAIC and the client NAIC. The project invested around 3 million GEL. This is a about 11x the initial investment, so we can say that the return is about 10x. ALCP clients, on the other hand, invested a bit over 3 million GEL and generated an NAIC of GEL 13.6 million, which is about 4.5x their investment, suggesting an ROI of about 3.5x. This is hugely better than the target which was 200% for SROI and 40% for ROI. By looking at the individual investment and the NAIC for different categories, we can see the breakdown of the SROI by interventions.

*Figure 3: Social Return on Investment by Intervention Category*

	ALCP Contribution	NAIC	SROI
Agro Trading	256 013	10 058 954	3829%
Honey	276 265	152 941	-45%
Mar-Mot	271 578	11 500 990	4135%
Meat	247 252	4 765 636	1827%

Milk	1 578 877	3 926 591	149%
Wool	594 365	1 034 891	74%
	3 224 350	31 440 003	

Reference: Project data

This, once again, clarifies the picture considerably. The two stand-out investments are Agro Trading and Mar-Mot, not just because they generate a huge NAIC, but they do so based on a relatively modest investment. The meat intervention, is also wildly successful, and that is mostly Alali. Other returns are closer to what one would normally expect and can be explained by context. Milk provides a good return for a mature sector. Wool was doing extremely well, but was severely damaged by the effective closure of foreign markets thanks to Covid and honey is a relatively small sector in the very early stages of intervention. If one counted the returns for a few more years, the impact would be far greater.

## Sustainability

Market System Development has sustainability at its core. Therefore, this projects means of operating is fundamentally about creating outcomes that align with market-models, such that their impact persists beyond the point of project interventions. This can be seen, in very general terms, in the way that the project has progressed over the years.

At the level of the private entities, with which the project primarily interacts, sustainability is demonstrated by their growth, ability to access more financial resources such as state and bank loans and state and donor grants, diversification of products and clients.<sup>31</sup> This is routinely demonstrated in project reporting and in the current evaluation

One can also consider sustainability in terms of sectors. The dairy sector had already been the subject of considerable attention and the Georgian Milk Mark helped to build on existing sustainable change by focusing on consumer marketing and production compliance to ensure that farmers benefit from cheese that is produced to a high standard using natural products.

Moreover, the 2020 ILO assessment of ALCP impact on the dairy sector demonstrates in detail the spillover effect of sustainability on enterprises not supported by the programme. The analysis also elaborates methodology of ensuring sustainability. The very detailed 60-page ILO report concludes that ‘the ALCP’s interventions contributed to a fundamental, sustainable and large-scale change in the Georgian dairy market system, which is still ongoing’.<sup>32</sup>

In the case of sheep, the VSP and the improved animal movement, sale of wool and exports are all mutually reinforcing. The sheep meat sector has been a crucial source of income for many, particularly Azeri, populations in Georgia for many years. Given that lamb is not really central to the Georgian diet, export of live sheep and, more recently, halal slaughtered chilled meat, has transformed the sector, leading to significant increases in price. However, disease management has always been a huge risk factor, not only because of its impact on productivity, but because the export markets are extremely intolerant of diseased animals.

<sup>31</sup> ALCP (2018), *Analysing Systemic Change Trends in the Dairy Sector*.

<sup>32</sup> ILO (2020), *Better cheese, better work: The Alliances Caucasus Programme’s Impact on Informality and Working Conditions in Georgia’s Dairy Sector*, p viii.

The honey intervention has been fundamentally about building a sustainable sector, where it did not exist before. One interviewee told us that prior to Mercy Corps intervention, the honey sector was 'dying'. This may be true. It certainly lacked a coherent business model and therefore had little prospects for growth. More than that, as the agricultural sector was formalizing, informal honey production, even at its current modest scale could have been pushed out. The project not only helped to reverse this downward trend, but also generated a trajectory of export growth that could see honey become a major export category.

For the cross border market interventions, these are highly sustainable because they are extremely profitable to the private sector entities who engage in them. Alali and Mar-Mot, for example, have not only seen the increase in their exports, as a new market with considerable future potential. It has also generated immediate profits that have allowed them to make significant investments in local supply chain development.

In all instances, project interventions have also been designed to ensure that mechanisms for intervention are self-sustaining, whether that is Women's Rooms, which are financed by municipalities, the veterinary surveillance stations, which is financed by central government, GMM which generates income for BIG, JRC which has demonstrated the value of agro-advertising or self-sustaining private sector entities.

## Cross cutting themes

### Gender

Gender considerations are an embedded part of ALCP activities, as well as focus of specific interventions. The project has a detailed understanding of the sectors where it was undertaking interventions including market analysis that always looks at the way market challenges impacted on women. Gender issues are fundamental to agricultural change in Georgia and, therefore, they are fundamental to the project. The dairy sector, in particular, is managed by women and so anything which improves the sector and reduces the workload of those working with cattle or with milk/cheese is fundamental. The 2020 ILO report effectively documents the way that formalization has supported the greater empowerment of women, in this sector, by reducing the amount of time that women need to spend producing cheese and, therefore, liberating that time to be spent in value-added activities, personal improvement or personally meaningful activity.

The formalization of the wool sector had similar time saving benefits for women. Before the project interaction wool that was sold in the market was usually carded and washed, activities that required considerable demanding labor from women.

However, meat, wool and honey are male dominated businesses so the improvements in these sectors in employment, in particular, fell to men. Nonetheless, household economic decision making is generally shared and women often make many of the day-to-day decisions and manage the household purse. Improved income, therefore, certainly makes that role generally easier.

Recognizing the specific challenges that women in rural areas face, the project has, of course, undertaken gender-oriented interventions. The most obvious of these, is the Women's Rooms initiatives, their creation to respond to failures to include women in local decision making.

As already discussed, during this funding cycle, this has focused on support of women entrepreneurs to secure financing, expansion of the woman's room business model to Armenia and the work, along with UN Women to develop Woman's Room into a nationally adopted format. The impacts of this on woman's engagement at a local government and womans financing have been profound. Out of 653 applicants for grants, 110 beneficiaries, received the grants, more than 94 of whom were women. As a result 88 new businesses were started, mainly women led. Woman's Rooms in Georgia have also continued to support women to better engage in local government decision making, particularly on local infrastructure issues and, through womans rooms, women have been able to instigate 369 community/livelihood initiatives.

Woman's Rooms in Armenia are still a relatively new innovation and only one is currently open. However, it is already providing a forum for dialogue with local government and support for women on local needs and issues.

In addition to Women's Rooms the project has also undertaken a number of other initiatives, to support women entrepreneurs, developing the the National Woman's Business Forum in Batumi in March 2018, that has continued independently since.

## Governance

Engagement on policy issues has been on-going across sectors. In dairy and meat sectors, one of the biggest issues has been the consistent application of health and safety standards to cheese production and animal slaughter. Low levels of policing (made worse during Covid) undercut companies that improve their facilities and undermine incentives for future sector development. GMM was partially intended to combat this problem in the dairy sector, by providing an independent process of oversight.

Also, in the dairy sector, the transgressions of supermarkets that abuse their market position, has been a key focal area and the project has just completed research on the subject.

In meat, on top of the direct investments, the project has also engaged on policy issues through the meat advisory committee, which brings together key government, private sector and NGO stakeholders has met to discuss the pressing issue of unregulated animal slaughter. In addition to using this platform to highlight the issue broadly, with government and the engagement of multiple stakeholders, ALCP has used this platform as an opportunity for presenting field research to support its position. According to project reporting, this has led to greater attention to food inspection following the meetings. However, the weakened policing of food standards and proper animal slaughtering continues to be one of the big problems of the project and will be a focus of attention moving forward.

In the sheep sector the main focus has been the development of the Animal Movement Routes and there has been extensive consultation, using the AMR advisory committee, and through direct contact with municipal government where changes will take place, to discuss the form and location of VSPs and water points. The project is also an observer member of the Steering Committee for Animal Health. The committee is mainly reserved for donor participants. SDC is a member of the committee, as are the FAO/NAITS programme and others including EU-related programmes and USDA. The main function of the committee is to discuss the status and actions concerning animal health in Georgia and of necessity currently includes much discussion of measures associated with EU approximation.

In the Honey sector, as already discussed, the project supported the start of the Georgian Bee-Keepers Union to facilitate intensive engagement in the sector, particularly on the issue of legislation connecting to antibiotic use and to encourage its diminished use in practice. As already highlighted, this has been extremely successful and has been a necessary precondition to growth in exports.

More broadly, the project has worked extensively with municipalities across the regions covered, including them in project interventions. Most obviously this has occurred through Womans Rooms and the VSRs, but it has also been part of the portfolio more generally.

## Environment

The project is premised on the assumption that the Georgian agricultural system needs to develop on the success of small-holder farmers that learn to manage and co-exist with the environment. However, there has been limited focus, within the project on explicitly environmental issues. Most of the major sectoral interventions have not been largely focused on environmental sustainability. However, Goderdzi Alpine Garden, Jara beekeeping and ecologically produce honey all have a focus on conservation. Also, the development of agrijournalism has generally included environmental issues and the project has also supported educational initiatives in the same area.

Also, the supported of animal movement routes and the provision of machinery in Armenia through Mar-Mot, could fundamentally be seen as facilitating strategies of disaster risk reduction in the context of climate change. Transhumance is premised on the need to move to summer grazing during the summer and summer hay-cutting in mountain pastures is driven by the same logic. Both will be more important as climate change worsens, particularly if meat and dairy production are set to expand.

Other parts of the project also facilitate reductions of pollution. In particular veterinary surveillance points provide locations for managed dipping, that better control the pollution created by toxic chemicals. The project has also undertaken research to investigate private dipping and generated rules to mitigate that risk. Other environmental pollution has also almost certainly been mitigated by the formalization of different agricultural production chains.

Since 2020, the project has also supported 13 companies to conduct assessments using the Business Environmental Assessment Tools and also, since the 2020-2021 annual report has provided enhanced reporting on its environmental activities. This has highlighted project efforts to ensure that interventions do not create unintended environmental consequences, including water management of GWC wool washing facility and improvements that are generated in resilience to climate change.

### Changed environment due to COVID 19 pandemic

In the early stages of the pandemic, considerable market research was undertaken by Mercy Corps to assess the impact on the project target groups.<sup>33</sup> Clearly, Covid generated enormous initial challenges for the project team and for clients, while everyone tried to figure out how to manage. After that, the biggest impacts of the project were those who suffered supply chain interruptions or transport and logistics challenges. Wool was most severely impacted by this as was chilled meat. Honey initially seemed to have been harmed, but has since recovered. For the project team, their ability to carry-on, particularly with field engagement and research has been impressive. Undertaking the Mar-Mot evaluation in Armenia, post-war and during Covid, deserves particular attention.

It is not clear at this point if the sector as a whole will be significantly impacted by Covid in the medium term. The main area of uncertainty seems to be what will happen with the wool sector, but there are no major reasons to expect significant changes beyond that.

## Conclusions

The project as a whole, has exceeded its targets in almost all areas, in spite of the extremely difficult times. However, its principal achievements should be seen in terms of the systemic impact that it has created in its key intervention sectors.

In the dairy sector, the GMM is the most recent step in a process of change that has seen the gradual formalization of the sector, with increasing herds and LHPs moving away from home cheese production to milk supply, with more and higher quality milk securing higher incomes. This is the continuation of previous interventions that have seen support to feed, veterinary and information provision aligned with increasing governance standards. As the ILO study of the sector clearly showed, this had not only helped in 'lifting thousands of rural households well above the poverty line' it also provided massive time saving to women and provided rural families with greater income stability and greater opportunity.

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<sup>33</sup> ALCP Steering Committee meeting Minutes, Reporting Period Apr 1, 2019 – March 31, 2020 (16 July 2020)

This has supported the greater empowerment of women, in this sector, by reducing the amount of time that women need to spend producing cheese and, therefore, liberating that time to be spent in value-added activities, personal improvement or personally meaningful activity. Along with training support and support to other entrepreneurial activity, this has meaningfully impacted gender equality.

The sheep sector has also seen systemic shift that has been facilitated by increasing avenues for export, support on animal health and the regulation of the animal movement routes and the addition of supplemental income for wool. This is most obviously seen in rising prices and larger herds, in-turn created by a range of avenues for export. This has been supported by the development of sales of halal meat, to supplement the existing demand for live animals, as well as the better management of transhumance, which not only makes the lives of the farmers easier and creates cost savings, but also is crucial to disease management. Assuming export markets for wool return, the ability to sell wool also creates another modest revenue stream from what was once a wasted by-product.

The change in the honey sector is probably the most profound systemic change in the project in the time period covered, as there are indications that the sector was in real trouble before the project intervened. PPP to ensure the control of antibiotic, local branding, support of exporters and export promotion have allowed sustainable scales of exports and more viable routes for local sale. This creates an opportunity for significant growth and the addition of a major export category which could provide reliable high prices for honey which would justify longer-term investment.

All of this has been supported by systemic changes in agricultural journalism and better input provision, particularly supported by earlier phases of the project and by systemic improvements in animal health management (including with animal movement route management) and engagement of women in local government through woman's rooms. Therefore, while there are clearly opportunities to modify existing interventions and to take new strategic directions (discussed below) the overall effect of the project has been profound.

## Key findings/Lessons learned

A number of key lessons can be identified from the analysis above, which should inform any continuation of existing interventions or new interventions in the future. In terms of specific interventions and sectors, all of the current major intervention areas have value and can be continued with fairly modest adjustments. These are suggested in the recommendations below.

It is worth, however, taking some time to reflect on broad trends and how these may impact future project development. The increasing formalisation of the food production market means that farmers (and particularly women) are liberated from menial processing tasks to focus on production. This gives them time to expand herds/flocks, to pay more attention to animal care and phytosanitary standards and hopefully provides additional income and stable revenue streams to justify greater investment in better feed, pharmaceuticals and machinery.

This is a positive trend, but does expose early-adopting farmers and processors, to risks if the legislation that acts as one of the drivers of this process is inconsistently applied. The project has already worked with farmers to advocate for consistent application of sanitary standards for milk/cheese production and for meat slaughter and processing. This will need to remain a priority.

There are several other impacts of 'formalization' that need to be taken into account with any future interventions. First, formalisation will inevitably mean a greater concentration of market power in the hands

of larger processors and supermarkets. This can lead to market-abuses. The project has already identified supermarkets as problematic actors and is working with key actors to develop regulations that the government can put in place to ensure that they do not abuse their positions of strength. To help limit market concentration in processing, the project should, in future, focus on processors that are smaller and located close to more isolated communities.

Formalisation can also mean a reduction in employment. In its best case, this is really a reduction of 'underemployment', with women liberated from menial tasks, and greater economies of scale allowing for better value addition and higher wages, working with processors. However, this 'liberated' time will mean that there is space for value addition in other areas. This can, in the first instance, be utilised simply increasing production of the principal product. However, if the product is fairly commoditized and aimed at the local market alone then, at some point, one will hit consumption ceilings where increased production will only succeed in lowering prices and wages.

Therefore, new project interventions will have to focus on identifying new markets. The most obvious of these would be export markets, not only because they are effectively limitless in terms of demand, but also because one can aim at value addition beyond the demands of the local market. The success of Halal meat, honey and even wool as export growth areas, show that the upsides can be considerable if one identifies an export category where local price points or value addition can serve international demand.

There will also be a need to focus on rural entrepreneurship and small business development. The success of the Woman's Rooms in supporting grant applications from first-time business people, was considerable. Clearly, alongside that, there will need to be business training, particularly in relation to potential sectors. In recent years in various parts of the region, we have seen significant re-ruralisation, particularly driven by huge tourism growth. Technology also offers opportunities for people to stay in rural areas or return to them. All of this would encourage the same focus.

A focus on supporting sustainable communities will also, of course, align with a project orientation that takes environmental and conservation into greater consideration. Resilient communities need to have multiple revenue streams and need to adapt to climate change. Production that uses traditional breeds and techniques to limit environmental impact and produce using low emissions will also be at a value premium. In the same way that Qevri wine is part of Georgia's export branding for its wine sector, and a high value product, bio and Jara honey could be the same in the area of honey. Halal meat production is approaching income diversification from a different angle, but achieves the same results, as it is not only a higher value product, but allows the use of a wider range of animals. There are natural overlaps here. Georgia's export proposition fundamentally merges the image of the mountain idyl, with hospitality, the heart of wine, fantastic food and produce. This is mutually reinforcing and, with a little luck, could be used to encourage sustainability, increasing income and increasing equality at the same time.

## Recommendations

1. Adjustments to the quantitative findings of existing program
  - a. Agrotrading results for NAIC, scale, jobs, indirect results etc to be moved to Outcome 1 since there is no significant cross border component.
  - b. Agrotrading to be removed from cross-border trade.
  - c. Mar-Mot LLC further validate result with control survey or market analysis, or reduce NAIC reflecting significantly more conservative attribution

### **Modifications to existing interventions**

2. For the dairy sector
  - a. Continue the Georgian Milk Mark and ensure that retailers use appropriate store branding and advertising where possible. Support BIG in the production of supplemental materials for that purpose.
  - b. Continued focus on increasing productivity of small milk producers.
  - c. Potentially support milk producers by supporting the suppliers of milking machines.
  - d. Support to small processors in ensuring that supermarkets treat them fairly.
  - e. Target smaller processors in more isolated locations – this may require initially higher levels of co-financing, but may be necessary to avoid market concentration
3. Meat
  - a. Continue lobbying on improvement of policing for low standard animal slaughter. Help to develop the network of high-quality slaughterhouses to provide data on likely infractions.
  - b. Continue support halal meat slaughterhouses and do whatever is possible to help facilitate relations on exports
    - i. Support Georgian processors in visiting the region or regional events, where possible
    - ii. It is generally agreed that meat exports are generally based on bilateral relations with the various Middle-Eastern states to which exports take place. There may be value in systematically reviewing the various options for export and helping the government identify the best strategy to garner support.
4. Honey
  - a. Mostly continue on the current direction – with support for exporters and supporting systemic change in producers
  - b. Continue to facilitate marketing of Georgian honey internationally, particularly for bio
  - c. Support Jara as a separate category, but also facilitate for branding of broader honey sales (like Qevri for wine).
5. Wool
  - a. If international wool market recovers, then support shearing stations in mountainous regions
  - b. Continue to look for opportunities in the domestic market – where wool can be used for value addition
6. Cross-border
  - a. Continue to encourage and support Roki and Agrotrading to grow their regional markets
  - b. Continue to support Womans Rooms in Armenia and keep connections open with Azerbaijan
  - c. Continue to support Agrojournalism training in Armenia and Azerbaijan

### **Major changes for new MSD Project**

7. To align with SDC's new strategy and likely development priorities and government priorities moving forward. Future project interventions should include
  - a. Climate change considerations
    - i. How rural communities will adapt to and manage in a context of climate change, particularly, rising temperatures, greater weather volatility and potential for weather-related uncertainty and disaster management
    - ii. How rural communities can help to mitigate climate change and its stress on the environment, by better integrating with existing ecosystems
  - b. Biodiversity and pollution mitigation considerations
    - i. Work to develop sustainable solutions that better utilise local resources
    - ii. Develop eco-friendly and bio-friendly products, for the benefit of ecological considerations and greater value addition

8. For rural development generally - as agriculture becomes more formalized and less labor intensive, there will be fewer employment opportunities in sectors that are simply oriented to agricultural production for the local market.
  - a. greater focus on supply chains that connect to export-orientation; honey was a good example, but fruit drying or herb processing
  - b. greater focus on non-agricultural entrepreneurial support
9. As women are liberated from time poverty the project should particularly look for opportunities to enhance women's business opportunities in the region
  - a. Continued support for women's rooms to provide support on access to finance
  - b. Widen where possible general business training provided by woman's rooms as well as training specific to likely small-business areas
10. Changes to the M+E system
  - a. Output level indicators require targets
  - b. Given the highly volatile context of the region, end of project surveys mostly need control groups and these should not be taken from the same village as the recipients, to avoid systemic bias
  - c. DCED audit of results at the mid-project point would add additional level of confidence in results

Annex 1: List of interviewees (internal only)

## Annex 2: Focus Group List (internal only)

## Annex 3: Breakdown of Aggregate indicators

### Scale and NAIC

Since the ultimate goal of the project is to generate higher ‘income and employment’ opportunities. The most important variables in the log-frame pertain to employment and income generation. Also, as suggested above, since the principal problem in rural areas is not unemployment, but under-employment, the project M+E places particular emphasis on the Net Attributable Income Calculation (NAIC).

The overall breakdown of NAIC is shown below.

Figure 4: Breakdown of project contribution to Overall Net Attributable Income Calculation

NAIC Aggregate	Actual	Target	% Above target
NAIC value in GEL generated for LHP's (11.5 million Gel ) (2 million indirect)	31 440 003	11 500 000	173%
Indirect NAIC value in GEL generated for LHP's	2 088 987	2 000 000	4%
NAIC value in GEL generated for programme clients (8 million Gel)	13 639 262	8 000 000	70%
NAIC value in GEL for crowded in entities <sup>11</sup>	2 084 830	1 000 000	108%
NAIC value in GEL generated by employees (3.5 million Gel, Direct)	7 413 576	3 500 000	112%
NAIC value in GEL generated by employees Indirect	593 015		NA
NAIC value in GEL generated by activities funded under previous project	671 635		NA
<b>Total NAIC generated by the programme (Farmers, clients, employees direct/indirect) (25 million GEL)</b>	<b>57 931 308</b>	<b>25 000 000</b>	<b>132%</b>

Reference: Program data

Obviously, the big stand out here is that almost all categories massively exceed the target. The largest contributor to this total is the NAIC for Livestock and Honey Producers. Since this is the most important ultimate target group for the project, it is worth taking some time to consider the breakdown of this number. At 31.4 million the direct NAIC is 173% above the target, so hugely positive. This number is, of course, connected to the number of LHP beneficiaries, so we will consider both of these numbers together.

Figure 5: Breakdown of impact and scale for Livestock and Honey Producers (LHPs)

Intervention	Scale	Scale adjusted	NAIC	Outcome distribution
Agro Trading	19 807	5258	10 058 954	Outcome 2
Wool	4 158		1 034 891	Outcome 3
Mar-Mot	20 295		11 500 990	Outcome 2

Meat	6 722		4 765 636	Mostly Outcome 2 through Alali but also outcome 1 through local meat interventions
GMM	2 120		3 926 591	Outcome 1
Women's Room	4 181			Not included in outcome totals
Veterinary surveillance points	11 586			Not included in total
Honey	83		152 941	Outcome 3
Overall	54 587		31 440 003	

Reference: Program Data

The aggregate number for scale is not the summation of the interventions due to overlap between client groups. It also does not include the users of the biosecurity routes. The overlap rate for GMM is 1/3, because of an assessment that around 1/3 were also customers of the feed producer agrotrading. This is because agrotrading products, while fairly widely dispersed nationally are not available in most of the municipalities where GMM dairies work. The overlap rate for wool is 50% because of assumed overlap with Alali because while they work with the same group, Alali are only working with this group in Kvemo Kartli and Ninotsminda. Both of these seem reasonable.

The reason why there are two 'scale' numbers for Agrotrading is that the larger number represents the total number of households that were sold grain and the smaller number represents the number of customers for complex feed. For NAIC purposes, the project only considered the impact of complex feed. The project does believe that NAIC numbers of Agrotrading could include benefits from grain sales, but these have been practically impossible to quantify, since Agrotrading grain sales are not consistently branded, and so it is impossible to identify users/non-users through LHP surveys. Again, this seems reasonable.

Discussion of these numbers will take place under the narrative discussion of the interventions below. However, it is worth noting that, the Agrotrading and Mar-Mot interventions are significantly the most important interventions in terms of these aggregate numbers, accounting for around 73% of the scale and 68% of the NAIC (not accounting for overlap). The meat intervention is the next most important. It is also worth noting that, while Women's Rooms and the Veterinary Surveillance points do generate a financial impact, no NAIC is calculated for them.

#### NAIC for clients

NAIC by client is broken down by output above, but broken down by category.

Figure 6: Summary of NAIC for client by category

Row Labels	Sum of NAIC for Clients
Dairy	3 929 975
Feed (Agrotrading)	3 200 000
Honey	519 591
Machinerry	593 123
Meat (mostly Alali)	4 099 292
Veterinary (mostly Roki)	649 161

Wool Export	648 120
<b>Grand Total</b>	<b>13 639 262</b>

These numbers are collected in discussion with the client directly so should be fairly reliable. Basically, they represent the profit that is generated by the intervention related turnover. In most cases, the entire turnover of the client was treated as connected to the project intervention. However, in the case of Roki and Machinery (Mar-Mot) only exports were included. In order to check these numbers, the assessment team compared the client NAIC to the turnover data, that the project has in most cases. This revealed plausible turnovers and ratios.

Alali is the largest contribution to this total and this is the result of a high turnover and a 57% profit margin, reflective of the profitability of halal slaughtered meat exports. Feed/Agrotrading is the second biggest contributor to the total, and has a 28% profit margin. Interestingly, non-Georgian Milk Mark dairy interventions had an average of 13% profit margin while GMM dairy interventions were usually 17-20%, suggesting that the more formal business model is more profitable.

#### Direct Job creation and business growth

Another important category is job creation.

Figure 7: Breakdown of direct job numbers by intervention

	Jobs			Saleries	Salary per job per year
	Total	Male	Female		
Agro Trading	19	17	2	648 968	17 078
Wool	25	8	17	263 522	5 270
Mar-Mot	17	15	2		
Meat	12	10	2	348 700	14 529
GMM	62	23	39		
Women's Room	216	50	166	3 426 546	7 932
Bio Secutiry points	36	36	0	1 089 000	15 125
Honey	3	3	0	10 330	1 722
FS	22	15	7	522 818	11 882
Ongoing	12	11	1		
Wool Intermediaries	16	16		225 196	7 037
Roki Web	4	2	2	97 436	12 179
Papuna (Distribution)	1	1		15 732	7 866
<b>Total</b>	<b>445</b>	<b>207</b>	<b>238</b>	<b>6 648 248</b>	<b>7 470</b>

Reference: Project data and own calculations

Job creation numbers are, in most cases, collected directly, from an interview with the client, so there seems little reason to dispute it, except for two considerations. However, they count any job addition as project related. Mostly, this is impossible to avoid, but in some cases they do have a baseline. In their study of the dairy sector, they show that even in control group, the number of jobs has gone up, but they still consider all jobs in the intervention group to be related to the intervention. Also, Women's Rooms does stand-out as the biggest contributor, accounting for more than half of the total. That is because they treat all of the jobs

created by Woman’s Room-supported grant applications, as project-created jobs. This will be considered in detail below.

### Systemic change and crowding-in

As a market systems development project, systemic change and crowding-in are vital considerations. Below, again, is a breakdown of the aggregate provided in yearly reporting.

Figure 8: Overview of systemic change and crowding in

	<b>Crowding in</b>	<b>Scale</b>	<b>NAIC FARMER</b>	<b>NAIC CLIENT</b>
Georgian Wool Company	3	4 072	825 800	936 306
Alali – Lagodekhi	1	9 302	582 000	328 200
Alali – Koda	1	11 840	261 600	422 400
Agro Trade	2	1 200	222 264	108 000
Mar-Mot	2	2 916	126 846	85 925
Khareba Winery Jara	1	3		150 000
Dairy in KK Tsintskaro+Ltd	1	62	43 200	54 000
Vet Pharmacies	1	120	2 160	
Marneuli Library	1	720		
Jara Beekeepers	1	24	25 117	
Kutaturi	1	1 910		
<b>TOTAL</b>	<b>33</b>	<b>32 169</b>	<b>2 088 987</b>	<b>2 084 831</b>

Reference: Program data

This data is also often collected primarily, with the project collecting and collating specific instances of crowding-in, the scale of impact this creates as well as job creation and NAIC. The scale of impact measured here is about in line with the target. The impact assessment reviewed the data collection for several of the attributed indirect beneficiaries and the result seemed plausible.

However, it is worth noting that this is an extremely narrow way of understanding impact. This counts the number of companies that the project can directly identify as copying project interventions, and since the project team know the terrain very well, this probably does collect a lot of the target group. However, it also obviously misses many. In any of the target sectors, it misses all the farmers who are neighbours, friends and relatives of beneficiaries, who decided to increase the number of cows they have, or who changed their animal-care or sales practices, based on the success a beneficiary had shown. It misses the investors and business people who decided to upgrade their facilities or change their business practices based on a news story. In short, it will clearly understate the overall effect.

This is the downside of the intervention-specific attribution model that the project has accepted, and it is probably unavoidable, but it should definitely be kept in mind when considering the results.

## Cross Border Trade

In addition to the aggregate results, above, which are presented for all outcomes, there are two other sets of outcome specific targets. The first relates to trade. Outcome 2 and outcome three have two trade targets.

Figure 9: Trade targets and performance targets

Outcome	Target	Result	Target	Overperformance of target
2	Value in GEL of cross border trade inputs	15 409 096	5 000 000	208%
3	Value in GEL of cross border trade commodities	20 325 000	5 000 000	307%
3	Value in GEL of exported products	66 032 162	25 000 000	164%

Reference: Program data

We can look at these numbers in turn. Cross border trade inputs include:

Figure 10: Cross border trade in inputs breakdown (GEL)

Mar-Mot	3 988 296
Agro Trading CF	11 420 800
<b>Total</b>	<b>15 409 096</b>

Ref: Project data

This is clearly a mistake, as Agro Trading does almost no trading in the region. Therefore, this number should be removed and the reported number should be GEL 4 million from Mar-Mot exports.

Figure 11: Exported products (GEL)

Honey	522 320
Cheese	3 129 341
Livestock & Sheep	52 975 620
Wool	1 526 266
Machinery Inputs	3 988 296
Vet Medicines	3 890 321
<b>Total</b>	<b>66 032 163</b>

Ref: Project Data

As one can see, the honey exports, while huge increases on historic numbers, are still currently fairly modest. Cheese, has also become a non-trivial export category at around \$1 million. Machinery is all Mar-Mot and Vet medicines are still Roki. The largest category, by far, is livestock and sheep exports, which are mostly related to Alali.