

## ROM report

<i>Type of ROM review</i>	<b>Projects and Programmes</b>
<i>Project title</i>	<b>Participatory Rural Development in Georgia</b>
<i>Project reference</i>	<b>C-361871</b>
<i>Delegation in charge</i>	<b>Georgia</b>
<i>Status</i>	<b>Draft</b>
<i>Report date</i>	<b>28/05/2017</b>

Project - Key Information	
<b>Domain (instrument)</b>	ENI - European Neighbourhood Instrument (NEAR)
<b>DAC Sector</b>	31120 - Agricultural development
<b>Zone Benefitting from the Action</b>	Georgia
<b>Action Location</b>	Republic of Georgia, Kakheti Region, Lagodekhi Municipality
<b>Type of Project/Programme</b>	Geographic
<b>Geographic Implementation</b>	Single-country
<b>Entity in Charge</b>	NEAR C 01
<b>OM in Charge</b>	ORTEGA APARICIO ALVARO
<b>Contracting Party</b>	CARE OSTERREICH VEREIN FUR ENTWICKLUNGSZUSAMMENARBEIT UND HUMANITARE HILFE

Project - Financial data on 04/04/2017			
<b>Total budget</b>	1,249,391 €		
<b>EU contribution</b>	999,513 €		
<b>Paid Amount</b>	462,257 €	<b>Date of last payment</b>	08/12/2016

Project - Dates				
<b>Contractor Signature Date</b>	30/06/2015			
<b>Activities</b>	<b>Start Date</b>	01/07/2015	<b>End Date</b>	31/10/2017
<b>Final Date for Implementation (FDI)</b>	30/04/2019			

ROM review - Key information				
<b>Reason for ROM review</b>	Priority - Innovative			
<b>ROM expert(s) name(s)</b>	WUSENI Astrid			
<b>Field phase</b>	<b>Start Date</b>	27/03/2017	<b>End Date</b>	21/04/2017

## Project Synopsis

### Context

Traditionally, Georgia's economy has been dominated by the agricultural sector. The land privatization process which took place in the 1990s resulted in high land fragmentation following the dismantling of agricultural cooperatives and land distribution to individual farmers. Currently, the vast majority of farms are smallholdings measuring on average only 1.2 ha. In addition, the area of arable land used for productive purposes decreased. According to an FAO (Food and Agriculture Organization of the United Nations) assessment in 2012, some 130,000 hectares of farmland were left unsown or unused, most of it in the eastern part, where the project's target district of Lagodekhi is situated with some 80% of the rural population depending on unstable and highly seasonal incomes from agriculture. Due to the scarcity of non-farming employment opportunities and the low income generating potential of agriculture, there is a trend of out-migration from the entire Kakheti Region. Nevertheless, the district provides a number of potential opportunities, like favourable climatic conditions and the availability of irrigation structures and water. Lagodekhi is the region's main vegetable producing municipality and possesses a unique natural diversity with almost a third of its territory (250 sq km) classified as protected area.

In response to these issues, the European Union (EU) is supporting Georgia in the field of agriculture development since 2013 through the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD), providing budgetary support, technical assistance and grants. In line with the priorities of the EU-Georgia Association Agenda, a complementary component on rural development was introduced with Annex 03 to the ENPARD Georgia Decision (top-up) ENI/2014/037-364 in 2014. Since then, the emphasis of ENPARD is changing towards taking a broader view on rural development, beyond agricultural productivity. In support for diversifying the rural economy and improving the quality of life in rural areas, the Georgian Government agreed to introduce, on a pilot basis, the LEADER model - that is operating successfully in the EU since 1991. Hence, in July 2015, three pilot projects were launched in regions where agriculture by itself cannot become a sufficient source of income for the rural population, such as locations with little access to markets, like the Lagodekhi municipality.

### Description of the Intervention Logic

The project's overall objective (OO) is to contribute to poverty reduction and improved employment and living conditions in rural areas of Georgia.

Indicators: i) Unemployment rate reduced in rural areas of Georgia; ii) The rural population has increased household income and improved living conditions.

The project's specific objective (SO) is to create an enabling environment for sustainable pro-poor socio-economic development in the district of Lagodekhi.

Indicators: i) 40% of Lagodekhi's population identifies the Local Action Group (LAG) as an effective mechanism for promoting local development; ii) at least two competitive advantages for socio-economic development of Lagodekhi prioritized in the local development plan; iii) 10% of the Lagodekhi population benefits from - and reports about - improvements in the local business environment, service provision, infrastructure or natural resource management; and iv) strengthened capacities of the Lagodekhi LAG.

The intervention logic is then further articulated in four planned results (outputs):

ER 1 A replicable system of cooperation among local stakeholders (Local Action Group/LAG) to promote local development is operational and sustainable.

Indicators: 1.1 The composition of the LAG adequately represents the social and economic context in Lagodekhi with a maximum participation of 50% by the local authorities; 1.2 At least 60 % of Lagodekhi population is aware about LAG and local development priorities; 1.3 At least 30% of the members in the LAG are women; 1.4 At least 10% of the members of the LAG represent ethnic minorities; 1.5 At least three strategies were discussed and agreed to sustain the LAG operations.

ER 2 An environmentally sustainable, gender sensitive local development strategy (LDS) integrating local players and sectors is developed by the LAG.

Indicators: 2.1 The LDS is drafted, discussed by all stakeholders of the LAG, and approved by the General Assembly; 2.2 100% of the strategic priorities and measures identified in the LDS are gender and environmentally sensitive; 2.3 At least 30% of projects supported by LAG include measures for effective usage of natural resources and environmental protection; 2.4 At least 60% of representatives of ethnic minorities in the LAG consider that their needs and main recommendations have been included in the development plan.

ER 3 Local stakeholders are empowered and capacitated to implement innovative off-farming, farming and non-economic initiatives orientated to the priorities of the LDS

Indicators: 3.1 30 promoters have increased capacities in project planning and management; 3.2 At least 16 economic/social/cultural and/or environmental initiatives identified, planned and implemented; 3.3 At least 75% of promoters consider the skills and knowledge they gained through the project "important" for their well being; 3.4 At least 5 of the local economic initiatives selected by the LAG, link to the competitive advantages set out in the local development plan; 3.5 At least 30% of initiatives funded by the project are headed by women; 3.6 At least 24 new employment opportunities are created as a result of the diversified farming and non-farming economic initiatives, implemented by the promoters.

ER 4 Local development players build links with other LAGs, Policy makers and other donor programs to boost local activities and to lobby for the scale-up of bottom-up approaches to rural development.

Indicators: 4.1 Lessons learned and main findings are documented and disseminated to stakeholders; 4.2 At least one memorandum for cooperation has been signed with a European LAG; 4.3 A consultative and experience sharing platform has been established between National and European LAGs within the ENPARD framework; 4.4 At least 50% of the surveyed donors, national institutions, and other external stakeholders acknowledge LAG as a key development actor in Lagodekhi; 4.5 The "Friends of Lagodekhi" group is established and functional.

In accordance with the principles of the LEADER model target groups were defined as follows: i) the Local Action Group, ii) implementers of local initiative and iii) local promoters. Final beneficiaries, according to the project planning documents, are some 600 households that will benefit from environmental/ social/ cultural initiatives and, all residents of Lagodekhi District (41 678 people) benefiting from a diversified local economy and improved living conditions.

In line with the LEADER concept of an integrated approach to rural development, the project foresees to promote socio-economic development, which takes into account not only the creation of employment and income-generation opportunities, but also factors such as community relations, human development, preservation of natural resources, cultural cooperation etc. The action will thus set up a participatory, bottom-up local platform that gives local stakeholders a main role in the development of their territories, as members of the Local Action Group (LAG) and as implementers of initiatives.

The project's first component focuses on adapting and implementing the LEADER approach in the local context of Lagodekhi municipality and setting up the LAG as a consultative platform by bringing together the main stakeholders of local development. Based on the established LAG, the project will develop a participatory methodology for designing a Local Development Plan/ Strategy (LDS), taking into account the specifics of Lagodekhi municipality, such as the divergence of community sizes; different terrain and climatic conditions; the specific characteristics of the ecologically sensitive protected areas; etc.

In order to underpin the project's institution and capacity building components (LAG and LDS) with tangible benefits for the local population, a grant scheme will be made available for employment generation and communal sub-projects under the ER 3. As the project is a pilot for implementing the LEADER approach in Georgia, it is crucial to embed the LAG into the network of initiatives and stakeholders involved in agriculture and rural development in the context of the EU-Georgia Association Agenda, as planned under ER 4.

## Findings

### 1. Relevance

The project as designed was and remains highly relevant. The project is implemented as a pilot measure aiming to introduce and adapt the LEADER model to the Georgian situation, with a view to add a rural development component to the ENPARD Programme in line with the then prevailing Georgian Agriculture Development Strategy and the declared intention of the Georgian Government to encourage non-farm rural enterprise development. However, more importantly, this pilot rural development measure is meant to assist the elaboration of a coherent approach and policy framework for rural development in Georgia. The LEADER model reflects adequately the needs of the project target groups by applying a bottom-up approach that integrates in a participatory way the needs of different sectors and of the various social groups for local development planning and implementation.

In accordance with the LEADER model, the direct target group of the project is the so-called 'Local Action Group' (LAG) which brings together representatives of the public sector, the private sector (57.6%) and civil society of the municipality in a balanced way; 125 members overall (22.4% from the public sector, 57.6% from the private sector and 20% from civil society) who also adequately represent the economic and social sectors (agriculture, tourism, environment, people with special needs) of the municipality. Other target groups are implementers of local initiatives and the so called, local promoters. As final beneficiaries qualify the households/ residents who will benefit from environmental/ social/ cultural initiatives.

The design of the project is well thought through, with a sound and robust logical framework, straightforward and well-sequenced activities which have been clearly understood by the key actors. The four assumptions made at the level of the SO are relevant and all are holding true. The indicators in the logical framework matrix are well defined and relevant for measuring the achievement of the objectives outputs and are both of quantitative and qualitative nature. Very appropriately, one indicator approaches the sustainability of the LAG, namely 'At least three strategies are discussed and agreed to sustain the LAG operations after the project ending'. Only, for one indicator at the level of the SO concerned with the strengthened capacities of the LAG members, a baseline assessment is missing thus preventing an accurate assessment not only of increase in capacities as a result of this project but potentially also of further progress expected in this regards thanks to the planned follow-up project.

The action has been tailored to the reality of the Lagodekhi Municipality and to the capacities of the main stakeholder in the area, i.e. the National Park Administration, the local administration (Sakrebulo and Gamgebeli) and the Information & Consultation Centre (ICC) of the Ministry of Agriculture (MoA) in Lagodekhi. A specific feature of the Lagodekhi Municipality is that almost a third of its territory (250 sq km) is classified as protected area and the National Park attracts many visitors from Georgia and abroad who are the clients for the Lagodekhi guesthouses and thus, support the development of the tourism sector in the municipality.

All stakeholders are well represented in the LAG and in the managing board and hence benefit from all project actions geared towards the strengthening of institutional and human capacity development. Since the formation of the LAG, all members demonstrate adequate commitment, which is formally ensured through the jointly developed statute of the LAG. In addition, the Park Administration is very active and committed to local development as evidenced by the close cooperation established with the LAG. Among others, all meetings of the LAG's General Assembly (GA) but also workshops are hosted by the Park Administration. Over time, the commitment of the local administration for engaging in local development actions has increased and a good level of cooperation with the LAG has been established including the signing of a Memorandum of Understanding in February 2016 stipulating support during project implementation.

The Rural Development Strategy of Georgia (2017-2020) and the related Action Plan 2017 have been developed recently and for the time being, the governmental bodies are not leading the sector coordination. However, progress towards a governmental-led system of sector coordination is evident in the agriculture sector, where the EUD initiated an ENPARD Steering Committee and ENPARD stakeholders' meetings. According to interviews, the ministerial staffs of the MoA appreciate the experience made through the Steering Committee and stakeholders meetings and, regard these as valuable instruments for better coordination of the agriculture sector with a potential for application to other sectors, like the rural development sector.

## 2. Efficiency

The selected implementation mechanism - awarding of a grant contract to the Austrian NGO CARE (Association for Development Cooperation & Humanitarian Assistance) - and more specifically, the key mechanisms (LAG, LDS, Grant scheme) for introducing the LEADER model to the Lagodekhi municipality were well chosen. CARE Austria is supported in project implementation by one co-applicant, namely the Spanish Foundation ETEA with vast experience in the LEADER model application in Spain. Although, the key mechanisms of the LEADER model are the same in all three pilot projects, the implementation modalities differ and follow in the Lagodekhi project the Spanish LAG model.

In the Lagodekhi Municipality, the LAG is clearly structured in two distinct levels: i) the General Assembly (GA) that encompasses all interested residents without numerical limitations (presently 125); and ii) a managing board (also called Board of Directors) plus an elected president, vice-president and an executive secretary. The managing board consists of 15 selected members plus one staff from the ICC. This structure enhances the transparency of operational processes for the LAG members and has, so far, proven entirely appropriate and efficient as demonstrated by the smooth implementation of the activities and progress in the delivery of outputs and in the achievement of outcomes. The LAG can also rely on strong technical support and coaching provided regularly by the ETEA Foundation and by members of the Spanish LAG. Presently, the LAG members are considering the pros and cons of becoming officially registered as a non-commercial organisation.

The budget both overall and in terms of distribution across budget lines well responds to the needs of the action after a no-cost budget revision approved with Addendum No 1 (08/02/2017) that, thanks to savings in a number of budget lines allowed to take several additional activities on board. The activities that were added to the work plan concern very appropriately capacity-building activities for the LAG members but also for the grantees. Further, in support to the National Park, provision was made for the printing of 6,000 copies of a child's book 'The thief in Lagodekhi'. Very importantly, the earlier budget savings also led to an increase of the grant fund allocation, totalling now Euro 379,269.

The project is well managed financially and administratively and so far, all resources were made available in a timely manner and according to plan. Some delays occurred but these did not affect in any significant way progress in the implementation of activities. More time than what initially planned was needed for adequately linking the submitted sub-project ideas after the first call for proposals with the priority areas as defined in the Local Development Strategy (LDS) and for equipping the potential grant-recipients with sufficient knowledge for filling the grant application form and planning the projects. The grant application requirements set by the Lagodekhi project are the most demanding ones when compared with the two sister projects and have likely scared away some potential applicants. During the monitoring mission it turned out that the grant application requirements and the application forms differ among the three pilot projects and do not follow generally agreed guidelines that also allow flexibility for accommodating local-specific circumstances.

By the end of March 2017, when 21 months of project time had elapsed (75%) the spending under the main budget lines corresponded well with the outputs delivered under the capacity development measures but was lagging behind with reference to the production of several sub-project outputs as evident by a 26% disbursement rate of the entire grant fund. Nevertheless, among the three pilot projects, the Lagodekhi project is the one with the highest disbursement rate, average of 48% for direct eligible costs with the following disbursement rates for the main budget lines: 1. Human resources – 90%; 2. Travel expenses - 80%; 3. Equipment and supplies – 93%; 4. Local office, vehicle costs – 64%; 5. Other costs, e.g. publications, visibility, conferences – 39% and 6. Others, e.g. training, local visits, grant scheme - 32%. The cost-efficiency ratio of the Lagodekhi project is judged as adequate, especially when taking into consideration that a solid ground for the sub-projects has been prepared and the path of implementation will speed up over the coming months and so will the spending.

However, when judging the cost-efficiency of spent funds also the effects of the broader and longer-term project outcomes should be considered. This concerns the utilization of capacities that the LAG members acquired during the project time, the further use of the LDS and the effects of sub-projects on the wider community level. While preliminary information gathered points to a positive multiplier effect in this respect, it is too early to assess it since not all grant sub-projects have been completed and the findings of the LDS have been used for just one year.

Other resources that are not EU funded, e.g. from grant recipients and stakeholders were so far, provided in time and to the stipulated amount. For the grant recipients, this is well ensured through the provision of inputs from both sides the grantee and the project in instalments as the sub-project progresses. Further, at least nine infrastructural projects among the 31 approved require co-funding from the municipality budget and this has been granted recently by the local administration.

An efficient monitoring system for supervising the implementation process of the sub-projects has been set up and is applied since January 2017. The baseline for assessing the progress is the original sub-project application, where, according to the requirements the entire chain of action, including expected yields, proceeds and additionally created jobs are mapped out in detail, and the team crosschecks all these plans. Again, it has been noted that among the three pilot projects also the monitoring systems and in particular follow-up procedures of the grant sub-projects differ substantially. As the current project will end by 31/10/2017, it turns out that the follow-up on the operation effectiveness of sub-projects has to be carried out during the next project.

### 3. Effectiveness

Thus far, the progress of delivering outputs is adequately in line with the initial plan. Although, the implementation of the grant sub-projects is lagging behind, a solid ground has been prepared for timely delivery of outputs of the sub-projects. All outputs have been produced and delivered under the expected result (ER) No 2, most of the outputs under the results No 1 and No 3 and some outputs are already available under the ER No 4.

A major output delivered is certainly the Local Action Group that started operating in February 2016 along the regulations of its outlined statute after an intensive information and mobilization campaign had raised the interest of the residents in all 15 communities. Following information gathering, interviews with local stakeholders and special training sessions, the LAG members applied SWOT analyses for five priority areas, namely agriculture, infrastructure, environment, tourism and social issues and drafted the Local Development Strategy. The draft was intensively discussed and reviewed with the main stakeholders in the municipality and then, finalised in autumn 2016. This document was used for streamlining the sub-project proposals for the grant scheme along the priorities as identified in the LDS. After two calls for proposals, 211 proposal ideas were received, screened and 104 applicants were invited to submit full-fledged applications. All potential grant recipients were intensively trained in planning the entire chain of projects, including job creation and marketing. From 70 full-fledged proposals for sub-projects received, a specially formed grant commission selected 31 proposals as compliant with the demanding application requirements. From the 31 sub-projects approved, nine are regarded as administratively completed (last instalment made) while 22 are ongoing and presently monitored.

A remarkable project output to mention, is the in November 2016 initiated platform 'Friends of Lagodekhi' for individuals or firms who are interested to support different spheres, like social or environment for the benefit of the development of the Lagodekhi area. Presently, the group has 8 official members, among these a Georgian writer, one big agricultural company and the Austrian and the Japanese Ambassadors to Georgia. The group 'Friends of Lagodekhi' is used as brand name in order to advocate better for the area.

Other important outputs that still have to be delivered or finalized are: i) outlining three sustainability options for the LAG (ER 1), ii) finalize the 22 sub-projects (ER 3) iii) develop and disseminate a document with summary- findings and lessons learnt in Lagodekhi with the LEADER model (ER 4), iv) establish formalized cooperation with one EU LAG through the signing of a Memorandum for Cooperation (ER 4) and, iii) establish a consultative platform between the existing Georgian and the European LAGs (ER 4).

The quality of the project outputs and services provided is highly satisfactory as was confirmed by the various interviewees from the public, private and civil sector and by final beneficiaries. At present, the LAG constitutes a real multi-sector platform of municipality stakeholders and residents, with the members trained and skilled in applying a participatory bottom-up approach to identify and implement local development actions. The presently 125 members represent all 15 administrative units of the municipality and the private sector (57.6%), the civil society (20%) and the public sector (22.4%). Among the LAG members, women are well represented with 38%, ethnic minorities with 9% and young people under the age of 25 with nearly 13%, as are the key sectors of the municipality, like agriculture, tourism and environment. The most active LAG members are certainly the 15 elected board members who have gained, among others, managerial, planning and monitoring capacities through tailor-made training sessions and apply these, for example during the monitoring of the sub-projects. During interviews the board members expressed their gratitude for the high quality of the training sessions and the professionalism of training experts.

There is a high level of agreement among all interviewees that the LDS represents a comprehensive area-based analysis and reflects well the local priority needs and potential areas of interventions for developing the local rural economy. During an interview, the mayor of Lagodekhi expressed his appreciation for the participatory approach utilized and the high value of this complex document that reveals the real needs of the municipality in key sectors. He further stated the possibility of utilising parts or the entire LDS for future planning in the municipality and, to consider it when setting the local budget priorities. However, a serious limitation for implementing further actions under the plan is the full dependence of the local administration from the budget of the central government as the administrative reform towards local self-government is progressing very slowly.

Positive outcomes in terms of social and economic development of the area are expected from the well-prepared and responsibly implemented grant sub-projects, based on meticulously prepared project applications combined with a high commitment among all recipients. Some of the implemented sub-projects have already raised the interest of neighbours for replication, like the industrial technology of strawberry production in a full-equipped greenhouse. In the Lagodekhi project, the business grant applicants had also to forecast the number of newly created job opportunities and thus a total of 88 new jobs are planned, 48 for men and 40 for women and, these figures are followed-up during the monitoring visits to the sub-projects. The social and infrastructural projects will benefit a wide audience, as calculated over 8,000 residents. This is the case for example, with the provision of equipment for a gym fitness centre or a training programme for women in a tailor's workshop. Almost 1,000 residents in each village of Leliani and in Giorgeti will benefit from the reconstruction of the 'House of Culture'.

Another very positive outcome of the LEADER project in Lagodekhi is the high awareness level about the model, the LAG, the LDS and the grant scheme beyond the municipality that resulted already in interest from other municipalities for replicating the model. After being approached, the project team jointly with LAG members conducted presentation meetings in six municipalities of the Kakheti Region with altogether 187 participants. Furthermore, the Lagodekhi LAG is already known in Spain through the close cooperation with the Spanish LAG members and through the 'Friends of Lagodekhi' in Tbilisi and in the Austrian and Japanese Embassies in Georgia.

For the time being, the project outcomes have positive effects mainly at the municipality level, like enhancing well the future economic and social development of the municipality and supporting the further development of democratic principles in the rural communities as applied through the LEADER mechanisms and appreciated by the residents. The LEADER model seems to fill a gap for channelling local initiatives in rural areas. Furthermore, the motivation and engagement of the local administration in development activities has been positively strengthened.

At the governmental level, changes towards the steering of the rural development sector progress slowly but steadily. This process is currently driven by donors, mainly the EU support for introducing the LEADER model but complemented by support from UNDP and FAO for the central government, especially for the MoA. It is assumed that in future the MoA will receive the official mandate for managing rural development policies in Georgia. This however, will require a certain expansion in staff and institutional capacities, which presently UNDP (with EU funds) and the FAO are supporting through technical projects.



#### 4. Sustainability

Through the mechanisms of the LEADER model, important results have been achieved in terms of strengthened human and institutional capacities in the Lagodekhi municipality. That said, sustainability prospects of the project results, namely of the adoption of the LEADER model in Georgia, remain weak as the introduction of the model is still at the early stages and is not financially supported by the government.

Concerning sustainability aspects at the macro level, the ongoing and future planned EU support is instrumental in assisting the Georgian Government in its endeavour to develop the institutional and human capacities for future management of the rural development sector. Firstly, out of ENPARD II funds (2016-2018), the LEADER model will be further promoted in Georgia as an effective mechanism to enhance rural development at municipality level. Three new projects are planned for actually extending the implementation of the LEADER model in the ongoing three pilot projects in Borjomi, Lagodekhi and Kazbegi for another 24 months. This will well enhance the possibility for sustaining the LEADER approach and the Local Action Groups beyond the project completion dates in these three municipalities. In addition, this year, the EU will finance five more rural development projects with the LEADER model in the municipalities of Akhalkalaki, Tetrtskaro, Dedoplistkaro, Keda and Khulo. However, the effectiveness, pros and cons of the various LEADER models so far applied have not yet been analysed, while already LEADER models from other EU countries are introduced, like the Lithuanian or Romanian models. Further, at the point when all eight projects will be running simultaneously, some kind of central platform for communication and coordination will be required to allow quick and easy exchange of experience and organisation of joint events.

Secondly, the already planned third phase of ENPARD (2018- 2020) will well address the institutional capacity building at central governmental level, foremost within the MoA but also the coordination of rural development policies among the ministries. Under ENPARD III provision is made for direct management through budget support, grants and service contracts but also for indirect management with Food and Agriculture Organisation (FAO) and the United Nations Development Programme (UNDP). However, the role of UNDP concerning the implementation of LEADER projects and the establishment of a national platform for the LAGs is presently unclear among stakeholders.

In spite of the future programmes, for the time being, the Georgian Government has no plans to support financially the sustainability of the existing LAGs due to certain financial limitations of the governmental budget. However, all EU LAGs receive regularly EU funds and in some cases, additionally small governmental funds for their operations but the Georgian LAGs are not eligible for those EU funds. Hence, the financial sustainability of all eight LAGs, introduced with EU support, is not yet secured beyond the completion dates of all eight projects. Consequently, the LEADER model can be replicated further in Georgia only after the future basic funding for operating these new structures are clarified and agreed. This further applies to the attempted formation of an official National Association of Georgian LAGs, which would be premature before securing a minimum regular funding for the LAGs.

Concerning sustainability aspects at medium level, i.e. municipality, in the case of Lagodekhi, the LAG has acquired substantial institutional capacity in planning and implementing rural development measures. These capacities will continue to be utilized certainly for another two years, i.e. when the follow-up project will be implemented. The next step for the Lagodekhi LAG is to develop project proposals and apply for available funds from Georgian ministries, from embassies and donor agencies, as the LAG in Kazbegi did. The Lagodekhi LAG can also rely on further support from the National Park Administration on the basis of the developed partnership. The established platform 'Friends of Lagodekhi' has very good prospects for sustainability as it is based entirely on interest and functions in close cooperation with the National Park Administration that has all interest to further promote this platform as it well advertises also the Park to potential tourists.

Furthermore, prospects for future support from the private sector in Lagodekhi are rather positive for two reasons. First, the area has good climatic and soil conditions for growing profitable crops, like vegetables and decorative plants and many farmers became already entrepreneurs with such specialised productions that have a high market value. Secondly, several individual entrepreneurs that are presently supported with grant sub-projects have good prospects for obtaining high profits in future and would be ready, as confirmed during interviews, to invest a part of it also in future development activities of their municipality or in support of the LAG.



























At micro level, i.e. the LAG members and grant applicants, all human capacities that have been created or strengthened and that are currently available, like analyzing potentials, preparing economically sound proposals, screen and approve proposals according to criteria, execute a transparent decision making process, will continue to be utilized by the individuals either for the benefit of the communities or for their personal benefit with eventual indirect benefits for a wider audience. In addition, the improved technical skills and other obtained capacities of several grant applicants are also sustainable and will be utilized in future. In contrast, it is too early for assessing the sustainability of all grant sub-projects as only nine of them have been completed. Nevertheless, the prospects for sustainability of the business sub-projects appear high as most of the entrepreneurs are well experienced in operating a business and well educated, some with university degrees.

Concerning the aspect of environmental sustainability, all sub-project applications were carefully screened and selected against their environmental impacts. In the Lagodekhi project, environment was one of the subjects that the thematic groups elaborated during the development of the LDS and, which was further supported by the National Park Administration. Despite this, only one sub-project is officially listed as falling under the environment sector although, the careful screening of sub-projects by the monitor jointly with the project team, revealed that five projects are environmentally fully relevant. These are sub-projects which foresee the use of innovative energy saving or energy-efficient technology for constructing two green houses, or installing a water-saving drip-irrigation system in a tree nursery. Among the three pilot projects, the one in Lagodekhi has the highest number of environmentally relevant sub-projects and, the Lagodekhi residents appear more sensitised for issues of natural protection and environment. Nevertheless, even in Lagodekhi the residents are still lacking more diversified and innovative ideas for the possible sustainable use of the surrounding natural resources, like forests, herbs, berries, pharmaceutical plants, energy-efficient use of resources or the use of water resources for the benefit of both people and the protection of the environment.

Conclusions	
N°	Conclusion
C1	The project as designed was and, remains highly relevant as it is in line with the prevailing Georgian policies of encouraging non-farm rural enterprise development. Following the principles of the LEADER model (e.g. bottom-up approach, participatory) the project well responds to the needs of the project's target groups and provides elements to assist the elaboration of a coherent approach and policy framework to rural development. The design of the project is robust with a sound logical framework and a well sequenced and coherent set of activities which are well understood and owned by the key actors. The only weakness in project design is the lack of a baseline study, which prevents the assessment of the contribution of the project to the strengthening of institutional and human capacities of the LAG.
C2	After the budget revision, approved in Addendum No 1 (08/02/2017), the budget resources correspond very well to the needs of the action with an increased grant fund allocation and the inclusion of additional activities. Some delays occurred but without affecting in any significant way progress in the implementation of activities. The process of the first call for sub-project proposals was slightly protracted to provide additional time to applicants justified partly by the lack of experience with such proposals among residents and partly, to the very demanding application requirements in the Lagodekhi project when compared with the other two pilots, each one using different grant application requirements and forms.
C3	The cost-efficiency ratio of the project is adequate as the spending of funds corresponds well with the outputs delivered under the capacity development measures but less so under the sub-projects. Nevertheless, as a solid ground for a smooth implementation of sub-projects has been prepared and timely completion of the remaining 22 sub-projects is expected. However, for many sub-projects the operational phase will occur after the project end and the project team is yet to outline how follow-up on the operational effectiveness of those sub-projects will be ensured. When judging the cost-efficiency of spent funds also the effects of the broader and longer-term project outcomes should be considered, like the effects of sub-projects on the wider community level, the utilization of capacities that the LAG members acquired during the project time and, the further use of the LDS.
C4	C4 Key achievements of the project include: - the creation of a well established and operational Lagodekhi LAG that constitutes a real multi-sector platform of municipality stakeholders and residents, with the members trained and skilled in applying a participatory bottom-up approach to identify and implement local development actions. The active 15 members of the board have acquired additional capacities, like management, work planning and monitoring and, have applied these during the screening and selection procedures of the grant applications and are now engaged in the monitoring; and - the formulation of LDS that is much valued by all LAG members but also appreciated by the municipality administration as the first document of strategic nature that was developed in a participatory way and therefore, reflects well the real needs of the people but also certain potentials of the municipality. Beyond this, the participatory and bottom-up process at the basis of developing the LDS and of establishing the LAG have introduced basic principles of democracy in Lagodekhi municipality and, the residents much appreciate the application of these principles. Particularly to mention as very positive outcomes are the initiated platform 'Friends of Lagodekhi' and the high awareness level about the Lagodekhi LEADER model beyond the municipality, which already has raised the interest from other municipalities for replication.
C5	Sustainability prospects are good in terms of human capacities and adequate concerning the institutional capacities but significantly less so from a financial perspective. For ensuring the sustainability of so far developed capacities, namely the continuation of the LEADER model in Georgia, the EUD has taken timely action for continuing the three pilot projects and made provision for three new projects financed out of ENPARD II in Borjomi, Lagodekhi and Kazbegi that will be implemented for 24 months, starting by 01/11/2017.
C6	In the case of Lagodekhi sustainability prospects appear to be marginally better than in the two other projects as some future support to the LAG might be rendered by the National Park Administration based on the good partnership that has been developed and a joint interest in continuing the 'Friends of Lagodekhi' platform. In addition, the prospects for future support from the private sector are also rather good in Lagodekhi, which is a vegetable-growing area with high profit potentials. Some farmers that are presently supported with a grant can expect substantial profit increase and, confirmed their willingness to invest also in development actions of their communities or in the LAG.
C7	With five of the 31 approved sub-projects being environmentally relevant, the ratio in Lagodekhi is markedly higher than that of the two sister projects although it remains below the target initially set. Lagodekhi residents are better sensitised for issues of natural protection and environment and are thus a good audience for further promotion of projects that use in a sustainable way the surrounding natural resources, like forests, herbs, berries, pharmaceutical plants and water resources for the benefit of both people and the protection of the environment.

Recommendations	
N°	Recommendation
R1	CARE: The implementing partner should start collecting success stories of sub-grant projects, including through video recordings or audio interviews, for dissemination during next calls for proposals to be launched in the forthcoming projects and in new potential projects. (C5)
R2	CARE: The implementing partner is advised to collect stories of relevant environmental sub-project ideas from EU LAGs and LEADER projects in Georgia, to consult with the Agency of Forestry and the Agency of Protected Areas to gather ideas for feasible projects and, to disseminate these to potential grant applicants during calls for proposals in the next project. (C7)
R3	CARE: The implementing partner should conduct an assessment of current individual capacities of LAG members (including their income earning activities, household income) and by end of the next project period in order to trace the impact of the capacity development measures. (C1)
R4	CARE: The implementing partner should consider to adequately document and record the story of 'Friends of Lagodekhi' for presentations to other LAGs and during the final conference. (C4)
R5	CARE, PIN, MCS: The implementing partners should conduct a joint workshop with the participation of relevant project staff for defining common guidelines for the handling process of grant applications while leaving room for flexibility, this concerns the application templates, selection criteria of applications, co-financing percentages per social group, monitoring system applied and how to conduct an efficient follow-up. (C2 & C3)
R6	EUD and IP(s): Conduct a comparison study of LAG structures, the pros and cons of each case in order to identify which model has best potential to function well under the different prevailing conditions among Georgian municipalities. This should not lead to a unified model but to several models that provide flexibility and from where the communities can choose the optimal structure of their LAG. (C3)
R7	EUD: Initiate a thorough evaluation of the existing LAGs in some two-three years time (impacts at micro-, medium- and macro levels; develop sustainability models) with a view to fully document in a comparative manner key strengths and weaknesses of the three pilots and identify main lessons learnt as well as possible options for further expansion of the LEADER approach in Georgia, including through governmental funding at that stage. (C3)

## Scoring overview

<b>Relevance</b>	1.1	1.2	1.3	1.4	1.5	1.6	1.7 a)	1.7 b)	1.7 c)	1.7 d)	1.7 e)
											
<b>Efficiency</b>	2.1	2.2	2.3 a)	2.3 b)	2.3 c)	2.4 a)	2.4 b)	2.4 c)	2.5	2.6	
											
<b>Effectiveness</b>	3.1	3.2	3.3	3.4							
											
<b>Sustainability</b>	4.1	4.2	4.3	4.4	4.5	4.6	4.7				
	