



Support of agricultural cooperatives as an effective means to reduce poverty?

Impact study on Austrian Development Cooperation (ADC)'s engagement from 2010 to 2020, with a focus on Armenia and Georgia

IMPACT ASSESSMENT REPORT, February 2022

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Abbreviations

| | |
|---------|--|
| 3YP | Three-Year Programme on Austrian Development Policy |
| ACDA | Agricultural Cooperatives Development Agency |
| ADA | Austrian Development Agency |
| ADC | Austrian Development Cooperation |
| APMA | Agricultural Projects' Management Agency |
| CAFE | Coffee Alliances for Ethiopia |
| DDD | Doing Development Differently |
| DID | Difference-in-Difference |
| ENPARD | European Neighbourhood Programme for Agriculture and Rural Development |
| EC | European Commission |
| EU | European Union |
| FAO | Food and Agriculture Organisation of the United Nations |
| FECOPAO | Federation of Agricultural Production Cooperatives of the West |
| FGD | Focus Group Discussions |
| FMEIA | Ministry of Foreign and International Affairs (Austria) |
| GFA | Georgian Farmers Association |
| HQ | Headquarter |
| IDP | Internally displaced people |
| IFAD | International Fund for Agricultural Development |
| ILO | International Labour Organisation |
| ISSET | International School of Economics at TSU Policy Institute |
| LAC | Latin America and the Caribbean |
| NGO | Non-governmental organisation |
| OASI | Organic Agriculture Support Initiative |
| PDIA | Programme Driven Iterative Adaptation |
| PSM | Propensity Score Matching |
| RDA | Rural Development Agency |
| SDG | Sustainable Development Goals |
| SSF | Single Support Framework |
| SQ | Study Questions |
| ToC | Theory of Change |
| ToR | Terms of Reference |
| UNDG | United Nations Development Group |
| UNIDO | United Nations Industrial Development Organisation |
| UNDP | United Nations Development Programme |

Executive Summary

Study background and objectives

This impact study was commissioned by the Austrian Development Agency (ADA), the operation unit of Austrian Development Cooperation (ADC) and conducted by the independent evaluation team from Nordic Consulting Group (NCG) between March 2021 and February 2022.

Agriculture, food security and rural development are core priority areas of ADC. Promotion of agricultural cooperatives is considered a key pathway for sustainable development of the rural economy but also for promoting food and nutrition security, rural governance, inclusive participation and advocacy, sustainable management of natural resources and education, capacity development and empowerment, and sustainable management of natural resources. ADA supports agricultural cooperatives through different modalities including Austrian, international and national civil society organisations, and bi- and multilateral organisations.

The main purpose of this impact study is institutional learning in relation to planning, decision-making and steering of ADC's engagement in food security and sustainable rural development.¹ The *objective* is to assess the effectiveness at outcome and impact levels of ADA funded interventions related to agricultural cooperatives at three different levels: i) policy/institutional level; ii) organisational/cooperative level; and iii) individual/household level. In this respect, causes, interdependencies and trade-offs as well as long-term effects of ADC's engagement have been explored. While the *scope* of the study as regards the Theory of Change (ToC) is the entire ADC engagement with agricultural cooperatives in the period from 2010-2020, the assessment has focused on the actual impact from interventions on the ground in areas where ADC's engagement has been most prominent: Armenia and Georgia and, to lesser extent, Burkina Faso, Kosovo and Ethiopia.

Approach and methods

In the Terms of Reference (ToR),² ten study questions were outlined and structured around the three levels of impact: i) Institutional/policy impact/change; ii) organisational impact/change (cooperatives); and iii) individual/household impact/change. Based on these ten questions, a *Study Matrix* was developed by the team to guide data collection and analysis (see Annex 3 of the main report). The matrix includes judgement criteria and methods for data collection and analysis linked to each question. Together with the study objective, it provided the overall framework for the impact study,

The following *data collection methods* were used in this study: i) a comprehensive literature study on agricultural cooperatives including both academic articles, donor evaluations and lessons learned papers³; ii) a review of relevant ADC strategic, policy and project/programme documentation⁴; iii) interviews with 41 key stakeholders (of which two thirds were women) and focus groups discussions with 16 ADA supported cooperatives and six comparative cooperatives (including around 90 cooperative members in total of which 33% were women); iv) observations gathered by the study team during a two-week field mission to Armenia and Georgia in September 2021; v) an online survey conducted with 51 ADA supported cooperatives and 40 comparison cooperatives in Armenia and Georgia (including a total of 109 cooperative members); vi) two

¹ See Annex 9 of the main report: ADA, Terms of Reference, Support of agricultural cooperatives as an effective means to reduce poverty? An impact study on Austrian Development Cooperation (ADC)'s engagement from 2010 to 2020, with a focus on Armenia and Georgia.

² As above.

³ See Annex 2 of the main report.

⁴ See Annex 1 for the documentation reviewed.

validation workshops with key stakeholders (on ToC reconstruction and preliminary findings, respectively). In total, 331 stakeholders were consulted through the different data collection methods. Out of these, one third were women.

The *reconstruction of a programme ToC* underlying ADC's support to cooperatives has constituted a key element in the study.⁵ The ToC reconstruction is based on the literature study, review of documents and initial key stakeholder interviews and was validated through a ToC workshop as well as during interviews and focus group discussions with key stakeholders in the field in Armenia and Georgia. Together with the literature study, the ToC has been important for structuring and focusing the analysis in the report.

The study team found *limited availability and low quality of existing data set* (baseline, end-line) to be used for counterfactual and time series analysis. This made it challenging to assess the extent to which observed effects could be attributed to the ADA supported intervention or, instead, should be attributed to influence from other factors. As a key approach to overcome these data challenges and limitations, the study team has *continuously built the analysis on several data sources* to ensure that each finding included in the report is based on solid evidence and triangulation. The study's findings are mainly based on evidence from the two primary case countries, Armenia and Georgia; supported by evidence from other data sources.⁶

Key findings

Below, the impact study's 24 key findings are summarised. They are structured around three main areas: i) *intervention design*; ii) *implementation, results and impact*; and iii) *sustainability*. The structure of the findings in area ii) further relates to the three levels of impact as outlined in the ToC (policy/institutional level; organisational/cooperative level; and individual/household level).

1. Intervention design:

The supported intervention designs have suffered from a number of structural weaknesses which have impacted on the ability to achieve the expected results and sustain the supported interventions. This includes: i) a too strong focus on quantitative targets and to a lesser extent addressing the qualitative aspects of cooperative development; ii) the criteria for selection of cooperatives for support have been strongly focused on business potentials and to lesser extent included assessments of collective and organisational capacities and interest; iii) membership processes have in most cases been rather vaguely defined with the inherent risk that marginalised groups could be excluded from participation; iv) an appropriate monitoring framework and learning mechanism has been lacking to support implementation on the ground; and v) in general, the supported interventions have been too small and the period too short to catalyse medium to longer term impacts. In addition, while grant element in the projects has been a helpful mechanism for procuring of machinery, equipment and seeds to boost short-term production gains, the intervention designs have only paid limited attention to the cooperatives challenges in accessing finance and credit in the medium and longer term.

⁵ For details on the ToC see main report, 3.1.

⁶ For details see main report, Annex 4 Table on triangulation of findings.

2. Implementation, results and impact:

2.1 Policy/institutional level

While there are examples of project partners in Armenia and Georgia contributing to adaptation of national policies on cooperatives, the study has not come across examples of cooperatives advocating for changes on their own. It is largely recognised in the literature on cooperatives that cooperatives can play a role in advocating for legal framework improvements, which requires a stronger foundation than what has been possible to establish so far. In both Armenia and Georgia, the current situation is far from reaching a level where cooperatives have the power to influence policymaking. Most cooperatives are rather newly established structures and focus only on their own activities. Nevertheless, some cooperatives have been connected to policy processes through the project partners and there are examples of cooperatives providing feedback on legislation (e.g., in Armenia, the Agricultural Alliance, established and chaired by Oxfam/OxYgen, continues to play an important role in advocating for a more inclusive agricultural legal framework).

An enabling framework is essential to support development of agricultural cooperatives and while this has largely been realised in Ethiopia and to some extent in Georgia, it has to a lesser extent been the case in Armenia where challenges on taxation, bureaucratic registration processes, etc. have continued to prevail. An enabling policy framework is central for the cooperatives and the provided incentives to form, develop and sustain cooperatives. The literature review illustrated how cooperatives have worked best when the policy framework provides incentives for collective collaborations. The legal framework employed by the Ethiopian government has been crucial in the success of the country's renewed cooperative movement. This demonstrates that although cooperatives are usually externally promoted structures, the policy environment can have a large influence on their efficacy.

2.2 Cooperative level

The impact study found strong dysfunctionalities in relation to the ADA supported cooperatives' management structures in both Armenia and Georgia. Most cooperatives are managed by just one or two persons who only involve other members in decision-making processes to a limited extent. In addition, it has been a challenge to include management members in the cooperatives with proper skills on organisational and business matters, especially in rural areas. Only very few cooperatives had professional management members in the board.

While some level of collaboration takes place among cooperative members on buying of inputs for production, most members sell their agricultural products individually and not through the cooperative. ADA supported cooperatives have demonstrated limited ability to organise their selling of products and (to less extent) their buying of input jointly, mainly due to a general lack of trust to other cooperative members. This also applies to uptake of joint loans in the cooperatives which had been done by only 14% of the ADA supported cooperatives in Armenia and Georgia. Overall, the cooperative members find that they have benefitted more from collaboration with other members on access to machinery and advice than from price/cost improvements and better access to markets and finance.

The conversion to organic and certified production is challenging in the cooperatives and does mainly happen when the project partner is dedicated to the process. The Pakka project in Georgia is dedicated to organic farming and most of the farmers in the supported cooperatives are on the path of becoming organic hazelnut producers. There are however still several challenges with the quality of nuts, and it is a quite cumbersome process at the same time of becoming both a certified and organic hazelnut producer. This is supported by the literature

study which showed that while cooperatives' strategy for producing goods for certified speciality markets has been key to their success in obtaining better prices, their efforts does not always pay off in terms of the time invested.

While the supported projects in general have achieved their quantitative gender targets in terms of cooperative membership, this is not to a similar extent reflected in the management groups of the cooperatives nor in women's qualitative participation. Likewise, in terms of gender roles and women participation in the cooperatives, the study does not find any particular effect from ADA's support. Apart from a general ambition among the project implementing partners to mainstream gender in the cooperatives, some "women only" cooperatives have been established. While this has helped to boost the female quote it has also provided some additional benefits such as greater food security and focus on social inclusion in the communities. In Armenia, the Oxfam/OxYGen supported project has been successful in empowering and supporting rural women to engage in politics at local level and enhance social responsibility in the communities.

It has been challenging to ensure a strong youth representation in the cooperatives. Only around 15% of the cooperative members are below 35 years old. In general, youth show little interest in agriculture production. It is very difficult to engage youth, unless they see some real opportunities for business and features that goes beyond the usual focus on improving yields and production, for example such as certification, organic production, engagement with foreign markets, etc. On the other hand, youth are needed in the cooperatives to ensure new knowledge and openness towards non-traditional technologies and innovations.

The supported cooperatives have demonstrated a mixed ability to include marginalised groups (in most cases internally displaced persons) and in general, the project partners' stated ambitions on social inclusion have not been fulfilled. In their approach, project partners have indicated intentions to involve marginalised people in the cooperatives but often without further specifying whom these groups could entail. The literature study indicated important challenges related to poor and marginalised groups' participation and access to cooperatives that have been difficult to overcome. The field visit confirmed that in general the project implementing partners have not intervened in the process of member selection. It has been left to the cooperatives to decide on the membership process, sometimes facilitated by an overall guidance from the project partner.

2.3 Individual level

There are indications of positive effects on product diversification and uptake of new agricultural practices/technology within some ADA supported cooperatives in Armenia and Georgia. This relates in particular to those projects where the support has focused on a mix of seeds provision and technical assistance (e.g., UNIDO and Oxfam/OxYGen). This has contributed to **increases in production, revenue and profit** within the last three years, although with some variation across the cooperatives.

In both Armenia and Georgia, the number of workers hired has increased within the ADA supported cooperatives, in particular female workers. This confirms the assumption that cooperatives can be employment generating. However, concerns may be raised about the quality of these jobs. While there has been no reporting on the "quality" of the jobs created within the ADA supported cooperatives, the field visit to Armenia and Georgia showed that the jobs were mostly of informal nature (no contracting), relatively low paid and with long working hours.

Expectations that the ADA supported cooperatives would increase their membership base over time and thereby generate wider benefits within the communities have not materialised to any larger extent. There has been a tendency for memberships to decrease, for several reasons: i) administratively heavy processes to add or remove members from the list of members provided when the cooperative was officially registered; ii) when cooperative members start to see the benefits from their participation in the cooperative, they are reluctant to include new members; iii) third, there has been changing minimum member requirements for establishment of cooperatives over time limiting the uptake of new members; and iv) in some cases, the ambitions of the projects have been too high, assuming that it would be possible to make very large cooperatives functionable within a rather short timeframe.

The support to cooperatives provided through Oxfam/OxYGen in Armenia provides a good example of wider community benefits from its strong focus on social aspects. The project has contributed to enhanced food security, not only for the cooperative members but also for other vulnerable persons in the communities. In addition, the project support further shows that when food security is attained this can lead to positive effects on reduced migration. Findings from the literature study also indicate a correlation between membership of cooperatives and improved food security.

3. Sustainability

In Armenia and Georgia, it has been difficult to sustain the cooperatives after the support ended. While most of the ADA supported cooperatives are still officially registered in the government system, only a smaller part of them still reports on economic activities within the cooperatives. Either because the economic activities are done individually by the members in the cooperatives or because the level of economic activity in the cooperative is low. In most cases, the period for supporting the cooperatives has been too short to sustain their development, in particular in the absence of follow-up or backstopping functions.

In addition, the sustainability of the supported interventions has been affected by external risks such as fluctuating prices and dependence on very few market actors. The COVID-19 pandemic has further challenged the market and investment opportunities related to the products produced by the cooperatives. It has been difficult to find investors for continued processing of primary products and limited management capacity to use facilities differently has led to low-use of processing facilities. This has contributed to a demotivation among cooperative members to scale up their production.

Conclusions

Presented below are the ten conclusions drawn from the study's key findings (more details in main report).

Conclusion 1: From a design perspective, the ADA supported cooperative projects have suffered from various shortcomings that have affected the ability to achieve the changes along the lines stipulated in the ToC.

Conclusion 2: The projects have only to a limited extent been able to influence policy development. The cooperatives themselves have not been strong and consolidated enough to do effective lobbying - this has been done mainly through the implementing partners and their networks.

Conclusion 3: The projects have not managed to build effective and democratic management structures within the cooperatives. Most cooperatives (mixed groups) are driven by a few men.

Conclusion 4: The projects have been relatively successful when looking solely at the agricultural production at the individual farming household level where the combination of grants, seeds and technical assistance have resulted in short-term individual gains in line with the steps stipulated in the ToC.

Conclusion 5: In a forward-looking perspective however, it is a concern that economic activities, including loans and credits, are mainly done individually by the farmers (in small scale) and not through the cooperatives. This is a critical limiting factor for the possibility to sustain and further develop the cooperatives.

Conclusion 6: Despite the importance of certification of products and processes within cooperatives to guarantee the quality of the production, this has received only limited attention, except from the Pakka project. Similarly, the environmental aspects of the production process (e.g. use of pesticides) have not been a major concern in the projects

Conclusion 7: It has been very difficult for the implementing partners, within the timeframe of the projects, to effectively support development of cooperative services for its members, such as joint buying of inputs and, in particular, joint selling of products. Trust issues constitute a major obstacle.

Conclusion 8: Except for the women-only cooperatives, the implemented projects have not succeeded in ensuring that women would have a similar level of participation and decision-making power in the cooperatives as men. In the mixed cooperatives, no clearly defined procedures had been established for mainstreaming gender and social inclusion.

Conclusion 9: The wider community benefits from the projects have mainly been through improved seasonal employment opportunities, in particular informal jobs for women, and - in the case of the Oxfam/OxYGen project - in terms of improved food security and reduced migration within particularly poor regions. It has been difficult for community members to become members of the cooperatives after their establishment and to benefit from their activities.

Conclusion 10: In terms of sustainability, it has not been possible to sustain the cooperatives in the way it was envisaged in the ToC. In most of the supported cooperatives, the economic transactions are few and mainly informal. In this regard, the possibility for continued follow-up, backstopping and ad-hoc advice and support has been very important for the cooperatives to overcome barriers and obstacles in their day-to-day operations as well as to spur further development of the cooperative activities.

Recommendations

Based on the key findings and conclusions, the study team developed eight recommendations. They are presented below (more details in main report).

Strategic Recommendation for ADC:

Recommendation 1: Review the ADC strategy and policy framework to include a strong and clear commitment to *developing programmatic approaches* for support to rural development and agriculture, including for agricultural cooperative development.

Strategic Recommendations for ADA:

Recommendation 2: ADA should base its decision to support agricultural cooperative development on a thorough assessment of the *enabling environment* - and the specific conditions, barriers and incentives provided - as well as on the ability to establish *synergies* with other ADA supported rural development interventions at country level. This should be articulated through *development of a Theory of Change (ToC)* for a *programmatic support* to rural development and food security.

Operational recommendations for ADA and implementing partners:

Recommendation 3: ADA and implementing partners need to pay more attention to the *preparatory work* done during project design, in particular on how selection and success criteria are established and applied to ensure inclusive cooperative development.

Recommendation 4: Facilitate *relations building* between supported cooperatives, local authorities and other development actors in the area.

Recommendation 5: Focus support to cooperatives on *capacity-development, collaborative learning, and technical-assistance* activities and *reduce grant financing*.

Recommendation 6: Link cooperative development explicitly to enhanced actual *participation and empowerment of women and youth* in the cooperatives as well as on specific opportunities to integrate *vulnerable and marginalised groups* in the activities.

Recommendation 7: Link job creation and support to organic farming within cooperatives closer to *youth involvement* and the *decent work agenda* (SDG 8).

Recommendation 8: Institutionalise *peer learning* and documentation of good practices and models for cooperative support.

1 Introduction

1.1 Austrian support to agricultural cooperatives

Agriculture, food security and rural development are core priority areas of the Austrian Development Cooperation (ADC). Promotion of agricultural cooperatives is considered a key pathway for sustainable development of the rural economy but also for promoting food and nutrition security, rural governance, inclusive participation and advocacy, sustainable management of natural resources and education, capacity development and empowerment, and sustainable management of natural resources – all strategic areas of ADC’s draft policy on food security and sustainable rural development.⁷ Thus, cooperatives are considered an essential channel for achieving the overall goal of inclusive rural development and poverty reduction.

The Austrian Development Agency (ADA) supports agricultural cooperatives through different modalities including Austrian international and national civil society organisations, and bi- and multilateral organisations. Implementing partners have been funded to support cooperatives *directly* to promote access to social and economic services (e.g. through grants), agricultural inputs, promotion of improved and ecologically sustainable agricultural practices, enhanced storage and processing of agricultural products as well as marketing assistance. Cooperatives have applied for support to materials and equipment as well as capacity support to improve agricultural techniques introducing new crops and strengthening the organisational aspects of the cooperatives. Capacity development of national authorities and enhancement of policy and legal frameworks for rural development has complemented this support to cooperatives. ADA has also provided *indirect* support through involvement of cooperatives in value chains, e.g. through grants.

In general, ADA’s project support to cooperatives has been on a smaller scale with a budget between EUR 500,000 and EUR 1,000,000 per project.⁸ From 2010 to 2020, ADA supported around 100 projects in Africa, Latin America and in the European neighbourhood countries. 20 of these projects have included direct support to cooperatives while the remaining 80 projects have been indirect support.⁹

1.2 Objective, purpose, scope and time period of the study

The objective of this impact study is to assess the effectiveness at outcome and impact levels of ADA funded or implemented interventions related to agricultural cooperatives in the search for food security and sustainable development (i.e., in terms of livelihood improvements, e.g., through income generation and job creation). This has been done by assessing relevant change processes (i.e. in terms of behaviour, motivation, appreciation, empowerment, knowledge/capabilities) at *policy/institutional level* which covers the legal national framework; at *organisational/cooperative level* which includes the strengthening of the cooperatives’ organisational aspects; and at *individual/household level* where focus is on changes related to farmers’ income, employment opportunities, women’s empowerment etc. In this respect, causes, interdependencies and trade-offs as well as long-term effects of ADC’s engagement have been explored.

The overall purpose of this impact study is *learning*. This includes providing evidence concerning the effectiveness and impact of instruments, strategies and approaches applied by ADC in its

⁷ Draft Policy Document on food security and sustainable rural development, Austrian Development Cooperation, 2019.

⁸ Terms of Reference for "Support of agricultural cooperatives as an effective means to reduce poverty? An impact study on Austrian Development Cooperation (ADC)’s engagement from 2021 to 2020, with a focus on Armenia and Georgia."

⁹ ADA, agricultural cooperatives, 17/03/2021, list of projects.

support of agricultural cooperatives. Study findings will support planning, decision-making and steering of ADC's engagement in food security and sustainable rural development. The main users of the study are ADA management and staff at Headquarter (HQ) in Vienna, at Coordination Offices and in projects teams as well as ADA implementing partners.

The impact study assesses ADC's engagement with agricultural cooperatives. In terms of assessing and comparing the different approaches applied by ADC and the underlying Theory of Change (ToC), the impact study looks at ADC's engagement across all relevant partner countries. The analysis of actual impact on the ground has been limited to assessing ADC's engagement in two partner countries: Armenia and Georgia. The period covered by the study spans from January 2010 to December 2020.

Thus, while the entire portfolio has been the point of departure for developing the ToC, the analysis of actual impact is based primarily on project support provided to two primary case study countries, Armenia and Georgia, which have received the largest *direct* support to agricultural cooperatives. Burkina Faso, Kosovo and Ethiopia are included in the study as secondary case countries as they have also received substantial support (although mainly *indirect* support). Project documents from these countries, ADC strategic documents as well as stakeholder consultations have formed the basis for developing a generic ToC that covers the overall ADC portfolio.¹⁰ In addition, wider global experiences from support to agricultural cooperatives have been included through a comprehensive literature study to further strengthen the external validity of the results.

This study uses the terminology “cooperatives” acknowledging that this includes both formal and more informal structures for uniting a group of people voluntarily in a jointly owned enterprise such as farmers groups, organisations, associations etc.¹¹ It is to be noted that in some countries the word “cooperative” has a negative interpretation, often for historical reasons. This is the case, e.g. in both Armenia, Georgia and Kosovo. In these cases, cooperatives may instead be referred to as “producer groups” or similarly in the projects. However, the study applies the term “cooperatives” generically regardless of how they are referred to in the projects.

The impact study was initiated in February 2021 with a kick-off meeting. A ToC validation workshop was conducted in September 2021, before implementation of field missions to Armenia and Georgia. The study was finalised in February 2022.

1.3 Report structure

After this introduction, the report provides an overview of the context for ADC's support to agricultural cooperatives in Chapter 2. In Chapter 3 the approach and methodology for the study, including limitations, are presented before turning to findings in Chapter 4. The findings chapter analyses the intervention design (Section 4.1), the implementation, results and impact (Section 4.2) and the sustainability (Section 4.3) of the support provided to agricultural cooperatives. Chapter 5 and 6 respectively include the conclusions and recommendations from the study analysis.

¹⁰ The intention of the ToC has been to view the support through a *programmatic* lens, however it should be noticed that this is done in a retro perspective in order to zoom into one area of support to rural development, agriculture and food security, for the purpose of this study. Thus, while a number of projects within this area has been supported this has not been done in a programmatic and systematic way from the outset.

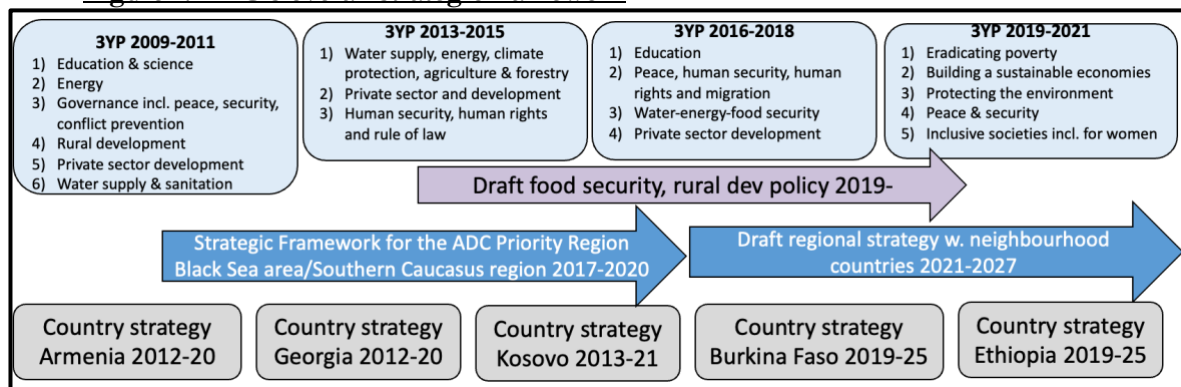
¹¹ Cooperatives are defined as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ILO 2002, UN Guidelines 2003). They range from formal groups covered by national legislation, such as cooperatives and national farmers' unions to looser self-help groupings and (farmers/producer) associations.

2 Background

2.1 ADC context

The overall framework for ADC's development assistance is provided in the Three-Year Programmes (3YP) on Austrian Development Policy. In the study period, four 3YPs have been published defining main priorities for Austrian development cooperation.¹² Figure 1 lists the different priorities under each of the 3YPs. Although sectors have changed over the years, a constant focus on agriculture, rural development, under different headings though, as well as human security and protection is evident. The current 3YP on Austrian Development Policy 2019-2021 highlights five priority issues for the implementation of the Sustainable Development Goals (SDGs) namely: poverty reduction (SDG 1); zero hunger (SDG 2); equal rights for all members of society (SDG 10); sustainable management, environmental and climate protection (SDG 13); and peace and security (SDG 16). Within this framework, the current 3YP specifies two focus areas: 1) equal rights for women and promoting their development (SDG 5); and 2) development cooperation and migration with an emphasis on supporting refugees and host communities in partner countries.

Figure 1: ADC's overall strategic framework



ADC has been active in South Caucasus since 1988, initially guided by a regional strategy. In 2011, two country strategies were developed for, respectively, Armenia and Georgia for the period 2012-2020¹³ and in 2016 a regional “Strategic Framework for the ADC Priority Region Black Sea area/Southern Caucasus region 2017-20” was developed covering six countries. A new regional draft “Framework Strategy of the Austrian Development Cooperation with the EU Eastern Partnership Partner Countries” has been elaborated for the period 2021-2027 but as of the conclusion of this study, has yet to be approved.¹⁴

The country strategies for Armenia and Georgia 2012-2020¹⁵ are rather similar with only smaller variations and they include three thematic focus areas: i) governance, rule of law and peace promotion; ii) increased capacities of authorities to promote sustainable rural development; and

¹² Working together. For our world. Three-Year Programme on Austrian Development Policy 2019-2021, Federal Ministry Republic of Austria, Europe, Integration and Foreign Affairs, 2018; The future needs development. Development needs a future, Three-Year Programme on Austrian Development Policy 2016-2018, Federal Ministry Republic of Austria, Europe, Integration and Foreign Affairs, 2015; Three-Year Programme on Austrian Development Policy 2013-2015, Federal Ministry for European and International Affairs, 2012. Three-Year Programme on Austrian Development Policy 2009-2011, Revised version 2009, Federal Ministry for European and International Affairs.

¹³ Zürcher, Dieter et. al. (2018) Mid-Term Review of the Armenia and Georgia Country Strategies 2012-2020, Final Report.

¹⁴ Draft Framework Strategy of the Austrian Development Cooperation with the EU Eastern Partnership Partner Countries, the Republic of Armenia, Georgia and the Republic of Moldova (undated internal document).

¹⁵ Armenia Country Strategy 2012-2020, Austrian Development Cooperation, 2012; Georgia Country Strategy 2012-2020, Austrian Development Cooperation.

iii) expanded productivity and competitiveness of farmers (e.g., through fostering of producer groups and cooperatives). The draft Framework Strategy for 2021-2027 on the development cooperation with Georgia and Armenia (and Moldova) has two thematic focus areas: i) sustainable rural development and improved livelihood opportunities; and ii) inclusive local development and effective institutions. While the thematic area of governance and rule of law has not been included in the draft Framework Strategy, the focus on strengthening of institutions has been continued from the country strategies. The same is the case for the focus on productivity increases in the country strategies which has been continued in the “sustainable rural development and improved livelihood opportunities” in the draft Framework Strategy.

Thus, a continued focus on rural development is foreseen in Armenia and Georgia, selected for in-depth assessment in this impact study. This focus is also supported at HQ level where a “Policy document on food security and sustainable rural development” was drafted in 2019 but is yet to be officially approved by the Austrian Ministry of Foreign and International Affairs (FMEIA) as of the conclusion of this study (February 2022). A lot of effort and stakeholder consultations have been put into developing the policy and in practice it is being applied and referred to by ADA.

The draft food security policy is focused on SDG 2 ending hunger and SDG 1 reducing poverty and emphasises an integrated approach to food security and income generation, while at the same time addressing environmental concerns and mitigation aspects. The water-energy-food security nexus is promoted as one of the pathways to addressing these complexities, but also better linkages between humanitarian aid and long-term development assistance and incorporation of measures for disaster risk reduction are emphasised.

2.2 Background on development of cooperatives in Armenia and Georgia

Following this overall introduction of ADC’s strategic framework, this section provides a brief description of the project context in Armenia and Georgia (further elaborated in Annex 5) and presents an overview of directly supported projects in the two countries.

In **Armenia**, the first cooperatives were established based on the Law on “Consumer Cooperation” (came into force in April 30, 1994) and later on the Civil Code of the Republic of Armenia (came into force in January 1, 1999). In order to consider all peculiarities existing in the agricultural sector and to ensure more effective operations of cooperatives involved in agricultural and related activities, a Law on “Agricultural Cooperatives” was adopted and came into force in January 9, 2016.¹⁶

Thus, very few agricultural cooperatives existed prior to the European Union (EU) funded “European Neighbourhood Programme for Agriculture and Rural Development” (ENPARD), which was initiated in 2015. A total of 52 agricultural cooperatives (of which 14 are processing cooperatives) were supported by ENPARD, through European Commission (EC) and ADA funding. Another 15 cooperatives were supported by ADA funding through a project implemented by the OXFAM GB Armenian branch and OxYGen foundation. Four cooperatives received devices and equipment envisaged for processing of organic agricultural products within the Organic Agricultural Support Initiative (OASI), co-funded by the EU and ADA and implemented by ADA. Currently, there are about 500 agricultural and consumer

¹⁶ Fici, Antonio & Urutyany (2016), Current State and Development Prospects of Cooperative Legislation in Armenia, ICA 2016, Almeria.

cooperatives in Armenia operating in the agricultural sector with different agricultural orientations. Around 20% of these are agricultural and 80% are consumer cooperatives.

In **Georgia**, the ENPARD was initiated in 2013 with a plan to be implemented over a period of 10 years (2013-2022), with the overall goal of reducing rural poverty in Georgia. ENPARD's small farmers' cooperation component was implemented by a consortium led by a number of international non-governmental organisations (NGOs), which provided technical and financial support to the selected agricultural cooperatives through a rigorous selection process that involved two to three stages of competition. In parallel to ENPARD's implementation, a new law on Agricultural Cooperatives was adopted in Georgia in July 2013, to which the latest amendments have been introduced in January 2021. The Law on "Agricultural Cooperatives" defines the organisational norms for the creation and functioning of cooperatives. The Law concerns the following issues: basic principles for creating agricultural cooperatives, democratic governance, objectives of the cooperative, activities, obligation rules for contributions by members, types of shares, distribution of cooperative profits, etc. In addition, the organisational arrangement and internal relations are regulated by the charter of the cooperative and the agreement concluded between the cooperative and its member.

A total of 281 cooperatives were supported by ENPARD through implementing partners (75 were supported through United Nations Development Programme (UNDP), 73 through Mercy Corps, 52 through OXFAM GB Armenian branch, 49 through CARE, and 32 through the PIN consortia).¹⁷ In total, starting from the first registration of cooperatives in March 2014 and until 2017 more than 1,500 agricultural cooperatives were registered, uniting about 13,300 members.¹⁸

Table 1 below provides an overview of ADAs direct project support to cooperatives in Armenia and Georgia in the period 2010-2020.

It is important to notice the overall difference in approach and modality of the implementing partners and their support. In Armenia, the Oxfam/OxYGen cooperatives are consumer cooperatives that have focused merely on social aspects and food security (through provision of greenhouses and technical assistance) than on business development. ENPARD, implemented by United Nations Industrial Development Organisation (UNIDO), on the other hand has focused more on the business potential and invested in developing value chains (from production to processing and marketing) with high value and productive potential. ENPARD has focused on buckwheat but also different legumes as peas, lentils etc.

In Georgia, the Food and Agriculture Organisation (FAO) of the United Nation has supported cooperatives within especially winery, but also potato, poultry, and ham production. These cooperatives have often been relatively small in size. FAO has also dedicated substantial attention to capacity development of the Ministry of Agriculture. Pakka is a business partnership with Anka Fair Trade that has supported hazelnut producers' cooperatives certification processes and linkages to the Pakka hazelnut factory. The Georgian Farmers Association (GFA) is a national farmers organisation that unites farmers from all over Georgia. GFA has supported cooperatives focusing on business development with productions of onions, potatoes, honey, cheeses etc.

¹⁷ Kakulia, Nino et al. (2017): ENPARD, EU-Supported agricultural cooperatives: A case of Georgia, International School of Economics at TSU Policy Institute (ISEI).

¹⁸ Agricultural Cooperative Development Agency (ACDA), 2017.

Table 1: ADA supported projects with direct support to cooperatives in Georgia and Armenia

| Country | Period | Impl. partner | Name/focus | Region |
|---------|-----------|------------------|---|---|
| Armenia | 2012-2015 | Oxfam GB | Improving Small Holder Farming through Agricultural Cooperatives and Value Chain Development in Tavush Marz, Phase I | Tavush |
| Armenia | 2016-2018 | Oxfam/ OxYGen | Improving Small Holder Farming through Agricultural Cooperatives and Value Chain Development in Tavush Marz, Phase II | Tavush |
| Armenia | 2015-2018 | UNIDO | ENPARD Armenia Technical Assistance: Producer Group and Value Chain Development | Aragatsotn, Gegharkunik, Kotayak, Lori, Shirak, Vayots Dzor, Ararat |
| Georgia | 2013-2017 | FAO | Capacity Development of the Ministry of Agriculture of Georgia: Improved Policy Making and Effective Implementation of the Strategy for Agricultural Development (contribution to ENPARD Georgia Programme) | Racha-Lechkhumi and Shida Kartli |
| Georgia | 2013-2015 | Pakka AG | Facilitating the development of fair trade and organic hazelnuts in Georgia | Samegrelo, Guria, Imeretia, Kakheti |
| Georgia | 2015-2018 | GFA | Capacity Building of Agricultural Cooperatives (CBAC) | Samtskhe-Javakheti, Kakheti, Kvemo Kartli |
| Georgia | 2018-2021 | GFA | Farming Support Initiative (FSI) | Kakheti, Kvemo Kartli, Samtskhe-Javakheti, and Mtskheta-Mtianeti |

3 Approach and Methods

In order to emphasise a **utilisation-focus approach**¹⁹ to this study, the study team has aimed at an open and continuous dialogue with the key stakeholders throughout the assignment.²⁰ This has included conducting of four interactive key stakeholder workshops during the inception and implementation process: a kick-of workshop (14 participants); a ToC validation workshop (15 participants); a preliminary findings workshop (20 participants) and a concluding workshop (20 participants), which served to present the study results and refine draft recommendations. The reference group (consisting of the main users with ADA HQ and coordination office, plus extended participants) has played a key role in these workshops and ensured continuity in the discussions. The workshops have greatly enriched the process and pointed to areas of particular concern to the stakeholders e.g. the intervention designs and sustainability aspects. As a consequence of this, the study team has included separate discussions on these two topics in the findings section (section 4.1 and 4.3, respectively).

The following sections in Chapter 3 present the approach and methods applied by the study emphasising a utilization focused, theory-based and mixed-methods approach. First the process around reconstructing a ToC model for the support to agricultural cooperatives is presented in 3.1, then the study's analytical framework is explained in 3.2. In 3.3, the Study Matrix and the SQs are presented before turning to a presentation of the more specific approach and methods applied for data collection in 3.4. In 3.5, key elements related to the analysis of the different quantitative and qualitative data set are presented. Lastly, 3.6 includes a discussion of the main limitations, challenges and mitigation strategies related to the data collection and analysis.

3.1 Theory of change

The study applies a theory-based approach and as a first step a generic ToC (a result model, see e.g., Rogers)²¹ has been developed based on a review of strategic documents referred to in Chapter 2, a substantial review of project documents, initial consultations with key stakeholders as well as a stakeholder validation workshop. The ToC outlines how the supported interventions are expected to achieve their goals by describing their inputs/activities and further through generation of outputs, outcomes and impacts. Key to a ToC is the results hypotheses and mechanisms between these elements which verifies the effectiveness of the ToC (Figure 2 below).

The country strategies of Armenia, Georgia, Kosovo, Burkina Faso and Ethiopia have revealed two streams of strategic interventions of relevance for this impact study. While the strategies are not uniform, they focus on: 1) governance structures in general but in particular on strengthening institutions concerned with inclusive rural development (grey row in Figure 2); and 2) rural development in terms of more sustainable production, agriculture and employment (light blue row). The results model illustrates how change is expected to occur for each area. While specific inputs/activities, outputs, outcomes and intended impact differ for each specific project and context, there are some common features across the projects. There are also identified drivers for change and assumptions of how change will occur, and at what stage. These are illustrated with red and green boxes with arrows respectively in Figure 2.

¹⁹ See e.g. Patton, M.Q. (2008). Utilization-focused evaluation.

²⁰ Including from ADA HQ; country offices in Armenia, Georgia, Ethiopia, Kosovo and Burkina Faso; ADAs Evaluation Unit; implementing partners; and the peer reviewer.

²¹ Rogers, Patricia (2014, Methodological Briefs, Impact Evaluation No. 2, Theory of Change, UNICEF.

For the **governance focus (strategic area 1)**, policy dialogue with government actors to provide the best possible environment for cooperatives to flourish is a central aspect. This applies in terms of enhancing policy, legislation, and strategies, as well as implementation; thus, capacity development of government officials is a common activity. For the **agriculture and rural development (strategic area 2)**, inputs and activities include training of farmers, grants for procurement of materials and equipment and better linkage to market outlets and service providers.

At the *policy/legal level*, it is acknowledged that while the policy framework is central for the incentives to form, develop and sustain cooperatives, cooperatives can also have a bargaining power towards the government and advocate for an enhanced conducive environment. These assumptions are confirmed by the literature study and also reflected in ADC's ToC. For the EU, it was a requirement for implementing the ENPARD programme in both Armenia and Georgia that the legal framework for cooperatives would be enhanced.

At the *organisational (cooperative) level*, the collaborative efforts are expected to impact on the community engagement and, more broadly, also contribute to reduced conflicts. Where refugees and internally displaced people (IDP) are present, the cooperatives could be a pathway for integration in the community by also ensuring their livelihood. Social inclusion and women's empowerment are here essential aspects to be explored since the impact on women and marginalised groups relies on the extent to which social inclusion has been integrated into the organisations.²² As reflected in the literature study, the sustainability of the cooperatives depends on the level of inclusion and participation of members in decision making but the review also illustrated that social inclusion is not a given and cannot be expected to happen without a dedicated strategy in place.

At the *individual level*, cooperative members' income and production is expected to increase with better access to assets (equipment, land), credit and training through the cooperatives. Male and female cooperative members are expected to be impacted differently and therefore due consideration in the data collection methods have been applied to explore these differences. It is assumed that members will enhance their knowledge and skills. At the same time, access to new technologies and techniques are likely to have a positive impact on the environment and food security by introducing more climate resilient agriculture with less use of pesticides. ADA brands itself on organic production, thus this area has been further investigated in the data collection (see below).

Drivers for change (red arrows) include a continued demand for cooperative production as well as for governments to continue providing institutional, legal and financial support to cooperatives. As reflected in the literature study (see Annex 3), the policy framework is central for the cooperatives and incentives to form, develop and sustain cooperatives. Cooperatives have worked best when the policy framework provides incentives for collective collaborations.²³ At the policy/institutional level a key aspect to explore is therefore to what extent ADA and implementing partners have managed to advocate for an enhanced legal framework. The literature study showed that this is indeed important in order for the members to continue seeing the added value of the cooperative. Access to grants for cooperatives is also a key driver for farmers to engage in collaboration.

²² E.g. GFA targets marginalised ethnic groups in the FSI project. Project document for FSI. OxYGEN has a specific focus on women. OxYGEN project document for "Improving Smallholder Farming through Agricultural Cooperatives and Value Chain Development in Tavush Marz, Armenia, Phase 2".

²³ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

The assumptions (green arrows) are factors that need to be in place to facilitate the change. In order for the members to collaborate there is a need to build a culture of trust among members and leadership, balancing different capacities, interests and levels of risk aversion in the cooperative. This includes the extent to which the organisational structures allow for transparent processes and accountable mechanisms to ensure members' trust.²⁴

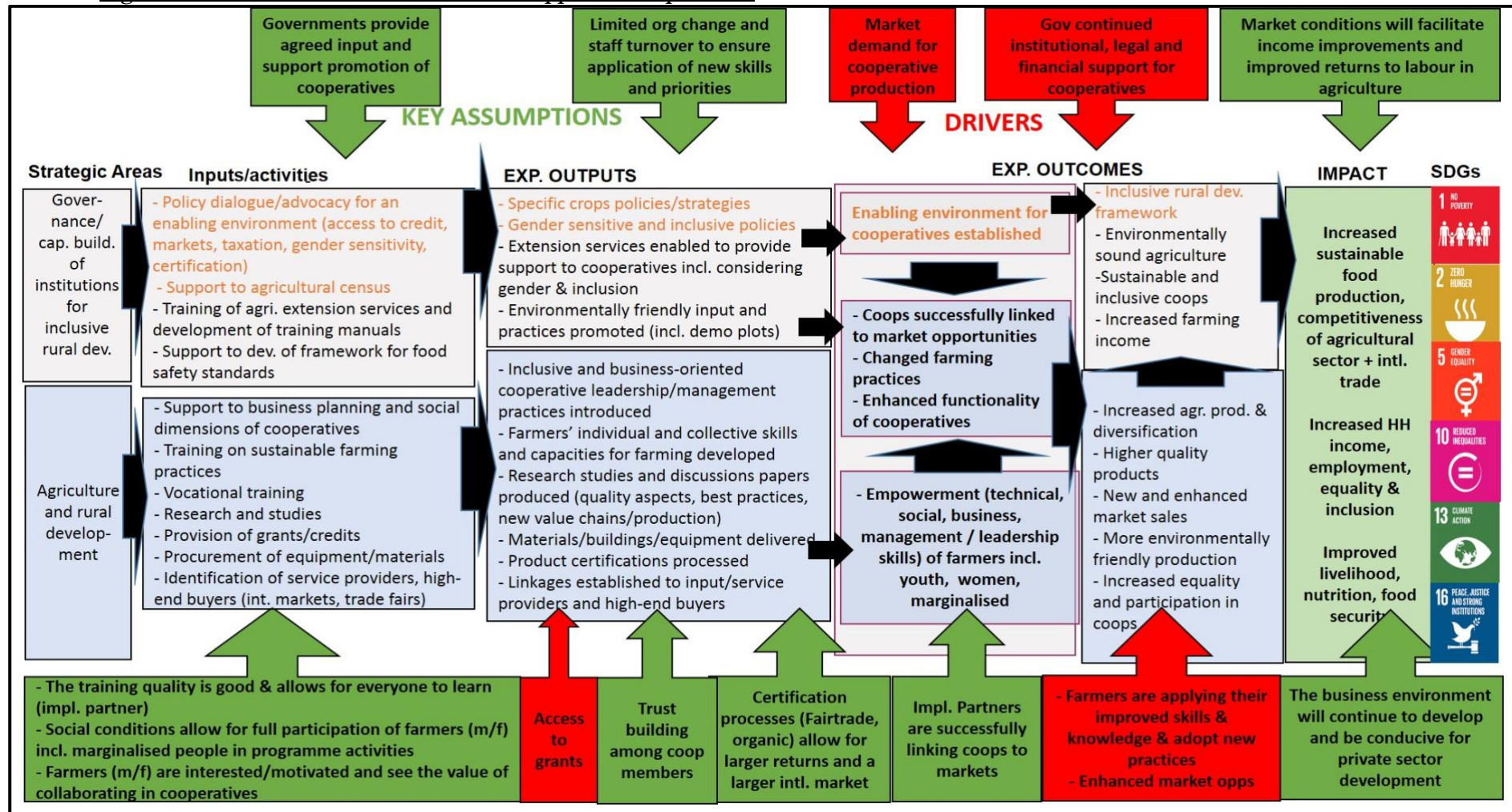
Implementing partners play a key role providing training in agricultural techniques that allow the cooperatives to advance their production as well as linking cooperatives to market. Market conditions are assumed to be conducive for income improvements and it is also assumed that certification processes will yield a better return.²⁵

Closely linked to the ToC analysis is the identification of the various contextual and external factors that may have influenced the change process and results (outcomes/impact) over time. This also relates to cooperatives that may have received support from other entities (development partners, government, NGOs, etc.). These external factors and their influence have been articulated in view of the given context and the developed ToC.

²⁴ HYSTRA, Small Holder Farmers and Business, 2015; Guidance Note, International Co-operative Alliance, 2015. Inclusive Investment in Agriculture, 2014. Center for Development and Environment Policy Brief, 2020.

²⁵ E.g. Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019.

Figure 2: Generic results model for ADC's support to cooperatives

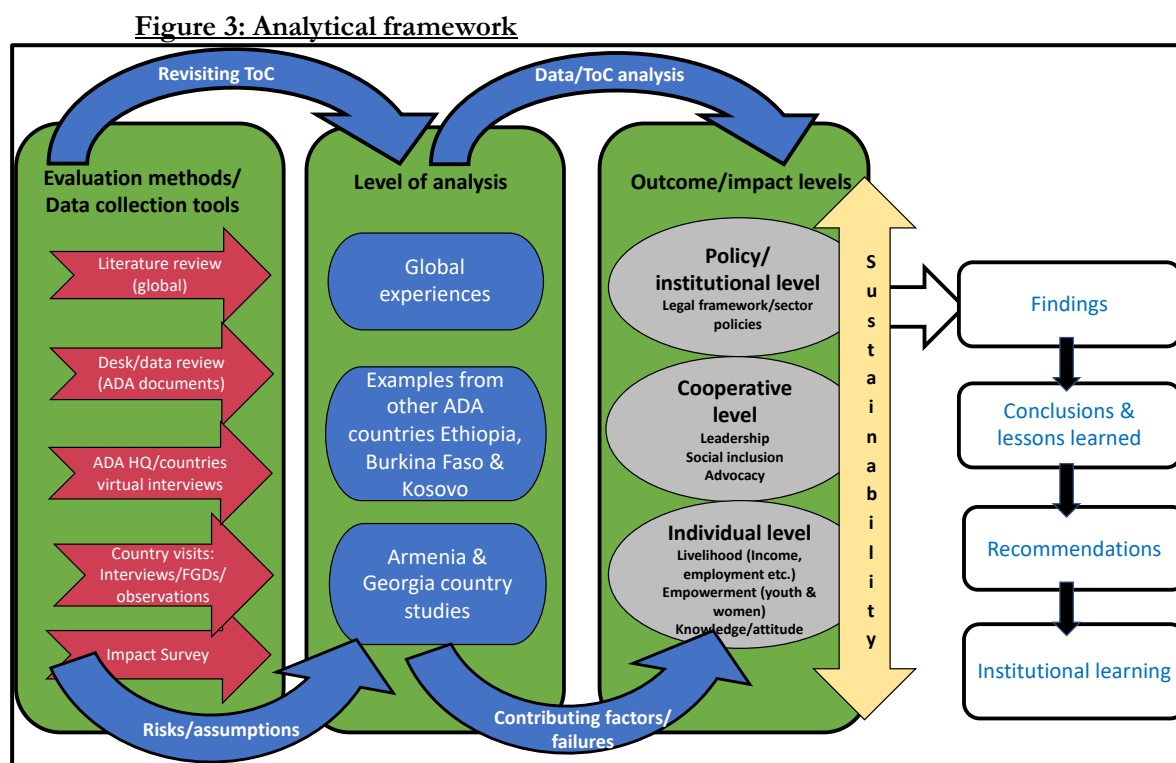


Note: Assumptions are statements of variables or factors that need to be in place to achieve a change (external relations) and drivers are factors (internal/external) that influence or facilitate a change process and lead from one step to another.

Source: Developed based on a review of project documents and ADC strategies and discussion at the ToC validation workshop.

3.2 Analytical framework

The ToC for ADC’s support to cooperatives (Figure 2) constitutes the backbone in the analytical approach. The aim of using a theory-based approach for the impact study is to provide not only answers to whether the use of different approaches has led to achievement of expected outcomes and impact, but also to assess *how* and *why* outcomes and impact have been achieved/not achieved, and to identify the relevant lessons learned. Thus, the overall theory-based approach constitutes the core foundation for the analytical framework (Figure 3) to assess the impact from ADC’s support to agricultural cooperatives.



3.3 Study matrix and key areas of impact/change

In the ToR, 10 SQs have been outlined and structured around three levels of impact illustrated in Figure 3 above: *i) Institutional/policy impact/change*; *ii) organisational impact/change (cooperatives)*; and *iii) individual/household impact/change*. Based on these 10 questions, a Study Matrix has been developed by the team (see Annex 3) to guide the study, including judgement criteria and methods for data collection and analysis added to each question. The Study Matrix provides the overall framework for the impact study, together with the study objectives. Table 2 summarises which SQs reflect which impact level and where in this report they are discussed. Section 4.2 analyses the bulk of the SQs except for the sustainability aspects under each of the three levels (SQ 2, 6, 10) which are discussed under 4.3 in a separate section. Section 4.1 is included as an additional section that cuts across the different levels. This section is included as a response to feedback from workshops and interviewees who have emphasised the need for considering a number of design aspects to better understand the project results.

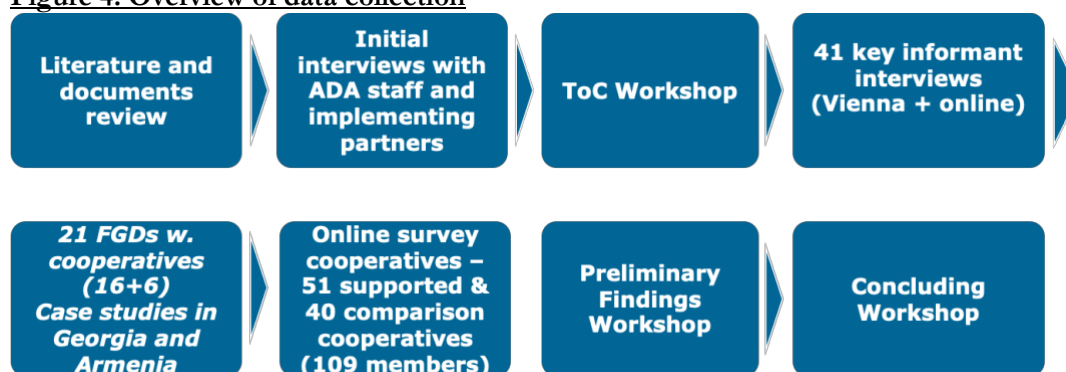
Table 2: Study questions per level and report section

| SQs | Level | Report section |
|-----------------------------|----------------------------|----------------|
| All | Intervention design | 4.1 |
| 1 and 2 | Institutional/policy | 4.2 |
| 3, 4, 5 and 6 | Cooperative/organisational | 4.2 |
| 7, 8, 9 and 10 | Individual/household | 4.2 |
| 2, 6, 10 | Sustainability | 4.3 |
| Summarises findings per SQs | | 4.4 |

3.4 Approach and methods for data collection

The overall approach to data collection and analysis has been based on a *mixed-methods approach*, combining quantitative data collection with qualitative methods. This is reflected in Figure 4.

Figure 4: Overview of data collection



Gender has been mainstreamed throughout the data collection process and specific attention devoted to ensuring inclusion of different sex, age groups, marginalised ethnic and religious groups, people living with a disability, refugees, IDP's or other marginalised and vulnerable groups included as target groups under the specific projects. The literature review showed that cooperatives are likely to be more sustainable when they have inclusive leaderships (see Annex 2). Thus, the cooperative dynamics in terms of inclusion has been an important aspect to explore. At the same time the “leaving no one behind” pledge has been ensured by a constant awareness of the composition of stakeholders consulted.

Therefore, in order to ensure gender mainstreaming and social inclusion in the data collection, the following measures have been taken: i) selection of both women-only and mixed cooperatives for qualitative interviews; ii) constant awareness of the composition of groups of consulted beneficiaries and ensuring inclusion of both successful and less successful performers (both men and women) and of vulnerable groups, etc.; iii) if needed, women only Focus Group Discussion (FGDs); and iv) inclusion of specific questions in the survey concerning composition of the cooperative leadership as well as questions specifically targeting women.

In total, 331 stakeholders were consulted through the different data collection process. Out of these, around one third were women. Table 3 provides an overview of the total number of stakeholders consulted. It should be noted that while some of the stakeholders have been consulted several times (e.g. implementing partners) they only figure once in the table. The only exception is the heads of 16 ADA supported cooperatives who both formed part of the survey and FGDs conducted (refer Table 4), thus they are included twice in the table.

Table 3: Number of stakeholders consulted by gender

| Data collection tool | Men | Women | Total |
|--------------------------------------|-----|-------|-------|
| FGDs | 60 | 30 | 90 |
| KIIs | 26 | 15 | 41 |
| Online survey (members) | 76 | 33 | 109 |
| Online survey (head of cooperatives) | 79 | 12 | 91 |
| Total | 241 | 90 | 331 |

Below, the main methods for feeding in data and information to the three impact levels are further specified.

3.4.1 Literature study and document review

The study team has scrutinized existing literature on wider global experiences with agricultural cooperatives (see bibliography in Annex 1 and literature study in Annex 2). A thorough search on online sources has been conducted to identify literature for the review. The review has focused on specific search criteria.²⁶ In addition, the study team has carefully reviewed existing ADA documentation and data made available, including programme/project documents, completion reports, reviews, evaluations, baseline and end-line studies. The initial findings from the literature study and document review helped to further frame the scope and focus the impact study, including the topics to be included in the survey and the interview/FGD guides.

3.4.2 Qualitative data collection with key stakeholders

For the **qualitative fieldwork in Georgia and Armenia**, a sample of ADA supported cooperatives was selected from a list of still operational/active cooperatives with a view to cover different types of cooperatives (primary, production, processing), different member composition (men/women/youth/ethnic groups) and different types of production. The sample included cooperatives from all five implementing partners that have provided *direct* support to cooperatives through ADA funding, since the scope and focus on the support provided to cooperatives has differed across the projects. Comparison cooperatives were selected for visit within each location (region/province), based on lists provided by the implementing partners and/or on suggestion from ADA supported cooperatives (snowballing).

Table 4: Cooperatives consulted during fieldwork

| Country | Implementing partner | # of cooperatives established | # of cooperatives consulted in field visit | # of comparison cooperatives |
|--------------|----------------------|-------------------------------|--|------------------------------|
| Armenia | Oxfam/OxYGen | 15 | 6 | 2 |
| Armenia | ENPARD/UNIDO | 52 | 3 | 1 |
| Georgia | FAO | 22 | 2 | 1 |
| Georgia | Pakka | 14 | 3 | 1 |
| Georgia | GFA | 12 | 2 | 1 |
| Total | | 115 | 16 | 6 |

Table 4 provides an overview of the number of cooperatives supported per partner in Armenia and Georgia and how many of these that were visited and where FGDs were conducted by the

²⁶ In particular: policy and institutional issues; organisational issues; household and farmer level, income effects; employment effects; food security; environmental issues; gender and social inclusion; change in behaviour/knowledge; sustainability of the cooperatives; key risks/drivers for success.

study team during the field visit. The Oxfam/OxYGen supported cooperatives are overrepresented in the sample since their scope and focus is quite different from the other cooperatives supported (stronger focus on social issues and food security). It was therefore decided to include the Oxfam/OxYGen cooperatives only in the qualitative fieldwork and not in the quantitative survey (see below).

The following three main qualitative methods for data collection have been applied by the study team:

FGDs were conducted with members from all 16 ADA supported cooperatives as well as within the six comparison cooperatives that were visited during the field mission to Armenia and Georgia. ‘Checklists’ were used for the FGDs to ensure that similar type of data and information was collected from the FGD sessions (Annex 6). The FGDs took place in small groups of 4-6 participants. Both men, women, youth and marginalised groups (mainly IDPs) were represented in the FGDs (Table 5). On some occasions, separate FGDs were conducted with women, youth and members belonging to marginalised groups to ensure that their observations were fully captured. Out of the 88 cooperative members that took part in the FGDs, 33% were women, 14% were youth members and 14% belonged to a marginalised group. This large reflects the overall proportion of these group’s representation in the cooperatives.

Table 5: FGDs with cooperative members

| | Armenia | | | | Georgia | | | |
|--|-----------|-----------|----------|----------|-----------|-----------|----------|-----------|
| | M | F | Y* | Marg. | M | F | Y* | Marg. |
| ADA cooperative members | 15 | 14 | 3 | 1 | 21 | 11 | 3 | 11 |
| Comparison cooperative members | 10 | 1 | 1 | | 13 | 2 | 5 | - |
| Total men, women, youth, marginalised | 25 | 15 | 4 | 1 | 34 | 14 | 8 | 11 |
| Total # of people | 40 | | | | 48 | | | |

Note: Together, the M and F columns constitute the total number of participants in the FGDs, including those mentioned in the columns with youth (Y) and marginalised groups (Marg.).

* Below 35 years.

A total of 41 **KIIs** were conducted with key stakeholders to obtain qualitative findings on fundamental study issues (see Table 6 for breakdown on different stakeholder categories and men/women). KIIs included ADA staff and implementing partners in Georgia and Armenia (virtually and during field work) and in Kosovo, Burkina Faso and Ethiopia (virtually). In addition, KIIs were conducted at regional, local and community level during the field visit to Armenia and Georgia (see more details below).

Table 6 Interview persons by stakeholder categories and gender

| ADA HQ staff | | ADA field staff | | Impl. partners | | Other donors/NGOs | | Gov. agencies | | Other stakeholders | | Total | |
|--------------|---|-----------------|---|----------------|---|-------------------|---|---------------|---|--------------------|---|-------|----|
| M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| 5 | 1 | 6 | 2 | 6 | 6 | 5 | 3 | 3 | 3 | 1 | 0 | 26 | 15 |
| 6 | | 8 | | 12 | | 8 | | 6 | | 1 | | 41 | |

A semi-structured interview format was used, guided by the questions and judgement criteria included in the Study Matrix.

During the study team’s visits to the field in Armenia and Georgia, observations of members’ interaction in the cooperatives were made. These observations were mainly related to the process of establishing and the functioning of the cooperatives, with a particular view to potential social inclusion of vulnerable groups, women and youth. Likewise, leadership and sustainability aspects were assessed in relation to the cooperatives, as well as specific production and technology issues.

3.4.3 Quantitative data collection (Armenia and Georgia)

The quantitative data collection and analysis in both Armenia and Georgia was based mainly on primary data collected through an ex-post impact survey conducted by the study team (see below) as well as on secondary data from existing baseline and end-line data from the projects. In *Armenia*, the survey focused on all 10 still active ENPARD/UNIDO cooperatives for the treatment group and a comparison group composed of cooperatives that had either not received any support at all (preferable) or had been supported by other programmes.²⁷ In *Georgia*, the treatment group was composed of all still active cooperatives that have been supported by FAO, Pakka and GFA (42 cooperatives in total). A sample of 50 registered non-ADA supported cooperatives was received from the RDA in Georgia from which the comparison cooperatives were selected.²⁸ The sample included mainly cooperatives that had been supported through other donor programmes or by government. Table 7 provides an overview of the cooperatives and cooperative members that were surveyed by the study team.²⁹

Table 7: Treatment and comparison cooperatives and members surveyed

| Country | Implementing partner | # of treatment cooperatives surveyed | # of comparison cooperatives surveyed | # of members from treatment cooperatives surveyed | # of members from comparison cooperatives surveyed |
|--------------|----------------------|--------------------------------------|---------------------------------------|---|--|
| Armenia | ENPARD/UNIDO | 9 | 9 | 18 (7 f/11 m) | 18 (7 f/11 m) |
| Georgia | FAO | 21 | 31 | 43 (13 f/30 m) | 30 (11 f/19 m) |
| Georgia | Pakka | 9 | | | |
| Georgia | GFA | 12 | | | |
| Total | | 51 | 40 | 61 (20 f/41 m) | 48 (18 f/30 m) |

The survey was implemented through Survey Monkey and was conducted through phone calls instead of online responses in order to enhance the response rate. It included two different survey forms: a) one directed to heads of cooperatives; and b) one directed to 1-2 members of each cooperative (see Annex 7 and Annex 8). The cooperative members for the survey were selected randomly by the study team, based on a list with names of all cooperative members

²⁷ The original intention was to focus the survey on the ENPARD/UNIDO supported interventions and include all those cooperatives that filled-in and submitted the Grant Applications form (52 treatment and 138 comparison cooperatives in total). However, during the implementation phase it became clear that most of the treatment cooperatives were not functioning actively as cooperatives anymore. Likewise, based on a random call to 10 potential comparison cooperatives from this list, it was not possible to identify any functioning ones.

²⁸ RDA manages a database that includes basic information on all agricultural cooperatives in the country.

²⁹ In the final analysis of the data, we end up with only 38 comparison cooperatives, as one cooperative failed to answer central parts of the questionnaire, and one cooperative turned out to be a repeated interview (double-entry).

provided by the head of the cooperatives, with due consideration to inclusion of a proportional representation of both women and youth.

The main part of the qualitative consultation process, as well as the qualitative fieldwork in Armenia and Georgia, was conducted prior to launching of the survey. This allowed that observations from these processes could be used to amend the initial draft survey questionnaires.

3.5 Data analysis

As mentioned in Section 1.2, the study analysis focussed on assessing relevant outcomes/impact and change processes at three different levels: i) *policy/institutional level*; ii) *organisational/cooperative level*; and iii) *individual/household level*. This has included analysis of a large amount of quantitative data and qualitative information collected by the study team. Below, the key elements related to the quantitative and qualitative analyses are presented.

3.5.1 Quantitative data analysis - statistical/econometric analysis (attribution analysis)

The quantitative data analysis provides a major contribution to the study assessment at level ii) (organisational/cooperative level) and level iii) (individual/household level) as it allows for an empirical testing of the pathways and causalities outlined in the ToC (Figure 2). It is here important to note, that since the comparison group is composed mainly of cooperatives supported through other programmes, the comparative analysis focuses on the value-added of ADA's support compared to other support programmes, and to a lesser extent on the scenario where the cooperatives have not received support at all (since these cases rarely exist in Armenia and Georgia).

Methodologically, suitable comparison cooperatives were identified through *Propensity Score Matching* (PSM).³⁰ The use of PSM for construction of the comparison group in the analysis was done through estimation of a statistical model based on the probability of participating in the project.³¹ In this way, project participants were matched with non-participants with similar propensity scores and a comparison group constructed by including best matches to each participant from the treatment group. The matching criteria were based on the following cooperative details: “age” of the cooperative, number of cooperative members, number of workers, type of cooperative (primary, processing, multi).³² The data show that comparison cooperatives (i) are “older”; (ii) have more land; (iii) have more members but less workers (in Georgia); (iv) have slightly less female workers; (v) are less likely to be an agricultural processing cooperative; and (vi) are more likely to include cooling, storage, packaging and transportation services as part of the cooperative (in Armenia). However, in terms of youth member composition, no immediate differences (unconditional) are found between comparison and treatment cooperatives.

In addition to the above-mentioned PSM approach, a *Difference-in-Difference (DID)* analytical approach at the cooperative and individual household level was applied, in these cases where

³⁰ Mathematical technique used to select members from a comparison group that share characteristics with members of the treatment group, through estimation of a statistical model based on matching characteristics (cooperative characteristics).

³¹ The statistical model has been created from a set of observable characteristics (explanatory variables), which (ideally) have not been affected by project interventions. The coefficients for these variables have been used to calculate a propensity score (probability) for project participation.

³² In addition to PSM, we have in all cases also compared differences in means between treatment and comparison cooperatives using a simple t-test and have also applied traditional linear regressions (or probability models) including the set of control variables also used for the matching model.

recall questions were included.³³ The significance of the results from the econometric data analyses was tested at conventional levels (1, 5 and 10% statistical significance level). All survey data have been entered into both an Excel and Stata format, and the analyses carried out using pre-existing impact evaluation tools in Stata (such as `psmatch2` and `nnmatch`).³⁴

3.5.2 Analysis of qualitative information - content and context analysis

The analysis of qualitative information contributes at all three levels: i) *policy/institutional level*; ii) *organisational/cooperative level*; and iii) *individual/household level*. At the *institutional/policy level (level i)*, the study analysis focuses on how ADAs support has impacted on the processes for development and adoption of conducive and supportive national policies for establishing and operationalisation of agricultural cooperatives. This includes the processes for registration of cooperatives as well as incentives provided through tax exemptions and/or subsidies. Furthermore, the causal links from the policy/institutional level to the performance of the *cooperative* and *individual/household level* is assessed in view of the ToC (Figure 2). Due consideration has been given to how various contextual and external factors may have changed over time and how this may have influenced the implementation and resulting outcomes/impacts of the ADA supported interventions. This includes particular attention to cooperatives supported by other entities (development partners, government, NGOs, etc.), which constitute the majority of the comparison group in the survey. Finally, the qualitative information collected helps to expand the explanatory part of the analysis within those areas of the ToC where the quantitative data do not suffice, notably “softer” areas such as social inclusion/exclusion, gender and youth, leadership and management, decision-making processes and capacity development.

While Armenia and Georgia are at the core of the analysis, experiences from other countries (notably Kosovo, Ethiopia and Burkina Faso) are also being reflected in the analysis. As part of

³³ Whereas the PSM has been applied to control for selection bias on observables, the DID method allows for controlling of selection bias along unobservable dimensions, by allowing for cooperative fixed effects. As such the DID measures the impact of the support by using differences in selected outcomes between supported cooperatives ($D=1$) and comparison cooperatives ($D=0$) in the period before ($T=0$) and after ($T=1$) treatment. The DID estimator thereby eliminates biases due to differences in the initial conditions (observable heterogeneity) and differences between cooperatives (treated and comparison). The first difference, between ADA treated cooperatives and comparison cooperatives, eliminates general changes common to all cooperatives whereas the second difference, which is the change over time within a cooperative, eliminates the influence of time-invariant unobserved individual heterogeneity.

³⁴ Throughout the analysis, different covariate selections have been used: (i) location; (ii) cooperative type; (iii) cooperative age; (iv) number of cooperative members; and (v) number of cooperative workers, as explained in the text. The `psmatch2` command in Stata has been applied (reported results are nearest neighbor estimates with $n=3$ and the common support option switched on) with post command `pstest` to check the balancing properties. In all estimations, three treatment observations fall outside the common support and the analysis is therefore carried out based on only 88 observations (51 treatment and 37 comparison cooperatives). Balancing tests (as evaluated by Rubin's B - the absolute standardized difference of the means of the linear index of the propensity score in the treated and (matched) non-treated group, and Rubin's R - the ratio of treated to (matched) non-treated variances of the propensity score index) shows that the balancing properties of the analysis is not very strong (B above 25, but R between 0.5 and 2), which is likely driven by the large differences between treatment and comparison cooperatives combined with a limited set of observations. The same conclusion also goes for the analysis of individual members where covariates selected include (i) location; (ii) gender; (iii) age; (iv) education; (v) agricultural skill level and; (vi) experience. Here 12 treatment observation fall outside the common support (leaving only 96 observations for analysis) and Rubin's B is 39 whereas Rubin's R is within the valid range. These numbers, however, do question the degree of post-match balance across the covariates and therefore whether the conditional independence assumption (whether potential outcomes are independent of treatment status) of the PSM approach is valid.

this, it is discussed how different approaches are working in different settings. In this process, findings reflected from the wider interview process, including other ADA supported countries/projects, as well as from the global literature study have added important value to the analysis.

3.5.3 Sustainability analysis

An additional important aspect of the study analysis has been linked to the assessment of the sustainability of the supported interventions. The sustainability analysis takes a transversal dimension in the analysis, as it links to different issues such as the enabling legal and regulatory framework, the leadership and financial situation within the cooperatives as well as to the individual farmers' specific incentives, trust, etc. In this regard, the literature review has provided important information and learning in a global perspective. As part of the sustainability assessment, the study team has verified the operational status of all ADA supported cooperative in Armenia and Georgia during the study period. By comparing this data with the qualitative information and the quantitative survey data collected, this provides a good picture of the sustainability of the cooperatives.

Conclusions have been developed with a particular reference to the study findings and with a view to the underlying ToC. *Recommendations* have been developed, with a particular view to strengthen further planning, decision-making and steering of ADC's engagement in food security and sustainable rural development as well as to enhance ADC's toolbox for planning and conducting of agriculture impact studies in the future.

3.6 Limitations, challenges and mitigation strategies

The study team found *limited availability and low quality of existing data set* (baseline, end-line) to be used for counterfactual and time series analysis.³⁵ The fact, that some of the projects were implemented several years back in time has further complicated this. *In order to mitigate and compensate for this limitation, the study team included a number of recall questions in the survey questionnaire* (see Annex 7 and 8). In addition, the qualitative instruments (interviews, FGDs and site observations) have been used to compensate for data gaps.

In general, it has been challenging to assess the extent to which observed effects could be attributed to the ADA supported intervention or, instead, should be attributed to the influence from other factors. In many cases, ADA supported cooperatives have received support from other donors and/or the government as well. This *contamination* issue has posed a significant methodological challenge for the quantitative part of the study, as the magnitude of the contamination may be significant. *One way to mitigate this risk has been to incorporate specific questions in the survey about "other support" received.* Also, the FGDs and field visits have allowed for understanding of what support the cooperatives have received besides from ADA.

As a key approach to overcome the above-mentioned data challenges and limitations the study team has *continuously build the analysis on several data sources.* Here, the interplay between the quantitative analysis on one hand and the qualitative fieldwork and mixed-methods analysis on the other has been important to ensure that results are interpreted in a relevant and adequate manner (see section above). In addition, care has been taken to build on other data sources,

³⁵ By "limited availability and low quality of existing data set" we refer to several different limiting aspects of existing data. First, clear selection procedures and quantifiable data on these criteria for both treated and comparative cooperatives (pre- and post-intervention) are not readily available for any of the projects. Second, pre- and post-intervention outcome data for both treatment and control cooperatives are generally not available for any of the projects in sufficient detail to obtain precise indicators on improvements in, for example, job creation or productivity.

such as other surveys and studies of particular relevance for this impact study. This has *allowed for stronger validation and triangulation of study findings*.

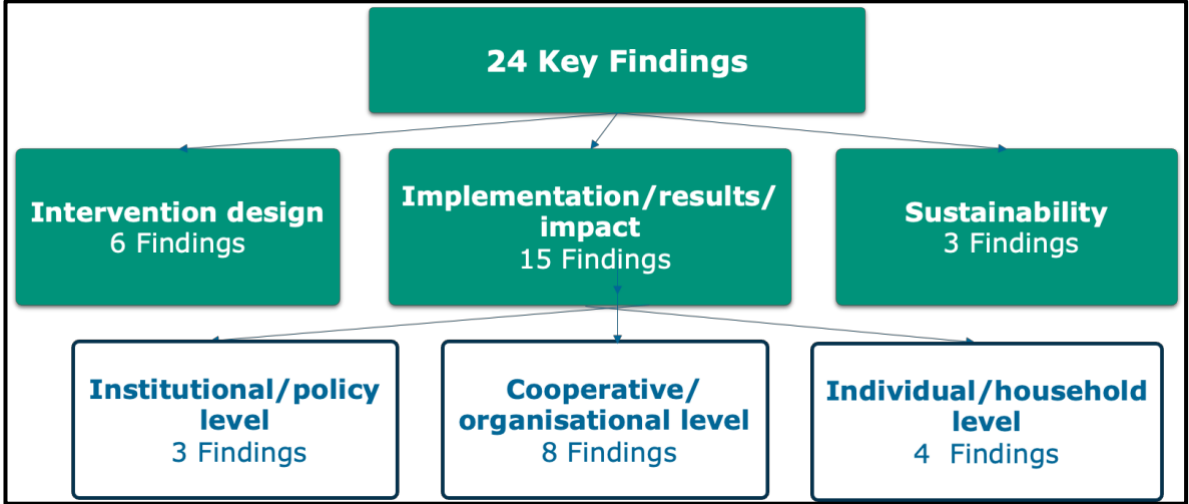
Finally, time and logistics only allowed for the team to physically visit a smaller sample of the supported cooperatives in Armenia and Georgia. Nevertheless, careful planning of the field visit allowed for the team to plan a route that included visits to projects implemented by all implementing partners in the two countries, visits to different geographical locations and productions, and even to some of the most remotely located project areas within the countries. Based on this, it is the opinion of the study team, that *no important element or stakeholder/beneficiary group was left out in the fieldwork plan*. While hygiene precautions were taken in light of COVID-19, the pandemic did not constitute any challenge in terms of the field visit and the planned field trip was conducted as planned within the budget provided by the ToR.

4 Key findings

This section presents the key findings from the impact study. As mentioned above, the findings are mainly based on the two primary cases countries, Armenia and Georgia. When not explicitly mentioned in the text, there is no major difference between the findings from these two countries. Likewise, when findings relate particularly to the secondary case countries (Burkina Faso, Ethiopia and Kosovo) or to the literature study, this is specifically mentioned.

As illustrated in Figure 5, the findings section is structured into three main areas: intervention design; implementation, results and impact; and sustainability. Section 4.1 deals with intervention design issues, which are fundamental to understand how/why results may have been achieved/not achieved. Section 4.2 focuses on the implementation process and the results achieved, with a particular view to the impact from ADAs support. This section follows the main structure of the SQs. Finally, section 4.3 focuses explicitly on sustainability aspects. Text boxes are included to highlight good examples and practices from ADAs support.

Figure 5: Overview of findings



4.1 Intervention design

Finding 1. The project designs have tended to focus too much on quantitative targets and to a lesser extent addressed quality aspects of cooperative development.

While the project documents specify expectations to the number of farmers/farming households that would benefit from establishing of the cooperatives, they do not include qualitative targets for the organisation development of the cooperatives. Likewise, while the project documents include quantitative targets for participation of women and youth in the cooperatives, they lack orientation about how to encourage active engagement of these groups in decision-making and operational work and budget planning processes. Similarly, while the projects foresee increases in production and income within the cooperatives, there have only been few considerations on how to ensure an equal and fair distribution of benefits among the cooperative members. Based on interviews with implementing partners, focus has been mainly on delivering results in accordance to the established targets (numbers) within the established timeframes.

Finally, and important, phasing-out or exit plans have not been developed for any of the projects (see also discussion below on sustainability). This is in particular critical due to the relative short project period of some of the cooperatives (three years with no guarantee for a second or third project phase) in view of the need for supporting cooperative development over a longer period of time (up to 10 years according to interviews).

Finding 2. Membership processes have in most cases been rather vaguely defined with the inherent risk that marginalised groups could be excluded from participation.

According to interviews with implementing partners and ADA staff, the actual selection of cooperatives for support has mainly been the responsibility of the implementing partners. ADA has not intervened directly in these decisions, mainly through provision of a “no objection”. In general, the applicants have been scored based on application forms submitted and in accordance with a pre-defined scoring system where additional points could be given, for instance for women and youth participation. In their approach, implementing partners have indicated intentions to involve marginalised people in the cooperatives but often without further specifying whom these groups could entail.

The literature study indicated important challenges related to poor and marginalised groups’ participation and access to cooperatives that have been difficult to overcome. These challenges include poor access in terms of infrastructure and lack of transportation from remote areas, lack of communication technology etc.³⁶ The field visit confirmed that in general the implementing partners have not intervened in the process of members selection. It has been left to the cooperatives to decide on the membership process, sometimes facilitated by an overall guidance from the implementing partner.

Finding 3. Most projects have had a too strong focus on provision of grants and physical inputs to motivate cooperative membership.

During the field visit to both Armenia and Georgia, the study team came across a number of cooperatives that were formed with the only purpose to access grants. However, while the grant element in most projects has been a helpful mechanism for procuring of machinery, equipment and inputs to boost production in the short-term, the project designs have only paid limited attention to the cooperatives challenges in accessing finance and credit in the medium and longer term. Moreover, the grants have in some cases led to internal conflicts among members in the cooperatives on how to distribute the benefits.

Finding 4. While the choice of implementing partners to a large extent has pre-defined the scope and opportunities for the projects, ADA has contributed with strong competencies and experiences on cooperatives.

The chosen implementing partners represent a rather diverse group of organisations, representing UN agencies, NGOs and national farmer associations. These organisations have worked from quite different perspectives and have also presented a rather diverse set of comparative competencies. However, in general it has been a challenge for the implementing partners to ensure a holistic support to cooperative development (including support to organisational development processes, technical advice on joint production and marketing issues, access to loans and credits, focus on social inclusion and gender concerns etc.). For

³⁶ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

instance, while Oxfam/OxYGen presents strong competencies on social inclusion, women's empowerment and advocacy, they have been struggling to support cooperatives developing sustainable business plans.

It is important to note here, that the implementing partners in both Armenia and Georgia have strongly appreciated the ADA country offices' open and flexible approach, which has contributed to ensuring small distance between the different levels in the planning process. Likewise, both ADA country offices and the implementing partners found that the ADA HQ team had contributed with competent technical expertise and knowledge on cooperatives, which had helped to stimulate the process.

Finding 5. Most projects have lacked an adequate system for monitoring and learning to support implementation on the ground.

In general, the planning and conducting of baseline studies, project monitoring and ex-post assessments has been done in a rather ad-hoc and project isolated manner which has not served for wider institutional learning neither within ADA nor for the implementing partners. This must be seen as a lost opportunity. Findings from the literature study indicate that sharing learning and knowledge across organisations and cooperatives are found to enhance learning efficiency and are drivers for success.³⁷ In particular, inviting representatives of more commercially oriented and mature cooperatives with a certain degree of market power was found to enhance learning efficiency.³⁸ The shortcoming in this area must to some extent be seen as a consequence of the way in which the support to development of cooperatives has been implemented, namely through relatively tiny, short-term projects without an overarching framework.³⁹

Finding 6. Coordination and harmonisation with other programmes has been challenging.

During field visit, the study team came across various examples of cooperatives that had received support from different donor programmes. While this support in some cases had been complementary (e.g. supply of different types of machinery/equipment and other production inputs) there was clear evidence of overlap and duplication in relation to the training provided (e.g. training related to business planning). This is unfortunate since applicants are required in the application form to specify how they will ensure coordination and harmonisation. Likewise, there were only few examples where cooperatives had been advised by the implementing partner to apply for support at another agency (e.g. Oxfam/OxYGen linked cooperatives in Tavush up to UNDP).

4.2 Implementation, results and impact

4.2.1 Policy/institutional level

Finding 7. While it is largely recognised that cooperatives can play a role in policy making, this requires a strong facilitating role by the implementing partners.

³⁷ Principles and Metrics for Cooperative Agribusiness in Africa 2017.

³⁸ Evaluation of ENPARD 1. March 2013-2017, Final Report, December 2017.

³⁹ The ENPARD project in Georgia is an exception to this since implementing partners under the EU conducted joint monitoring exercises applying the same indicators which provided a solid framework for comparing experiences.

In both Armenia and Georgia, the study team came across examples of implementing partners contributing to adaptation of national policies on cooperatives. There were not any examples of cooperatives advocating for changes on their own. A study by the International Labour Organisation (ILO) from 2001 also found that cooperatives usually keep a low profile on social and political issues and concentrate on their own economic activities.⁴⁰ However, in the literature on cooperatives, it is widely recognised that cooperatives can play a key role in advocating for legal framework improvements.

In both Armenia and Georgia, interviews with implementing partners, donors and other stakeholders indicated that the current situation is far from reaching a level where cooperatives have the power to influence policymaking. Most cooperatives are rather newly established structures which focus mainly on their own activities. Nevertheless, some cooperatives have been connected to policy processes through the implementing partners and there are examples of cooperatives providing feedback on legislation.

In Armenia, Oxfam/OxYGen has through the Agricultural Alliance played an important role in advocating for a more inclusive agricultural legal framework. Oxfam/OxYGen has developed policy papers on, e.g. the importance of ensuring gender mainstreaming in agricultural policies and have raised awareness on gender equality in the agricultural sector (see text box below).⁴¹

The Agricultural Alliance of Armenia: The Agricultural Alliance of Armenia is a multistakeholder partnership consisting of 20 local and international organisations and agricultural entities, that was established by Oxfam GB in 2011. The purpose of the Alliance is to contribute to pro-poor and gender sensitive agricultural reform process in the country, to participate in joint lobbying and advocacy, and to promote sustainable economic development in rural areas. In 2013, a Memorandum of Understanding was signed with the Ministry of Agriculture (MoA). The Alliance has contributed to development of a new policy focusing on gender mainstreaming of agricultural policies, improved food security as well as legislative amendments on agricultural cooperatives. The Strategy for Sustainable Agricultural and Rural Development for 2015-2025 was developed jointly between the MoA and the Alliance and it was the first gender-mainstreamed strategy in Armenia. The Alliance has in collaboration with the MoA introduced the “Female Hero Award” nominating both grassroot/rural women and women from ministries as role models to overcome gender stereotypes in the agriculture sector. Most recently the Alliance has in 2020 contributed to an improvement of the tax code exempting cooperatives from paying tax from e.g. grants.

In the Pakka project in Georgia, the national implementing partner (Elkana) encouraged the organic hazelnut producing cooperatives supported by the project to unite and establish an association. Last year, this association managed to negotiate a doubling of the premium the cooperatives were offered by the Pakka factory per kg of organic hazelnuts (from 1 GEL last year to 2 GEL this year). This has helped the hazelnuts producers to see the benefits from joining forces and to continue the organic production and selling of their harvest to the Pakka factory, which also offers free storage space and drying facilities in the factory to the cooperative members.

⁴⁰ Promotion of cooperatives, ILO, 2001, part 2.

⁴¹ Oxfam case study (2016), Strengthening Armenia’s agricultural sector through multi-stakeholder networking. A case study on the Agricultural Alliance.

Finding 8. Oxfam/OxYGen has been instrumental in empowering and supporting rural women to engage in politics at local level and enhance social responsibility in the communities.

In 2017 an impact evaluation of Oxfam's intervention in Armenia found significant impact on women's empowerment as a result of the projects on establishing greenhouses and cold storages for agricultural cooperatives. Especially, changes on participation and influence in community groups and public events were found to be significant.⁴²

This finding was confirmed during the study team's qualitative fieldwork to six different Oxfam/OxYGen cooperatives in Tavush. Here, the study team met with several cooperative members and leaders who had managed to advance their political status in the communities. For instance, one female teacher who had been elected as leader of a women-only cooperative and participated in various trainings, exhibitions, etc. explained how she had advanced to a position as head of the school and had now also been elected as a member of the community council. She attributed this development to the Oxfam/OxYGen support and indicated that she was now able to promote women and children's needs and rights in the council as well as ensure a focus on the social problems in a community where women are often left by their husbands who migrate for employment in neighbouring countries.

All Oxfam/OxYGen groups consulted in Tavush shared with the study team how they provide some of their profit for social matters (e.g. donations for local schools and kindergartens). Social responsibility was a key principle promoted by Oxfam/OxYGen in the projects and the cooperatives have continued with this practice after the end of the project support.

Finding 9. An enabling framework is essential to support development of agricultural cooperatives and while this has largely been realised in Ethiopia and to some extent in Georgia, it has to a lesser extent been the case in Armenia where challenges on taxation, bureaucratic registration processes, etc. have continued to prevail.

An enabling policy framework is central for the cooperatives and their incentives to form, develop and sustain cooperatives. The literature review illustrated how cooperatives have worked best when the policy framework provides incentives for collective collaborations. The legal framework employed by the Ethiopian government has been crucial in the success of the country's renewed cooperative movement. Likewise, in Burkina Faso, the legal framework has been supportive to agricultural cooperative development, although cooperatives struggle to access finance and land right issues.⁴³ This demonstrates that although cooperatives are usually externally promoted structures, the policy environment will have a large influence on their efficacy.⁴⁴ The most common support to the legislative framework is on cooperative legislation.⁴⁵ According to the Centre for Development and Environment policy brief from 2020, an enabling environment for cooperatives includes favourable legal and tax matters, grants or low/no interest credit lines for start-ups or bridging of financial gaps between harvest and sale. It also includes linking of public purchasing, such as school meals, to cooperatives to provide a stable consumer base.⁴⁶

⁴² Lombardini, Simone (2017): Impact evaluation of the women's economic empowerment project in rural communities in Vayots Dzor region, Oxfam GB.

⁴³ Evaluation of the Project for Strengthening the capacity of FECOPAO, Nazan Consulting, 2016.

⁴⁴ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

⁴⁵ Support for Farmers' Cooperatives - Final Report, EC, 2012.

⁴⁶ Centre for Development and Environment Policy Brief, 2020

In Georgia, the “Law on Agricultural Cooperatives” was adopted in July 2013, the same year as ENPARD was initiated⁴⁷ and the Agricultural Cooperative Development Agency (ACDA) was established to support cooperative development.⁴⁸ The Law provides an enabling framework for cooperatives with only few requirements to fulfil.

The collaboration with the government of Georgia was good during the first phase of ENPARD. There was a close collaboration with implementing partners, CSOs and other actors. But gradually the governments focus on cooperatives became reduced, and according to interviews, the devaluation of the ACDA to a Department in 2019 marked the government’s shift away from a focus on cooperatives to a focus on private entities instead (in particular big businesses) to drive rural development. This has had a negative impact on the collaboration between the government and CSOs who are now rarely consulted.

In Georgia, incentives for cooperatives have included a general tax exemption of all agricultural products⁴⁹ as well as a 10% lower level of required co-financing for cooperatives (e.g. if a co-financing of 30% is required for individual persons, then only 20% is required for cooperatives). This, however, requires that cooperatives are registered and have applied for an agricultural status of the cooperative. It also requires an annual reporting to the Rural Development Agency (previously to ACDA). Several of the cooperatives consulted during the field visit considered this reporting to be cumbersome and a major reason for not renewing their agricultural status.

In Armenia, the legal framework has been less conducive to supporting cooperatives. The “Law on Agricultural Cooperatives” was adopted and came into force from January 9, 2016.⁵⁰ This was one year after the ENPARD was initiated and the revised legal framework was a condition from EU to Armenia if the country wanted to receive budget support. While stakeholders have collaborated and advocated for improvements of the legal framework in Armenia it has been a continuous fight to get regulations amended, in particular with tax authorities, to incentivise cooperatives.

In Ethiopia, there has been a long-term tradition for working together and collaborating in the agriculture sector. The legal framework for cooperatives traces back to 1960 where the first Decree on cooperatives was declared. This Decree has been further supplemented by three supplementing Decrees, the latest one in 2016.⁵¹ According to interviews with implementing partners, one of the key incentives for establishing cooperatives in Ethiopia is the possibility to access credit much easier than an individual farmer.

⁴⁷ ENPARD (2020), Georgia’s Breakthrough in Agriculture and Rural Development, Maia Chitaia, ENPARD Communications Unit Action Global Communications Georgia; FAO (2013), Project: Capacity Development of the Ministry of Agriculture of Georgia: Improved Policy Making and Effective Implementation of the Strategy for Agricultural Development”, project document.

⁴⁸ ISET Policy Institute (2017), EU-Supported Agricultural Cooperatives: A Case of Georgia”.

⁴⁹ E.g. Sakvarelidze N. & Gogichadze L. (2018) Report from the Evaluation of project “Capacity Building of Agricultural Cooperatives” (CBAC).

⁵⁰ Fici, Antonio & Urutyan (2016), Current State and Development Prospects of Cooperative Legislation in Armenia, ICA 2016, Almeria.

⁵¹ International Cooperative Alliance (COOP) – Africa, A Region of the International Co-operative Alliance (2021), Legal Framework Analysis, Ethiopia National Report.

4.2.2 Cooperative/organisational level

Finding 10. The study team found strong dysfunctionalities in relation to the ADA supported cooperatives' management structures. In practice, most cooperatives were found to be managed and operated by just one or two persons. Other members were only to a limited extent involved in decision-making and planning processes.

The study team consultations with cooperatives in Georgia and Armenia during the field visit showed that cooperative management very often consisted of a one-man show without proper involvement of other members. Members were often not able to explain how the share of profit would be divided, how many shares each one had, etc. This sometimes also applied to female management members who were seeking the advice of male management members when it came to financials, documentation and other aspects concerning operation of the cooperative. In one of the large ENPARD/UNIDO cooperatives that was visited in Armenia, it was striking that neither the female management member nor the general members were able to explain how the cooperative was structured. Instead, it was the Mayor of the town who had all the insight knowledge and while he had been instrumental in attracting ENPARD/UNIDO to the municipality he was not even a member of the cooperative.

It has been a challenge to include management members in the cooperatives with proper skills on organisations or business, especially in rural areas. One processing factory established by the Oxfam/OxYGen project for one of the cooperatives provides a good example of this. Here, one of the leaders was trained in business management, fruit processing techniques, how to comply with standards, etc. When he suddenly passed away, there was nobody to take over the leadership of the factory. The factory had cooperative members to work in the factory, however without a leadership to guide the work it could not continue. This is a good example of how fragile the cooperatives and their activities are in terms of management skills and capacities.

Findings from the literature review showed that a competent trustworthy management with the right set of skills and focus on engaging the members and empowering them to participate collectively is essential for cooperatives.⁵² There are evidence indicating that those cooperatives that have been able to improve their management have reduced operational costs significantly.⁵³ Skills needed for management to perform their role sufficiently includes understanding of the specific market and financial challenges of the cooperatives, ability to engage members to participate and ensure that members' skills are also upgraded. These aspects are essential for the sustainability of the cooperatives, but also to attract foreign investment.⁵⁴ Ensuring an equal distribution of profit among members in a transparent manner is part of being a trustworthy manager and highlighted as an essential skill to ensure trustworthiness.⁵⁵

Likewise, a professional management can enhance efficiency considerably, thus it may be more important to attract professional management members than securing local managers within the membership.⁵⁶ This was confirmed by an EC study from 2012, which found that the best functioning cooperatives had proportional voting rights, professional management, supervision by outsiders, and appointment of directors on the basis of expertise or product representation and not by regional origin.⁵⁷ Hence, professional management and external supervisors are key

⁵² HYSTRA, Small Holder Farmers and Business, 2015; Guidance Note, International Co-operative Alliance, 2015.

⁵³ Inclusive Investment in Agriculture, 2014.

⁵⁴ Inclusive Investment in Agriculture, 2014.

⁵⁵ Centre for Development and Environment Policy Brief, 2020.

⁵⁶ Principles and Metrics for Cooperative Agribusiness in Africa 2017.

⁵⁷ Support for Farmers' Cooperatives - Final Report, EC, 2012.

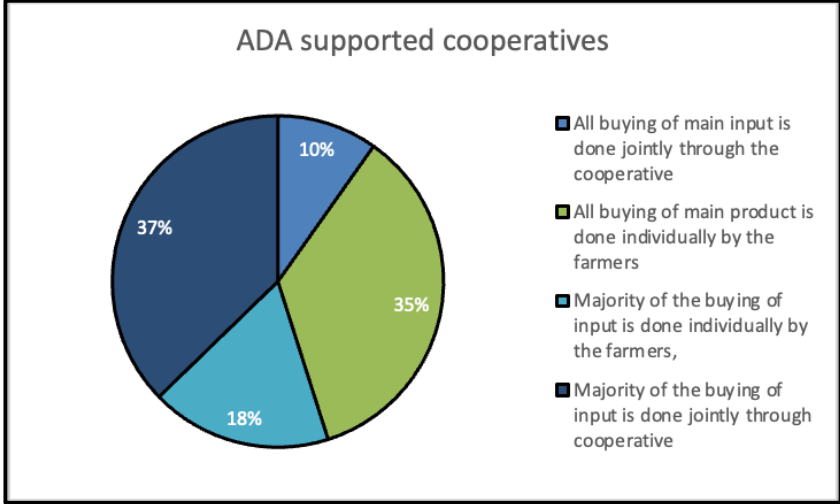
ingredients to securing efficient cooperatives. The survey data from this impact study indicated that only very few of the surveyed ADA cooperatives (four) had professional management members in the board. Three of these are from the Pakka project while the last one is from the GFA project. None of the comparison cooperatives had external board/management members.

The FAO cooperatives that were consulted by the study team during field visit were all operating as individual entrepreneurs in family businesses. They did not operate as cooperatives although they still had their cooperative registration. In these cases, it was not cooperative management but rather business development that was of interest. One of the GFA cooperatives consulted was led and driven by one male member who had the full control of the cooperative operations. While other members were fully aware of the production aspects, they were only little aware about organisational matters in the cooperative.

Finding 11. Some level of collaboration takes place among cooperative members on buying of inputs for production.

According to the survey results, around 50% of the members in ADA supported cooperatives state that they buy all or the main part of production input through the cooperative (Diagram 1). The survey data also indicates relatively less cooperation on buying of input among members of ADA supported cooperatives as compared to comparison cooperatives. The FGDs reveal that the economic benefit from buying of larger quantities of input was the main reason for cooperative members to buy inputs jointly with other members. A second reason provided by the members was that when buying jointly with other members, there was better access to advice from input suppliers and it became easier to ensure a good quality of the inputs.

Diagram 1: Buying of input in ADA supported cooperatives

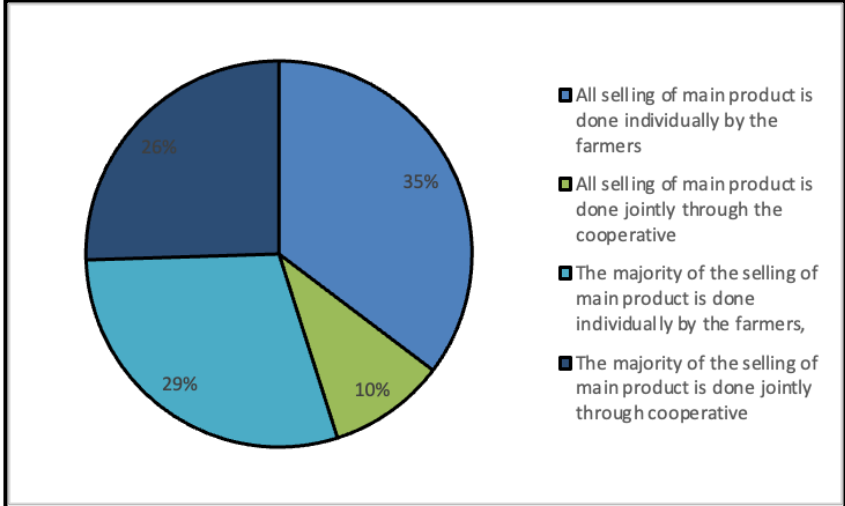


Finding 12. Cooperative members mostly sell their agricultural products individually and not through the cooperative.

According to the survey results, around two third of the cooperative members state that they either sell all or most of their main produce individually (Diagram 2). The survey data also indicate slightly less cooperation on selling among members of ADA supported cooperatives as compared to comparison cooperatives. This finding was confirmed by FGDs and field observations, where the study team came across very few examples of organised selling of products within the cooperatives. Thus, the joint marketing dimension of the cooperatives tend to be less developed.

A main reason for the limited collaboration on selling of products is a general lack of trust to other cooperative members. This was the most common reason offered by cooperative members in FGDs during field visit. For instance, the study team met with hazelnut producers in Georgia (Pakka project) who preferred to organise transport to the factory on their own in order to make sure that they would not be cheated at the factory during the process of weighing and quality assessment of their production. They did not trust other members of the cooperatives to act on their behalf.

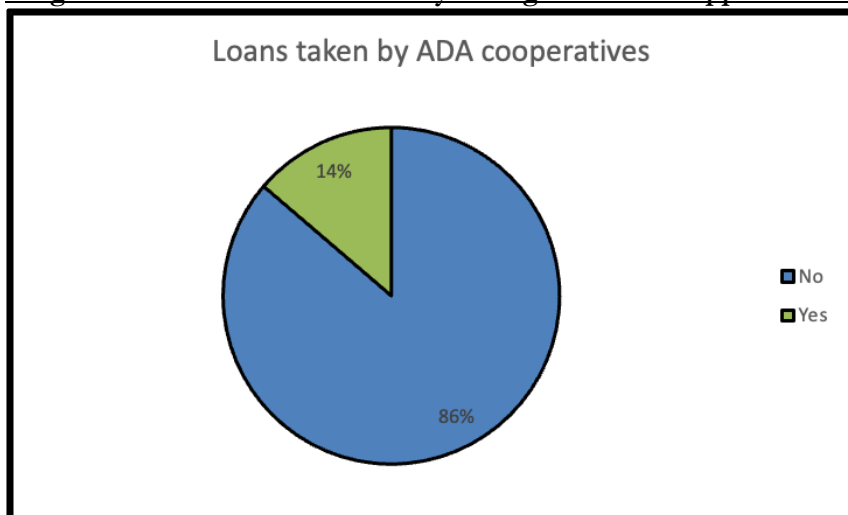
Diagram 2: Selling of agricultural products in ADA supported cooperatives



Finding 13. Cooperatives rarely take loans collectively and most activities are self-financed.

According to the survey results, more than 75% of activities in both ADA supported and comparison cooperatives are self-financed and with no significant difference between the two groups (Diagram 3). In addition, when loans are taken by members this is done individually and not through the cooperative (see Diagram 3). According to FGDs and KIIs during field visit, the main explanation is that cooperative members need to booklet collectively if a loan is taken through the cooperative. Since cooperative members in general are relatively poor smallholders, they don't want to take this risk, and even less with people they don't really trust. They don't see themselves as being risk averse. This was supported by the survey results which showed that 95% of the members of the ADA supported cooperatives found that they had same or lower risk willingness than other members in the cooperative.

Diagram 3: Loans taken collectively through the ADA supported cooperatives



Finding 14. Focus on organic/certified production and environmental concerns is rarely seen when this is not an explicit objective of the cooperative support.

With the exception of the Pakka project, the ADA-supported projects have paid limited attention to environmental and climate aspects related to the production process, e.g. use of pesticides. Although the GFA, FAO and ENPARD/UNIDO projects include some discussion on the environment and environmentally friendly agricultural techniques in their project proposals, this was not emphasised as a priority when the cooperatives were established. Thus, while the survey results indicate that both organic production and certification is present in a significant higher number of ADA supported cooperatives than in comparison cooperatives⁵⁸, this is mainly due to the Pakka cooperatives which are on the path of becoming organic and certified hazelnut producers.

The literature study indicates that the key to cooperatives' success in obtaining better prices has been their strategy for producing goods for certified speciality markets.⁵⁹ This is however not without struggle and sometimes the effort does not pay off in terms of time investment. Findings indicate that producing certified goods (e.g. organic and fair trade) can come with a higher cost and may not necessarily increase income. Efforts to become certified might 'eat away' the profit since it is a cumbersome process with many requirements for farmers to follow and it can even prevent more vulnerable farmers to join the cooperative.

The Pakka project also face these challenges. While the hazelnut association has managed to negotiate better prices for cooperative members, the quality aspects continue to be an issue. FGDs with farmers indicated that most farmers choose to sell part of their production to other factories or middlemen when they know that their nuts are not of a sufficient quality to acquire proper prices at the Pakka factory. Other factories are less strict in their quality and will often not discover e.g. inner mould. Besides the price advantage, the Pakka factory offers other advantages for the cooperative members such as storage of nuts (until selling prices are favourable) and access to technical advice through Elkana.⁶⁰

⁵⁸ For the organic production, the matching estimate makes the difference insignificant.

⁵⁹ Centre for Development and Environment Policy Brief, 2020.

⁶⁰ It should be noted, that the costs for these services are currently still largely absorbed by donor funding.

Finding 15. While quantitative gender targets have been achieved for the cooperative membership base this has not led to an equal participation of women in the cooperatives’ operations nor in their management structures.

In terms of gender roles and women active participation in the cooperatives, the study team does not find any particular effect from ADA’s support. Around one third (34%) of the cooperative members are female. This is a higher share than for the comparison cooperatives, but no significant difference. In most cases, the projects have encouraged that at least 20% of the registered members in the cooperatives were women and for ENPARD/UNIDO this figure is 30% representation of women in all aspects (membership, management, training etc).⁶¹ Results from the head of cooperatives survey show no significant evidence of ADA supported cooperatives having more women in the cooperative management than comparison cooperatives (Table 8) and less than 20% of the ADA supported cooperatives are female-headed. Apart from a general ambition among the partners to mainstream gender in the cooperatives, some of the partners (Oxfam/OxYGen project and Pakka) have established women-only cooperatives in addition to the mixed cooperatives. This has helped to “boost” the female quote as well as having some additional benefits.

Table 8: Representation of women and youth in cooperatives (members and management)

| | Treatment | Comparison |
|---|-----------|------------|
| Female members in cooperatives | 34% | 29% |
| Female representation in cooperative management | 29% | 30% |
| Youth members in cooperatives | 15% | 15% |
| Youth representation in cooperative management | 16%* | 9% |

* Significant at 1% level both when using ATT and when matching is introduced.

It is clearly stated in FAO’s grant that a gender perspective in all stages will be applied highlighting for instance “*pro-active actions to ensure the full and equal participation of men and women in any farmers’ organisations that are created,*” however this has not fully been the case in practice, particularly when it comes to management structures of the cooperatives.⁶² While it is not a declared target for the project to have women as Board members, the general statement of applying a gender perspective may be assumed to be reflected in the management structures as well. Out of the 21 FAO cooperatives surveyed, four cooperatives (19%) had no female members at all, and five FAO cooperatives (24%) had no women represented in the management. Thus, while the document review and interviews confirmed that the FAO project had the intention to ensure equal women participation, this has not been fully reflected in the implementation process.

Pakka has also established more ambitious targets for gender mainstreaming (e.g. increasing female participation in cooperatives from 15% to 20%) and women-only cooperatives have been introduced. The project document also states that principles for cooperative management should be based on democratic principles and diversity in terms of gender considerations.⁶³ As reflected in Table 9, female members are represented in all Pakka cooperatives and 44% of all members are women. While this is a solid result, and quite an overachievement comparing to the established target, this is not to a similar extent reflected in the management structures of

⁶¹ ENPARD (2014) ENPARD Producer Group Application.
⁶² FAO (2013), Project: Capacity Development of the Ministry of Agriculture of Georgia: Improved Policy Making and Effective Implementation of the Strategy for Agricultural Development”, project document.
⁶³ Grant application: Strategic Alliance: Facilitating the development of Fairtrade and organic hazelnuts, Pakka AG and Anka Fair Trade LTD 2017.

the cooperatives. More than half of the surveyed Pakka cooperatives had no women in their management. Women’s limited involvement in management issues was confirmed during interviews with female leaders during the field visit. Likewise, the qualitative interviews with female Pakka cooperative members also gave the strong impression that these cooperatives were largely managed by men and that women had little time and sometimes little interest in participating in meetings.

Table 9: Cooperatives with no women and youth in cooperatives and management per partner

| | Georgia | | | | | Armenia | |
|--|------------|-------------|------------|-------------|------------|--------------|------------|
| | GFA | FAO | Pakka | Total | Comparison | ENPARD/UNIDO | Comparison |
| Cooperatives with no female management members | 2 (17%) | 5 (24%) | 5 (56%) | 24% | 3 (10%) | 2 (22%) | 0 |
| Cooperatives with no female members | 3 (25%) | 4 (19%) | 0 | 17% | 3 (10%) | 1 (11%) | 0 |
| Cooperatives with no youth management members | 4 (33%) | 13 (62%) | 5 (56%) | 22 (52%) | 25 (81%) | 5 (56%) | 4 (44%) |
| Total coops surveyed | 12 | 21 | 9 | 42 | 31 | 9 | 9 |

GFA had a target of supporting 10 cooperatives with at least 40 members of which 10 should be women (25%), 10 should be youth (25%) and four should belong to ethnic minorities (10%). This was based on an analysis that women and ethnic minorities are under-represented in accessing grants and that youth should drive development of the sector.⁶⁴ According to the final evaluation of the CBAC these results have been overachieved⁶⁵ and this is also confirmed by the survey conducted as part of this study. 34% of the members in GFA cooperatives are women while 26% of management members are females. However, as illustrated in Table 11 there are still three GFA cooperatives (25%) with no female members.

In terms of women’s qualitative participation in the GFA cooperatives, the observations from the field visit were not convincing. In one of the cooperatives visited by the study team there were two female members, both wives of the men who represented the cooperative. While the wives were participating in the harvesting of the plums, it became very clear that they were very little involved in terms of cooperative matters. In another cooperative visited, there was one female cooperative member present. The team consulted her afterwards and while she did have a vote as a member, she was not aware of how profit was shared, who owned how many shares, etc. It was rather clear that this cooperative was dominated by two men and members were very little involved in decision-making processes.

⁶⁴ Project Document (2015) Capacity Building of Agricultural Cooperatives (CBAC).

⁶⁵ Sakvarelidze N. & Gogichadze L. (2018) Report from the Evaluation of project “Capacity Building of Agricultural Cooperatives” (CBAC).

ENPARD/UNIDO's ambition to have 30% representation of women in all cooperative aspects has been realised in terms of the management structures but not in terms of the cooperative membership base. According to the survey results, 38% of the cooperative management are women while only 15% of the cooperative members are women. As reflected in Table 11, one ENPARD/UNIDO cooperative had no female members while two cooperatives had no female management members. While it is an impressive result that women constitute 38% of cooperative management, interviews conducted with ENPARD/UNIDO cooperative members during the field visit, including female management members, indicated challenges in their qualitative participation.

While Oxfam/OxYGen's cooperatives were not covered by the survey, the field visit showed that it was within these cooperatives that women empowerment had been most effectively supported. However, it should be noted that these cooperatives were much more focused on social inclusion and members' consumption than on profit, and the business potential was accordingly less prominent for these groups.

Finding 16. It has been challenging to ensure a strong youth representation in the cooperatives, only around 15% of the cooperative members are below 35 years old.

According to the survey results, there is no difference in the level of memberships between ADA supported and comparison cooperatives (15% both), however youth have a significantly higher representation in the management of ADA supported cooperatives than in the comparison cooperatives (16% against 9%, see Table 10). Still, the level of youth participation in the cooperatives is low. When discussed in FGDs during field visit, it was explained that youth in general do not show an interest in agriculture. They are very difficult to engage, unlike they see some real opportunities. In the Pakka cooperatives visited, some youth farmers had recently expressed an interest to become members of the cooperatives. The reason for this was that this project has some features that goes beyond the traditional focus on yield and production increases (such as certification, organic production, engagement with foreign markets etc.).

Pakka has established a target of increasing the percentage of youth (below 35) from 25% to 30%.⁶⁶ According to the survey data this has not been achieved as youth members still only represent 20% of the members. In terms of management this figure is slightly higher with 22% of youth in management but in the majority of Pakka cooperatives there are no youth in the management. As mentioned above, GFA had a target of 25% youth members in their cooperative. The survey results indicate that youth members only constitute 18% of GFA the cooperative member base. Thus, in the current composition of GFA cooperatives, the target of 25% of youth members has not been achieved.

The FGDs with cooperative members revealed a number of challenges concerning youth involvement, both in terms of youth perception of agriculture as a traditional sector mainly for subsistence living but also that youth have less bargaining power towards adults. Youth often have limited access to land which hampers their involvement in cooperatives. However, one of the comparison cooperatives (a winery) visited during the field mission had successfully managed to attract youth. The cooperative had allied with the University in Tbilisi to identify strong candidates within winemaking. Three youth had been employed by the cooperative bringing in specific skills needed for the wine production. Apart from a job, the youth were

⁶⁶ Grant application: Strategic Alliance: Facilitating the development of Fairtrade and organic hazelnuts, Pakka AG and Anka Fair Trade LTD 2017.

offered to become members of the cooperative and their families were enabled to sell their grapes to the cooperative (at a time where there was a large surplus of grapes in the region). This strategy allowed the cooperative to attract youth with specific skills to refine the winery while at the same time offering them ownership in the cooperative and motivating them to perform.

Finding 17. Cooperatives have demonstrated a mixed ability to include marginalised groups (in most cases IDPs) and in general, the implementing partners stated ambitions on social inclusion have not been fulfilled.

Results from the head of cooperative survey do not show any significant difference between the share of marginalised people (such as IDPs, people living with a disability and refugees) in ADA supported cooperatives (8%) and in comparison cooperatives (9%). In total, 17 cooperatives out of 91 cooperatives (19%) report to have IDPs as members of the cooperative, 10 of these are treatment cooperatives primarily established by Pakka (8) and GFA (2). While it is not an explicit target for Pakka to ensure inclusion of IDPs, it is for GFA as mentioned above. For ENPARD/UNIDO it was a target to include marginalised groups but besides women and youth, it is not explicit which groups that may entail. Nevertheless, five of ENPARD/UNIDO's cooperatives (out of nine surveyed) include people living with a disability among their members.

There were no marginalised people in any of FAO's 21 cooperatives surveyed. This goes against the stated intention of the FAO project document to take: *“Minority issues (..) into account as cross-cutting issues in the programme. The project team will make sure that minorities, disadvantaged population, youth, women, elderly (as members of cooperative) are involved in stakeholder consultations and pilot projects as active members and beneficiaries.”*

It has been difficult for the study team to verify whether it is mainly “the better off” farmers that have been supported. While GFA has an explicit focus on the most “potential” business farmers, Oxfam/OxYGen has explicitly targeted poor and vulnerable groups in their consumer cooperatives. The other projects have not had the same strong focus on either business potentials or social issues in their selection process and it has been difficult to assess these projects level of inclusiveness in the member selection.

4.2.3 Individual/household level

Finding 18. In some projects, individual cooperative members have managed to increase and diversify their production, resulting in short-term income, profit and revenue increases.

Despite Covid-19 pandemic, survey data (Table 10) from Georgia and Armenia indicate that ADA supported cooperative members in the short term have managed to increase both revenue and profit relatively more than within comparison cooperatives, although these results are not statistically significant. The cooperative members in Georgia show a relatively more positive revenue and profit development than those in Armenia. Based on the information provided during the field visit to the two countries, the development in profit and revenue is closely linked to production increases within this period.

Table 10: Development in cooperative members profit, revenue and employment during last three year

| | Treatment | Comparison |
|--------------------------------------|-----------|------------|
| Profit* | 0.59 | 0.37 |
| Revenue* | 0.70 | 0.35 |
| Employment* | 0.41 | 0.14 |
| Employment (share of female workers) | 34% | 29% |

*Average score on a scale where: large increase (2), moderate increase (1), no change (0), moderate decrease (-1), large decrease (-2).

The individual farmers mainly seem to have enhanced profit and revenue through increases in yield. According to the survey results, 90% of the surveyed farmers from both the treatment and comparison cooperatives reported “no change” in land ownership or area of land cultivated/orchard. In some cases, price increases have been a contributing factor. The end-line report from ENPARD/UNIDO supports this finding. The report indicated an increase in both cash income and agricultural production among cooperative members. A 21% increase in agricultural production compared to the baseline was recorded together with an income increase of 68% due to ENPARD/UNIDO established market linkages with processing factories and supermarkets as buyers of buckwheat.⁶⁷ As mentioned above, the Pakka projects has also facilitated prices increases for the cooperative members.

From the qualitative fieldwork, the study team also noted examples of higher product diversification, mainly in the ENPARD/UNIDO and the Oxfam/OxYGen projects. In the case of both, the support to product diversification has consisted of a mix of seeds provision and technical assistance. It should be noted however, that the increased product diversification in the ENPARD/UNIDO project to some extent happened due to a failed attempt to introduce buckwheat production within one large cooperative. While the literature review confirm that diversification can occur when supporting cooperatives,⁶⁸ an evaluation commissioned by Oxfam in Armenia, found no evidence for enhanced diversification.⁶⁹

The survey data also indicate that a higher share (28% against 19%, although not significant) of ADA supported cooperatives have taken up new agricultural practices/technology during the last 3 years (see Table 11). This finding is linked to the finding above on a relatively more diversified agricultural production within the ADA supported cooperatives. Based on FGDs with cooperative members during field work, this finding relates to a stronger focus on support to product and production innovation in some of the projects (mainly driven by the ENPARD/UNIDO and Pakka projects, as mentioned above). A previous evaluation in Armenia found however that while new technologies had been introduced, a higher level of inorganic fertiliser was at the same being applied in Tavush region with a potential negative effect on the environment.⁷⁰

⁶⁷ End Line and Survey of Farmer Households (2017), ENPARD Technical Assistance: Producer Group and Value Chain Development project in Armenia.

⁶⁸ Center for Development and Environment policy brief 2020.

⁶⁹ Oxfam (2015), Livelihoods in Armenia – Evaluation of new economic opportunities for small-scale farmers in Tavush and Yayots Dzor Regions.

⁷⁰ Oxfam (2015), Livelihoods in Armenia – Evaluation of new economic opportunities for small-scale farmers in Tavush and Yayots Dzor Regions.

Table 11: Diversification, organic production and certification in cooperatives

| | Treatment | Comparison |
|--|-----------|------------|
| Average number of agricultural products produced by the cooperative | 2.1*** | 1.1 |
| Share of cooperatives with uptake of new agricultural practices/technology within the last 3 years | 28% | 19% |

Difference in production characteristics between treatment and control cooperatives

*** Significant at 1% level (ATT), reduced to 10% level when matching introduced.

** Significant at 5% level (ATT), significance eliminated when matching introduced.

Finding 19. There are good indications that cooperatives have generated employment for community members, mainly informal low-paid jobs for women.

In both Armenia and Georgia, the number of workers hired has increased within both ADA supported and comparison cooperatives. This confirms the assumption in the ToC that cooperatives can be employment generating. Results from the head of cooperative survey indicate that ADA supported cooperatives on average have generated more employment as compared to comparison cooperatives (although there is no significant difference). This is an interesting finding in view of the literature study which showed that although, there are potentials for employment effects within cooperatives, little evidence is available in the literature on this aspect⁷¹ and few publications refer to findings concerning employment.

In addition, results from the head of cooperative survey indicate that within ADA supported cooperatives a larger share of the employed workers are women (54%) as compared to control cooperatives (40%). A similar conclusion was found in an ILO study from 2017 where treatment farmer groups had managed to hire a larger percentage of women and youth compared to the control group. This confirms the potentials for cooperatives to influence involvement of specific target groups.⁷² However, concerns may be raised about the quality of these jobs. There has been no reporting on the “quality” of the jobs created within the ADA supported cooperatives but interviews with cooperative leaders and members indicated that the jobs were of informal nature (no contracting), relatively low paid and with long working hours.

Finding 20. Expectations that the ADA supported cooperatives would increase their membership base over time - thereby allowing more individual households to benefit - have not materialised to any larger extent.

Results from the survey of head of cooperatives show that while there has been a small increase in the number of cooperative members in Georgia, in Armenia there has been a tendency for memberships to decrease. As shown in Table 12, this finding relates to both ADA supported and comparison cooperatives.

Table 12: Change in average number of cooperative members from start to now

| | Treatment | | Comparison | |
|----------------------|-----------|---------|------------|---------|
| | Georgia | Armenia | Georgia | Armenia |
| Members now | 12,7 | 52,6 | 14,2 | 116 |
| Members at beginning | 10,3 | 60,9 | 13,9 | 137,9 |
| Difference* | 2,4 | -8,3 | 0,3 | -21,9 |

⁷¹ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

⁷² Impact Report Series, Issue 5: Evaluating the results of an agricultural cooperative support programme: Business practices, access to finance, youth employment, ILO, 2017.

As reflected in the ToC (Figure 2), the assumption has been that when the cooperatives have proven beneficial, memberships would increase. According to FGDs and KIIs, there are different explanations for why this has not happened. First, in both Armenia and Georgia it is an administratively heavy process to add new members to the cooperative in addition to those that were included when the cooperative was officially registered, and likewise it is complicated to remove members from the cooperative list, even if someone dies. During FGDs, several examples were provided where cooperative members who had passed away were still registered in the system. Second, when cooperative members start to see the benefits from their participation in the cooperative, they are reluctant to include new members. Third, there has been changing minimum member requirements for establishment of cooperatives. Fourth, in some cases, the ambitions of the projects have been too high, assuming that it would be possible to make very large cooperatives functional within a rather short timeframe.⁷³

Finding 21. The support provided to consumer cooperatives by Oxfam/OxYGen in Armenia shows how wider community benefits (food security and migration) can be achieved through a strong focus on social aspects.

The Oxfam/OxYGen project provides good examples of wider community benefits due to its strong social focus, as mentioned previously. The project has contributed to enhanced food security, not only for the cooperative members but also for other vulnerable persons in the communities. In one of the cooperatives, members decided to accept a very poor lady in the community as a new member to the cooperative since she struggled to feed herself and her children. According to information provided during field visit, the work in the cooperative has also helped to reduce migration abroad from these communities due to improved food security (see textbox on the Ditavan cooperative below).

Findings from the literature study indicate a correlation between membership of cooperatives and improved food security. An impact study of agricultural cooperative memberships showed a significantly higher consumption per adult cooperative member compared to non-members.⁷⁴ A general tendency to increased yield and production is likely to improve households' food security.⁷⁵ Dairy farmers in Ethiopia experienced cooperatives as efficient business institutions to foster rural development and food security. The knowledge dissemination and transfer of technology know-how, innovation and learning and economies of scale improved production quality.⁷⁶ On the other hand, in Ethiopia the evaluation of the CAFÉ phase I project indicated lack in performance in terms of food security and nutrition and therefore cooperative farmers' calorie intake became deficient.⁷⁷ This finding was taken up in the design of a second phase of the project where more emphasis was put on food security and nutrition.

⁷³ For instance, in the case of the ENPARD/UNIDO project, the establishment of buckwheat processing plants included rather large investments that required a quite large group of processing members to make it viable. Therefore, one of the buckwheat cooperatives were established with more than 400 members and another with more than 100 members. When prices fell dramatically on buckwheat, the cooperative with 100 members quickly fell apart. Only 3-4 farmers continued to grow buckwheat and the cooperative was passively waiting for someone to invest in the processing plant and solve their issue with a lacking dryer instead of deciding jointly on how to resolve the situation.

⁷⁴ The impact of agricultural cooperatives membership on the wellbeing of smallholder farmers, 2017.

⁷⁵ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

⁷⁶ Cooperative membership and dairy performance among smallholders in Ethiopia, 2016.

⁷⁷ Wassie Management Consultancy (2019), Final Evaluation of Coffee Alliances for Ethiopia Project.

Thus, the expectation in the ToC that cooperatives can lead to improved food security seems to hold in the case of the Oxfam/OxYGen project experiences. In addition, this project further shows that when food security is attained this can lead to positive effects on reduced migration.

4.3 Sustainability of agricultural cooperatives

There are many factors challenging the sustainability of cooperatives. They rely strongly on the policy framework, the organisational competence and the incentives for the cooperative members to collaborate. According to IFAD (2013) it also depends on sector integration, links to local community structures, involvement in value chains and fully committed local leaders.⁷⁸ A strong management and oversight mechanism was also found to be central in the Co-operative Alliance, that emphasises strengthening of the skills set of board members and managers, making sure that they are aligned with and understand the cooperative's values and principles.⁷⁹ Managers and board members need to understand priorities but also be able to adapt to new challenges within the organisation and the evolving context.⁸⁰

Finding 22. While most of the ADA supported cooperatives are still officially registered in the government system, only a smaller part of them still reports on economic activities within the cooperatives.

Based on the study teams phone calls to all 118 heads of cooperatives supported by ADA in Armenia and Georgia, only around one-third confirmed that their cooperative was still economic active either all year round or on a seasonal basis. At the same time, almost half of the cooperatives confirmed that while they are still officially registered, they do not report on economic activities from their cooperatives (see Table 13). Either because the economic activities are done individually by the members in the cooperatives or because the level of economic activity in the cooperative is very low.

Table 13: Cooperative status per partner

| Partner | Georgia | | | Armenia | | Total | |
|--|-----------|-----------|-----------|---------------|--------------|------------|-----|
| | GFA | FAO | Pakka | ENPARD /UNIDO | Oxfam/OxYGen | All | % |
| Registered, cooperative economic active all year around | 0 | 2 | 0 | 4 | 0 | 6 | 5% |
| Registered, cooperative seasonally economic active | 11 | 11 | 9 | 6 | 0 | 37 | 31% |
| Registered, but no economic activity reported in cooperative | 1 | 8 | 3 | 31 | 11 | 54 | 46% |
| Not registered as cooperative any more | 0 | 0 | 0 | 3 | 1 | 4 | 3% |
| No contact | 0 | 1 | 0 | 13 | 3 | 17 | 14% |
| Total | 12 | 22 | 12 | 57 | 15 | 118 | |

⁷⁸ IFAD's engagement with cooperatives, IFAD, 2013.

⁷⁹ Guidance Note, International Co-operative Alliance, 2015.

⁸⁰ A Policy Note on Agricultural Cooperatives in Africa, CIAT, 2015.

In terms of the ENPARD/UNIDO supported cooperatives, less than 20% confirmed that they were economically active either all year around or seasonally. According to observations and information from the field visits and the interviews conducted, a major explanatory factor for the low rate of reported economic activity in these cooperatives is the nature of the support provided. It was a rather short intervention window for the project (in practice, less than two years implementation period), with no real possibility for follow-up and backstopping after completion of the project. At the same time, the project had a relatively high-risk profile as it tried to introduce some new value chains in the Armenian context (e.g. cultivation and processing of buckwheat) together with crop rotation.

In terms of the FAO supported cooperatives in Georgia, more than 50% of these never achieved agricultural status.⁸¹ In Georgia, cooperatives need to register and acquire an agricultural status with the RDA in order to, for instance, get access to government grants. While FAO established 22 cooperatives, 12 of these never acquired agricultural status. The study team's field visit to Racha Region in Georgia showed that several of the wine-making cooperatives were in practice family businesses with three members (the minimum requirement for forming a cooperative within the FAO project) from one family. The two cooperatives visited by the study team were still operating their wineries or guesthouses and had benefitted from the winery equipment provided by FAO. Nevertheless, they were not functioning as cooperatives, and had never intended to do so. Instead, they operated as individual entrepreneurs and had only made the cooperative registration to become eligible for the FAO grant.

In the case of Oxfam/OxYGen supported consumer cooperatives, these are all still officially registered, however the economic activities in the cooperatives are "frozen". The study team's visit to six of these cooperatives within Tavush region in Armenia confirmed that while the members of the cooperatives are still collaborating on greenhouse gardening activities for own consumption, they are either no longer producing for sale at all or only at a very low level, which are then handled individually by the members and not through the cooperative. In case of the Sarigyugh consumer cooperative, they have officially applied for dissolution of the cooperative to avoid reporting but members are still using the greenhouses for cultivation. Interviews with cooperative members and management indicated that in order to make the Oxfam/OxYGen model beneficial for all members, the cooperatives would need to have fewer members in order to go beyond the level of production for consumption only (see example in text box below).

⁸¹ Overview provided by RDA on cooperatives.

Ditavan consumer cooperative, Oxfam/OxYGen: In 2011, the Ditavan consumer cooperative in Tavush was established with 30 members (60% men and 40% women). There was a great interest in joining the cooperative from the beginning. The greenhouse was established in 2013-14 and soon members realised that the greenhouse could not support all members who received training in gardening and the principles for cooperation. While most members decided to leave the cooperative, leaving only four active members in the greenhouse, several other farmer groups were established. Hence, farmers embraced the idea of collaboration. According to a community leader, the four active members in the cooperative are all women and they have now become professional gardeners who have managed to reduce waste and have a sustainable business that employ around 10 workers 2-3 months a year. The community has received support from several developing partners after the Oxfam/OxYGen project support ended, incl. UNDP, WB/CARMAC and have managed to continue the collaboration e.g. by developing inclusive community planning for rural development. This has had an impact on migration rates that have considerably diminished and only seven families have migrated from the area. One couple however continues to work in the community indicating positive effect on employment rates.

Finding 23. The sustainability of the supported interventions has been affected by external risk factors such as fluctuating prices and dependence on very few market actors.

In addition to this, the COVID-19 pandemic has further challenged the market and investment opportunities related to the products produced by the cooperatives. It has been difficult to find investors for processing of primary products (the study team witnessed empty processing facilities in the regions of the cooperatives). This has contributed to a demotivation among cooperative members to scale up their production.

ENPARD/UNIDO in Armenia invested heavily in the production of buckwheat based on a market assessment of demand and supply of buckwheat in Armenia. While there was a great and an increasing domestic demand for buckwheat, there was no local production. Therefore, it was decided to promote buckwheat among farmers and to support establishment of two processing plants for this production. However, the assumptions behind this project failed for one of the processing cooperatives and the cooperative could therefore not be sustained in its original form (see text box).

Finding 24. The time period for supporting the cooperatives in most cases has been too short to sustain their development and the projects have provided little support and guidance to the cooperatives on how to move on.

Cooperatives that have been able to benefit from implementing partner platforms beyond the project period (mainly GFA and, to some extent, Oxfam/OxYgen cooperatives) have shown to be more sustainable. The Pakka project is still ongoing. However, in the case of both FAO and ENPARD/UNIDO, the supported cooperatives were left on their own after completion of the project, and it has been very difficult to sustain these as cooperatives.

Artsap and Tsovaghyghi hndkatsoren – supported by ENPARD/UNIDO: The cooperative was established through ENPARD/UNIDO support with 105 members (63 men and 42 women). The cooperative was intended to start cultivation and processing of buckwheat which was not cultivated in Armenia at that time. The main strategy behind ENPARD/UNIDO support was: expansion of the production area, crop rotation and increase of yields within selected value chains. Thus, large areas of abandoned land were included for buckwheat production and a processing factory was established in 2016 (the building was provided by one of the cooperative members). However, due to a combination of simultaneously unfortunate circumstances (lack of a drying facility in the factory, a 50% drop in the price of buckwheat and the main technical specialist leaving) most farmers decided already after the first year to drop buckwheat and focus more on other types of cultivation, introduced by ENPARD/UNIDO as part of crop rotation.

At the time of the field visit only 3-4 farmers cultivated buckwheat and they were likely to shift to wheat in the next year. A positive side effect of buckwheat was actually discovered during the shift to buckwheat namely that it prepared the soil immensely for wheat increasing the production markedly if it was cultivated after buckwheat.

5 Conclusions

Below are presented the conclusions from the study, based on the findings in chapter 4. The conclusions follow the logic of the findings section and are sequenced in a similar way in line with the SQs from the ToR.

Conclusion 1 (based on findings 1-6): From a design perspective, the ADA supported cooperative projects have suffered from various shortcomings that have affected the ability to achieve the changes along the lines stipulated in the ToC.

Overall, the supported interventions have been too fragmented and lacked connectivity. The projects have suffered from being too focused on quantitative measures (how many members, how many trained, how much produced, etc.) and much less on the qualitative aspects of the interventions (e.g., the enabling framework, organisational issues, gender roles and social dimensions, production processes, etc.). Likewise, opportunities for sharing of learning and exchange of experiences have not been utilised and in general the supported interventions have been too tiny and the period too short to catalyse medium to longer term impacts.

Conclusion 2 (based on findings 7-9): The projects have only to a limited extent been able to influence policy development.

Issues on registration and taxation continued to become a problematic and demotivating factor for establishing and sustaining of cooperatives in both Armenia and Georgia. **The cooperatives themselves have not been strong and consolidated enough to do effective lobbying - this has been done mainly through the implementing partners and their networks.** In Armenia, the Agricultural Alliance (a multistakeholder initiative initiated by Oxfam in 2011) has been instrumental in advocating for better conditions for cooperatives and inclusivity in rural and agricultural policies under difficult circumstances, with a number of policies and strategies adopted as a result hereof. In Georgia, GFA had a strong position and has managed to influence a number of policies and strategies.

Conclusion 3 (based on findings 10 and 15-17): The projects have not managed to build effective and democratic management structures within the cooperatives.

Most cooperatives (mixed groups) are driven by 1-2 dominant men in the group, while the rest of the members demonstrated rather limited knowledge and influence on how the cooperative is supposed to function. Thus, the training and advice provided by implementing partners to the cooperative members on how to organise and manage the cooperatives has had limited effects.

Conclusion 4 (based on findings 1-6 and 18-19): The projects have been relatively successful when looking solely at the short-term agricultural production gains at the individual farming household level.

There is good evidence – in many cases – of increased production and product diversification, in some cases through adoption of new technologies, at the individual farming level, which has led to increases in both revenue and profit. **In this way the combination of grants, seeds and technical assistance provided through the projects have resulted in short-term individual gains** in line with the steps stipulated in the ToC. It is notable that these results have been achieved despite the COVID-19 pandemic.

Conclusion 5 (based on findings 10-13): However, in a forward-looking perspective it is a concern that economic activities, including loans and credits, are mainly done individually by the farmers (in small scale) and not through the cooperatives.

This is a limiting factor for the possibility to sustain and further develop the cooperatives, that there seems to be limited willingness to sell and invest jointly – which should be part of the cooperative spirit. While existing regulations within the countries are not conducive for cooperatives' access to finance and credit (with Ethiopia as an exemption), the projects themselves have not focused much on exploring suitable models for the cooperatives and their members to access finance, loans and credits.

Conclusion 6 (based on findings 1-6 and 14): Despite the importance of certification of products and processes within cooperatives to guarantee the quality of the production, this has received only limited attention, except from the Pakka project.

Similarly, the environmental aspects of the production process (e.g. use of pesticides) have not been a major concern in the projects (again, with the exception of the Pakka project). As a result of this, the quality of the agricultural production has continued to vary within the cooperatives, and the farmers are still selling large amount of their production to middle-men, who do not have same quality requirements as for example factories or export companies.

Conclusion 7 (based on findings 10-13): It has been very difficult for the implementing partners, within the timeframe of the projects, to effectively support development of cooperative services for its members.

In most cases, the support has not been based on proper value chain analysis of the main product(s) and the main function of the cooperatives has been limited to buying of production inputs. For a few products (e.g. honey and wine production) there are however good examples of members organising selling and marketing of their products through the cooperative.

Conclusion 8 (based on findings 15-17): Except for the women-only cooperatives, the implemented projects have not succeeded in ensuring that women would have a similar level of participation and decision-making power in the cooperatives as men.

In both Armenia and Georgia, the culture and traditional gender roles have been major determining factors and there are no indications that these projects have had any impact on intra-household livelihoods, power relations or decision-making processes. On the other hand, the women-only cooperatives tend to be better functioning collaboratively than the mixed or male-only cooperatives, including from an inclusiveness perspective. Female leaders from some of these cooperatives have become role models within their communities and have even managed to strengthen their political participation. Thus, real benefits for women are mainly noted when they are part of women-only cooperatives, which also tend to have a much stronger social dimension towards marginalised community members. **In the mixed cooperatives, no clearly defined procedures had been established for mainstreaming gender and social inclusion.** Implementing partners' overall quantitative results on female participation is largely achieved by establishing the female-only cooperatives and not by mainstreaming gender in all cooperatives.

Conclusion 9 (based on findings 18-21): The wider community benefits from the projects have mainly been through improved seasonal employment opportunities, in particular informal jobs for women, and - in the case of the Oxfam/OxYGen project - in terms of improved food security and reduced migration within particularly poor regions.

The demand for seasonal employment has increased substantially within some project areas. While this is positive for the workers it has been a challenge for some of the farmers to find enough workers. Apart from the employment opportunities, **it has been difficult for community members to become members of the cooperatives after their establishment and to benefit from their activities.**

Conclusion 10 (based on findings 22-24): In terms of sustainability, it has not been possible to sustain the cooperatives in the way it was envisaged in the ToC.

While some level of collaboration continues to take place within most of the supported cooperatives, the economic transactions are few and mainly informal. While this is partly a consequence of inadequate incentives provided by the legal and regulatory frameworks in the countries – pointing to the need of adequately engaging central authorities and obtain their commitment and support - it is also a consequence of various shortcomings in the implementation of the projects and in the implementing partners' ability to facilitate change processes within the limited timeframe and budgets of the projects. In those cases where the cooperatives have been able to maintain contact with the implementing partners after completion of ADAs support (GFA and to some extent also Oxfam/OxYGen) this has been highly valued. The possibility for continued follow-up, backstopping and ad-hoc advice and support has been very important for the cooperatives to overcome barriers and obstacles in their day-to-day operations as well as to spur further development of the cooperative activities.

6 Recommendations

Based on the conclusions from the previous chapter, the study team has developed the following eight recommendations. They target the main users of this impact study, ADC (FMEIA and ADA) as well as ADA and its implementing partners.

Strategic Recommendation for ADC:

Recommendation 1 (based on conclusion 1, 2, 3, 4, 7 and 10): Review the ADC strategy and policy framework to include a strong and clear commitment to *developing programmatic approaches* for support to rural development and agriculture, including for agricultural cooperative development.

Wider programmatic approaches should replace the previous ad-hoc project mode of supporting agricultural cooperatives. However, since the draft Food Security and Sustainable Rural Development Policy from 2019 is still pending approval, there is no clear official strategic framework in place for ADA to anchor its support to cooperative development within a more common approach to food security.

Strategic Recommendations for ADA:

Recommendation 2 (based on conclusion 1, 2 and 7): ADA should base its decision to support agricultural cooperative development on a thorough assessment of the *enabling environment* - and the specific conditions, barriers and incentives provided - as well as on the ability to establish *synergies* with other ADA supported rural development interventions at country level. This should be articulated through *development of a Theory of Change (ToC)* for a *programmatic support* to rural development and food security.

Support to agricultural cooperatives should not be done in isolation, but with a critical view to how other interventions could contribute to ensuring of a holistic approach to rural development and food security based on a programmatic ToC. Preferably, only farmer groups with already established cooperation or association structures in place should be supported, since the establishing process itself requires a different and much more comprehensive approach that often goes beyond what is possible within the ADA supported interventions. In order to ensure sustainability of the cooperatives, cooperative development should include focus on both organisational, business and social issues. In addition, if the intention is to have cooperatives contribute to an enabling policy environment, the cooperative needs to be more mature and settled to be able to play this role.

Operational recommendations for ADA and implementing partners:

Recommendation 3 (based on conclusions 1, 2, 5 and 7): ADA and implementing partners need to pay more attention to the *preparatory work* done during project design, in particular on how selection and success criteria are established and applied to ensure inclusive cooperative development.

Decisions on supporting cooperative development should always be based on an explicit *demand* and *clearly articulated commitment* by the farmers to *collaborate* within a cooperative structure. Principles for the agricultural cooperatives such as type of activities, a democratic governance structure, transparent obligations and rules for members, which types of shares exist and how

are they divided among members, distribution of cooperative profits among members, requirements for acceptance of new members, and rules for membership composition and inclusion, among others, should be clearly outlined. In addition, support must be built around a good *business case* and on a *good understanding of the internal social/power relations and dynamics* in the group of farmers. Within this framework, opportunities for supporting women-only groups, specific youth groups and marginalised groups, should be explicitly explored and concrete benefits revealed.

Recommendation 4 (based on conclusions 3 and 10): Facilitate *relations building* between supported cooperatives, local authorities and other development actors in the area.

In order to maintain a multi-dimensional perspective and viability of the support provided it is important to strengthen the relationships with key stakeholders in the area. Agricultural cooperatives need to become more engaged in multi-stakeholder dialogue and partnerships in order to strengthen the impact on local/community development. Only by creating an enabling environment, the cooperatives will be able to achieve their full potential. Political dialogue with public authorities will be needed to ensure a playing field between cooperatives and other forms of business organisations. Likewise, it is important to assist the cooperatives in attracting other types of complementary support in areas where ADA's support may not cover. Therefore, ADA and project partners should aim at strengthening the coordination with other donors and key stakeholders to better exploit potential synergies and complementarity and avoid duplication of efforts.

Recommendation 5 (based on conclusions 2, 4 and 7): Focus support to cooperatives on *capacity-development, collaborative learning, and technical-assistance* activities and *reduce grant financing*.

Full or major grant financing for agricultural cooperative business development does not contribute to promoting self-reliance and self-sustaining principles and a conducive cooperative culture. Rather, it risks rendering cooperatives economically inactive once the initial grant is exhausted. Instead, support should be directed towards promoting of cooperative values and principles, management and business training, which can eventually turn them into authentically functioning cooperatives. This should include encouragement of cooperatives to develop their own administrative and financial policies and procedures, including own mechanisms for business planning, performance monitoring and human resource development. As part of this, the possibilities for including more professionals or skilled people (particular skills and competences of need for cooperatives' effective operations) into the management of the cooperatives should be explored.

Recommendation 6 (based on conclusions 6, 8 and 9): Link cooperative development explicitly to enhanced actual *participation and empowerment of women and youth* in the cooperatives as well as on specific opportunities to integrate *vulnerable and marginalised groups* in the activities.

In order to actually transform the agricultural sector from a more traditional sector to a progressive and innovative sector, there is a need to ensure more diversity in the cooperatives. This includes providing stronger and more tailor-made support to women in cooperatives to promote gender equality and encouraging youth participation. It is essential to build the capacity of rural women in basic business and cooperative management to enhance performance and women's status. In the long run, this would also increase the potential for women to go beyond

their traditional roles and enter mixed cooperatives with a stronger and more active presence. In general, cooperatives should make strong efforts to reach out to women, youth and groups not traditionally engaged in agriculture and help increase their participation as members and as board representatives. The pandemic has highlighted the need for ensuring digital development and this could offer an opportunity for youth to be engaged as well as an opportunity for including e.g. people living with a disability. There is also a necessity for training strategies to be linked to the broader goal of promoting gender equality by addressing issues such as unpaid work, shared family responsibilities, care provisions, maternity protection, social security and knowledge sharing.

Recommendation 7 (based on conclusions 5, 6, 8 and 9): Link job creation and support to organic farming within cooperatives closer to *youth involvement* and the *decent work agenda* (SDG 8).

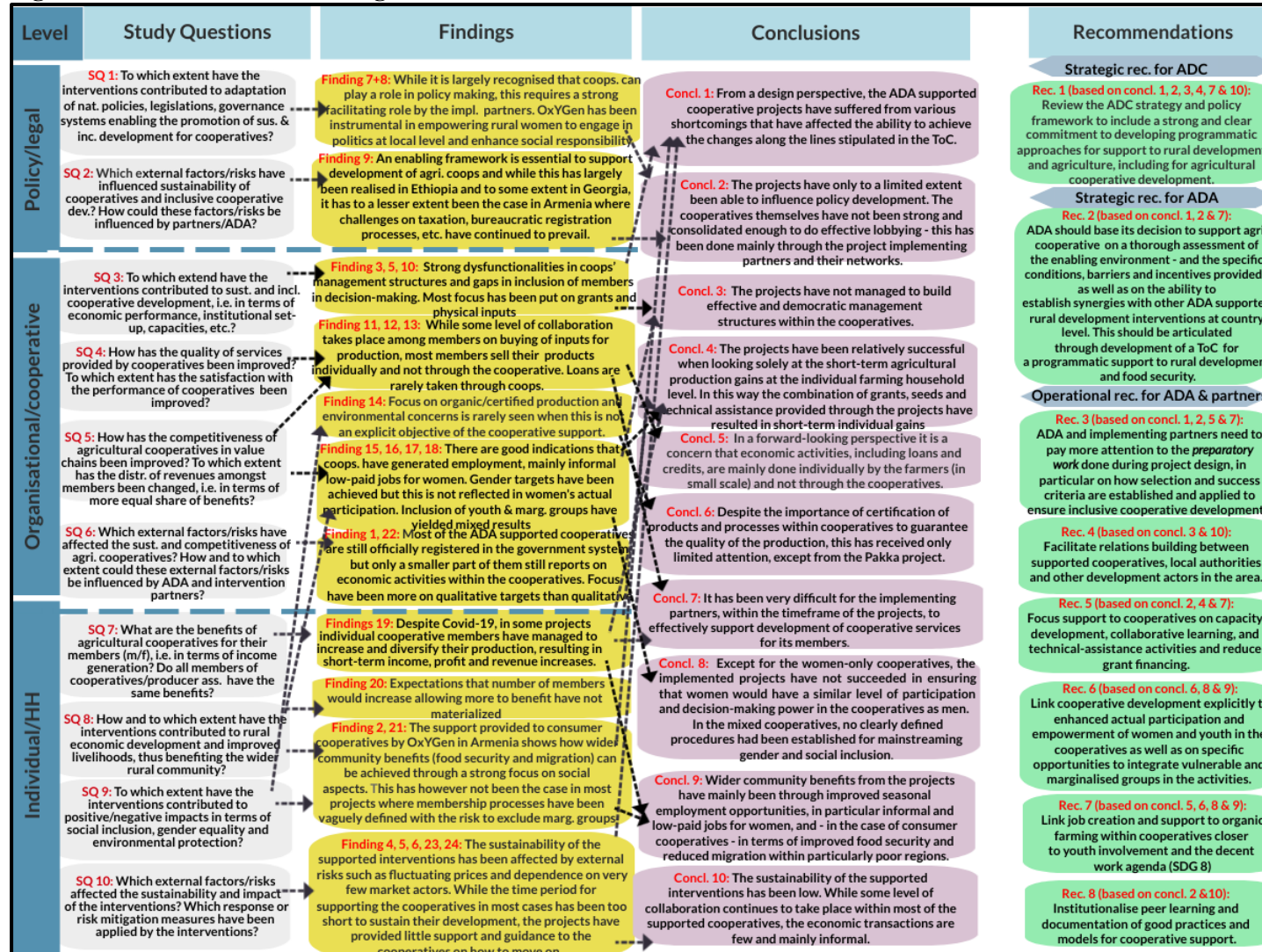
A stronger attention needs to be paid to the conditions of the jobs generated by cooperatives and how these could be made more attractive also to youth who could contribute with technological, social and organisational innovations. In this regard, *organic farming* has shown more attractive to youth than conventional farming at the same time as it contributes to enhanced sustainability. Typical youth skills, such as knowledge of languages, website or project design, may also help to diversify and upscale cooperative activities.

Recommendation 8 (based on conclusions 2, and 10): Institutionalise *peer learning* and documentation of good practices and models for cooperative support.

This should include introduction of more useful and participatory monitoring and learning approaches and a move from the use of primarily quantitative targets to *a stronger focus on qualitative aspects of cooperative development*.⁸² Likewise, the support should include a *stronger focus on peer-learning and documentation of good practices/ models* in order to facilitate a common space for mutual learning and collaboration among the supported cooperatives, e.g. through cooperative networks or alliance. Here “champions” from successful and experienced cooperatives could be used as resource persons to assist newer and more unexperienced cooperatives.

⁸² It may be worthwhile to introduce the “Outcome Harvesting” concept as a participatory monitoring tool that could contribute to an enhanced ownership and understanding of change processes among cooperative members and implementing partners.

Figure 6: Relation between findings, conclusions and recommendations



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Project Progress Report, GCP/GEO/012/AUS, Strengthening capacities of stakeholders for the implementation of the Strategy for Agricultural Development in Georgia 2015-2020 and the Rural Development Strategy of Georgia 2017-2020, Reporting Period: 1 December 2018 – 30 November 2019

Project Progress Report, GCP/GEO/012/AUS, Strengthening capacities of stakeholders for the implementation of the Strategy for Agricultural Development in Georgia 2015-2020 and the Rural Development Strategy of Georgia 2017-2020, Reporting Period: 1 December 2019 – 31 May 2020

Project Progress Report, GCP/GEO/012/AUS, Strengthening capacities of stakeholders for the implementation of the Strategy for Agricultural Development in Georgia 2015-2020 and the Rural Development Strategy of Georgia 2017-2020, Reporting Period: 1 December 2019–30 November 2020

Other countries - Burkina Faso:

PFDLBH II

Ministere de l'agriculture de l'hydraulique et des ressources halieutiques (2007) Document consolidé de projet, 2098-00/2008 PFDL/BH, Programme d'appui a la gestion du fonds de developpement local dans les provinces des bale et du houet.

PRCF

Annexe 1, Matrice de planification

Nazan Consulting (2016) Evaluation Finale du PRCF

Ministere de l'agriculture et de l'hydraulique (2012) Projet de Renforcement des Capacités de la FECOPAO (PRCF)

Prgramme d'appui au fonds de développement local

Austroprojekt (2009) Förderansuchen für das Projekt - Projet d'Appui au Fonds de Développement local dans les provinces de Kourittenga, Koupelogo et Komienga – PFDL-3K

Kientore et al. (2011). Rapport d'évaluation du projet d'appui au fonds developpement local dans les provinces du kourittenga, du koupelogo et de la kompienga

Other countries – Ethiopia:

Stärkung der Kooperativen in Bora Dembel

EWA, Logical Framework Projekt 2319-02/2012 Stärkung der Kooperativen in Bora Dembel

EWA et al., Projektdokument 2319-02/2012

CAFÉ

Austrian Development Agency, Business Partnerships, Grant Application, Coffee Alliances For Ethiopia (CAFÉ), Annex A
Wassie Management Consulting (2019) Final Evaluation of Coffee Alliances for Ethiopia Project

CAFÉ Phase 2

Austrian Development Agency (2019) Business Partnerships – Coffee Alliances for Ethiopia (CAFÉ). Annex A

Other countries – Kosovo:

Vereine von Bauern und Bäuerinnen fördern ländliche Entwicklung

Projektdokument 8108-06/2009 (2009)
Projektplanübersicht (Logical Framework) (2009)

Other documents

Fici, Antonio & Urutyán (2016), Current State and Development Prospects of Cooperative Legislation in Armenia, ICA 2016, Almeria

Annex 2: Literature study on global experiences for cooperatives

The below summary of the literature study, conducted during the impact study's inception phase, reflects the three levels of analysis of the impact study: the *policy/institutional level*, the *organisational/cooperative level*, and the *household/individual level complemented by* discussions of sustainability and drivers for success. At the end, , some keys issues were highlighted for further exploration during data collection and analysis.

Policy/institutional level

The policy framework is central for the cooperatives and incentives to form, develop and sustain cooperatives. Cooperatives have worked best when the policy framework provides incentives for collective collaborations. This has for instance been the case in Ethiopia where a conducive legal framework has been present. The legal framework employed by the Ethiopian government has been critical in the relative success of its renewed cooperative movement. This demonstrates that although cooperatives are usually externally promoted structures, the policy environment can have a large influence on their efficacy.⁸³ The most common support to the legislative framework is cooperative legislation⁸⁴ which has been developed in Ethiopia, Georgia and Armenia. According to the Centre for Development and Environment policy brief from 2020, an enabling environment for cooperatives includes favourable legal and tax matters, grants or low/no interest credit lines for start-up or to bridge financial gaps between harvest and sale. It also includes linking of public purchasing, such as school meals, to cooperatives to provide a stable consumer base and offering of high-quality extension services to cooperatives.⁸⁵

While it is recognised that cooperatives can play a key role in advocacy for legal framework improvements, studies indicate that this occurs to a varying degree. An International Labour Organisation (ILO) study from 2001 found that cooperatives usually keep a low profile on social and political issues and concentrate on their own economic activities in their special way of doing business.⁸⁶ However, there are examples of the opposite e.g. in Mozambique where cooperatives have had the opportunity to draft cooperative laws with the help from the National Cooperative Business Association.⁸⁷ In Israel, the partnership between the government and the cooperative movement has been a cornerstone of the economic and social development, while in Panama, cooperatives are implementing plans and employment programmes that are consistent with the strategies of the government for socio-economic development.⁸⁸

The OXFAM GB/OxYGen Project funded by ADA in Armenia has also included advocacy work through a multi-stakeholder national platform (Alliance) influencing gender sensitive policy and strategy development, initiatives related to the improvement and adoption of the Law on Cooperatives, promotion of successful agri-food female farmers as heroes of local agricultural production, research activities to look at the role and potential and barriers of rural women in the agricultural value chain.⁸⁹

Thus, as it concerns the role of cooperatives on advocacy there are several aspects to be considered (e.g. in relation to capacities, resources, occupation etc. of cooperatives). There are

⁸³ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015.

⁸⁴ Support for Farmers' Cooperatives - Final Report, EC, 2012.

⁸⁵ Centre for Development and Environment Policy Brief, 2020

⁸⁶ Promotion of cooperatives, ILO, 2001, part 2

⁸⁷ Cooperative Development Program, USAID, 2017

⁸⁸ Inclusive Investment in Agriculture: Cooperatives and the role of foreign investment", IISD, 2014.

⁸⁹ Final Evaluation of the "Improving Small Holder Farming through Agricultural Cooperatives and Value Chain Development in Tavush Marz, Armenia" Project, 2012

very diverse experiences in the different countries. Advocacy efforts also depends on the enabling/disabling policy environment (e.g. willingness of national governments to listen to cooperatives and take their interests, priorities etc. into account).

Organisational/cooperative level

Findings from the literature study indicate that while organisational governance and strengthening is considered one of the most important aspects of support to cooperatives, this issue is not always prioritised sufficiently.⁹⁰ Cooperatives' governance systems and organisations as such are seen as more important than for instance the size of the cooperative.⁹¹ Establishing sustainable governance structures is not an easy task, but a long-term process that requires substantial technical support and coaching along the way.⁹² Support is needed in several areas as the cooperatives need to do book-keeping, meet with buyers, establish market linkages, manage members and balance between different interest and priorities etc.⁹³ It is an area that is sometimes underprioritized and an EC study from 2012 indicated that little attention was devoted to capacity building. When projects did allocate support to capacity building this was in most cases more focused on improving positions in the food chain (e.g. through marketing knowledge) than on strengthening of internal governance.⁹⁴

Capacity strengthening through training (management, marketing, financial literacy, access to finance, financial management) were proven to be effective for value-adding activities (production and marketing strategies) for cooperatives in Rwanda.⁹⁵ A similar finding from the International Fund for Agricultural Development (IFAD) indicated that technical support in Senegal has led to local self-governance taking root, and credit take-off in the Philippines were found impressive due to technical support.⁹⁶ Technical support to the basics of agricultural cooperative as well as on business planning has proven to be very beneficial and has helped cooperatives to develop business plans to obtain additional funding.⁹⁷ This is an important outcome of technical support to facilitate the cooperative flourish, and hence the possibility of becoming sustainable. Yet, it should also be taken into account that the respective demand for capacity development (e.g. as it concerns prioritisation of "topics", focus of capacity development measures etc.) must come from the cooperatives themselves.

A competent trustworthy management with the right set of skills and focus on engaging the members and empowering them to participate collectively is essential for cooperatives.⁹⁸ There are evidence indicating that cooperatives that have been able to improve their management have reduced costs significantly.⁹⁹ Skills needed for management to perform their role sufficiently include understanding of the specific market and financial challenges of the cooperatives, ability to engage members to participate and ensure that members' skills are also upgraded. These aspects are essential for the sustainability of the cooperatives but also in order to attract foreign investment.¹⁰⁰ Ensuring an equal distribution of profit among members in a transparent manner

⁹⁰ IFAD's Engagement with Cooperatives, IFAD, 2013; Inclusive Investment in Agriculture: Cooperatives and the role of foreign investment", IISD, 2014.

⁹¹ Support for Farmers' Cooperatives - Final Report, EC, 2012

⁹² SPARK Cooperative Support Manual, 2019

⁹³ SPARK Cooperative Support Manual, 2019

⁹⁴ Support for Farmers' Cooperatives - Final Report, EC, 2012

⁹⁵ Impact Report Series, ILO, 2017

⁹⁶ IFAD's Engagement with Cooperatives, IFAD, 2013

⁹⁷ Evaluation of AC training, EC, 2017.

⁹⁸ HYSTRA, Small Holder Farmers and Business, 2015; Guidance Note, International Co-operative Alliance, 2015.

⁹⁹ Inclusive Investment in Agriculture, 2014.

¹⁰⁰ Inclusive Investment in Agriculture, 2014.

is part of being a trustworthy manager and highlighted as an essential skill to ensure trustworthiness.¹⁰¹

There are also findings indicating that a professional management can enhance efficiency considerably and that it is more important to attract professional management members than securing local managers within the membership.¹⁰² This was confirmed by the EC study from 2012 which found that the best cooperatives had proportional voting rights, professional management, supervision by outsiders, and selection of directors on the basis of expertise or product representation and not by regional origin.¹⁰³ Professional management and external supervisors are hence key ingredients to securing efficient cooperatives.

There are good examples of cooperatives in Georgia being strong in organising farmers and in identifying agricultural product partners within the business community.¹⁰⁴ There are also good experiences from inviting more market oriented and mature cooperatives with a certain degree of market power to share their experiences with other cooperatives at a less mature state.¹⁰⁵

While there is general agreement in the literature that a strong organisation is essential to ensure sustainability of cooperatives there are also substantial challenges at this level. Mistrust and different interests and levels of risk aversion among members are some of the challenges. The cooperative approach is built on the assumption that the collective action would support individual farmers joining forces and working towards a common goal, but this is not always the case in practice. A research study on dairy producers indicated that agricultural cooperatives can endure negative effects from collective action through various sources: i) timely procedure in collective decision-making; ii) loss of revenue due to loyalty to the cooperative (the members are bound to the cooperative even if competitors offer better prices); iii) collective decision on which services the cooperatives provides may come at higher costs for some members than others; and iv) costs may occur if not all members are equally opportunistic in behaviour.¹⁰⁶ The last point on behaviour is not least relevant when cooperatives are supported to also ensure social inclusion of marginalised groups where it can be difficult to strike a balance between gaining profit and supporting business minded farmers and at the same time meet social inclusion criteria.

Household/individual level

At the household/individual level there are documented effects in several areas ranging from increased income to employment and food security aspects. Prices, profits and income through increased productivity are key areas highlighted in the literature.¹⁰⁷

Income effects

Cooperatives have the potential to affect farmers income level and findings indicate that operating strategically as a group strengthens cooperative members' economic resilience.¹⁰⁸ By putting everyone's crop yields together in one large pot, members' bargaining power enhances vis-à-vis buyers or processing companies and thereby cooperatives can get better prices for their

¹⁰¹ Center for Development and Environment Policy Brief, 2020.

¹⁰² Principles and Metrics for Cooperative Agribusiness in Africa 2017.

¹⁰³ Support for Farmers' Cooperatives - Final Report, EC, 2012.

¹⁰⁴ Evaluation of ENPARD, EU, 2017.

¹⁰⁵ Principles and Metrics for Cooperative Agribusiness in Africa 2017.

¹⁰⁶ Cooperative membership and dairy performance among smallholders in Ethiopia, 2016.

¹⁰⁷ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹⁰⁸ The impact of agricultural cooperatives membership on the wellbeing of smallholder farmers, 2017.

products.¹⁰⁹ Higher prices and less price volatility are also experienced when cooperatives possess large market shares in specific sectors and countries.¹¹⁰ In Rwanda, an analysis of the correlation between cooperatives and poverty concluded that membership in general has a positive impact on farm income and thus reduce the likelihood of being poor. Effects varies with the size of the farm, its distance to market and the availability of labour in the household.¹¹¹

Key to cooperatives' success in obtaining better prices has been their strategy for producing goods for certified speciality markets.¹¹² This is however not without struggle and sometimes the effort does not pay off in terms of time investment. Findings indicate that producing certified goods (e.g. organic, fair trade) can come with a higher cost and may not necessarily increase income. Efforts to become certified might 'eat away' the profit since it is a cumbersome process with many requirements for farmers to follow and it can even prevent more vulnerable farmers to join the cooperative. The Policy brief therefore recommends that "*local identity labels with transparent self-defined sustainability criteria and mutual low-cost certification may be a better option for agricultural cooperatives*".¹¹³

There are indications that effects are skewed amongst members. Cooperative membership is more effective at improving wellbeing for more-educated households that have fewer children and a larger land size per capita.¹¹⁴ Findings from Ethiopia also indicate that marketing cooperatives tend to exclude poorer farmers and when they do join, participation is limited.¹¹⁵ This indicates that while cooperatives have potentials for social inclusion, this is not likely to occur without a dedicated effort. The Social Impact Review from 2015 included an assessment of female-only cooperatives in India and here there was not detected any significant impact on income.¹¹⁶

Food security aspects

Findings from the literature study indicate a correlation between membership of cooperatives and improved food security. An impact study of agricultural cooperatives memberships indicated a significantly higher consumption per adult members of cooperatives compared to non-members.¹¹⁷ A general tendency to increased yield and production is likely to improve households' food security.¹¹⁸ Dairy farmers in Ethiopia experienced cooperatives as efficient business institutions to foster rural development and food security. The knowledge dissemination and transfer of technology know-how, innovation and learning and economies of scale improved production quality.¹¹⁹ In Uganda, there was also found positive correlations with women's membership of an agricultural cooperative and their households' food and basic need security.¹²⁰ Lastly, in Armenia an unintended result of the support to cooperatives by

¹⁰⁹ Center for Development and Environment Policy Brief, 2020.

¹¹⁰ Support for Farmers' Cooperatives - Final Report, EC, 2012.

¹¹¹ Impact Report Series, Issue 5: Evaluating the results of an agricultural cooperative support programme: Business practices, access to finance, youth employment, ILO, 2017

¹¹² Center for Development and Environment Policy Brief, 2020.

¹¹³ Center for Development and Environment Policy Brief, 2020.

¹¹⁴ The impact of agricultural cooperatives membership on the wellbeing of smallholder farmers, 2017.

¹¹⁵ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹¹⁶ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹¹⁷ The impact of agricultural cooperatives membership on the wellbeing of smallholder farmers, 2017.

¹¹⁸ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹¹⁹ Cooperative membership and dairy performance among smallholders in Ethiopia, 2016.

¹²⁰ Research Paper: "The impact of agricultural co-operatives on women's empowerment: Evidence from Uganda, 2017

Oxfam GB was supply of the community population with clean and high-quality food at affordable price.¹²¹

Employment effects

Although, there are potentials for employment effects within cooperatives, little evidence is available in the literature on this aspect.¹²² Few publications refer to findings concerning employment. The ILO study from 2017 does mention a slightly higher share of seasonal employees in cooperatives supported by projects than in comparison groups. More interestingly, the supported groups have managed to hire a larger percentage of women and youth compared to the comparison group. This confirms the potentials for cooperatives to influence involvement of specific target groups.¹²³

Environmental issues

Environmental issues and potential impact are not substantially discussed in the literature reviewed for this study. There are statements of the potential for cooperatives to promote environmentally friendly methods but there are no assessments linking cooperatives to potential environmental impact. This is surprising since agricultural projects often promote techniques that are climate resilient, sustainable and environment friendly e.g. by reducing use of pesticides.

One research study on cooperatives environmental impact in Ethiopia found that while there is a significant positive impact of cooperatives on members' social capital, farmers' environmental performance is negatively associated within cooperatives, contrary to expectations.¹²⁴ Another study from China however found that investor-owned firm-led cooperatives had improved in environmental performance and that there were potentials for improvement in environmental impacts and economic returns between cooperatives and smallholder farmers.¹²⁵

In the Chittagong Hill Tracts in Bangladesh, findings indicated a reduced use of pesticide due to UNDP's implementation of Farmers Fields Schools, however the role of cooperatives in this respect is less clear.¹²⁶ Bolivia's southern Altiplano provides an example of how cooperatives' rules and traditional authorities' rules have worked complementarily to limit local ecological harms, such as unchecked land conversion, during the post-2010 period of booming global demand for quinoa. Cooperatives also proved more resilient when global quinoa prices crashed, and members' livelihoods were maintained by diversifying and increasing their role in value chains.¹²⁷

¹²¹ Final Evaluation of the "Improving Small Holder Farming through Agricultural Cooperatives and Value Chain Development in Tavush Marz, Armenia" Project, 2012

¹²² Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹²³ Impact Report Series, Issue 5: Evaluating the results of an agricultural cooperative support programme: Business practices, access to finance, youth employment, ILO, 2017

¹²⁴ Dagne Mojo, Christian Fischer & Therefe Degefa: "Social and environmental impacts of agricultural cooperatives: evidence from Ethiopia," International Journal of Sustainable Development & World Ecology, 2015

¹²⁵ Comparative analysis on environmental and economic performance of agricultural cooperatives and smallholder farmers: The case of grape production in Hebei, China, Lei Deng et al. 2021.

¹²⁶ E.g. Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019.

¹²⁷ Center for Development and Environment policy brief 2020

Gender and social inclusion

International literature in general concludes that gender and social inclusion can be promoted through cooperatives and that memberships of cooperatives can have a positive impact on gender roles.¹²⁸ There are however challenges related to poor and marginalised groups' participation and access to cooperatives that are difficult to overcome. These include poor access in terms of infrastructure and lack of transportation from remote areas, lack of communication technology etc. There is also a general lower representation of women in the cooperatives although this problem is increasingly being addressed.¹²⁹

In Uganda, an impact study indicated that women's participation in cooperatives had a significant positive impact on economic well-being, knowledge and adaptation of agronomic practices. In particular, large impact was found on women's decision-making power at the household, group and community level.¹³⁰ This was confirmed in Bangladesh, where a significant impact was found on women's decision-making power after participating in Farmers Fields Schools and being linked to farmers organisations. Women's ability to speak in public had also increased considerably. However, in both Uganda and Bangladesh there were no impact on women's household chores and division of labour in the household, rather there was a tendency for women to become overburdened with very little time for leisure in Bangladesh.¹³¹

In Georgia, cooperatives have helped boost employment amongst women at all levels, including managerial positions, creating a more gender-balanced labour market.¹³² While this is also confirmed by other studies, it is at the same time clear that more needs to be done to ensure gender equality and inclusion in cooperative organisations, in particular at management level. There are few examples of females in top management, instead they are mostly performing functions as cashiers, secretaries, etc.¹³³ Similar findings are present in other projects, where the level of female leaders is low.¹³⁴ There is a general agreement that gender and social inclusion must be dedicated substantial focus to reduce barriers in order to ensure women's empowerment.¹³⁵

Gender and social inclusion in cooperatives still face substantial challenges although awareness of these aspects have increased in recent years.¹³⁶ There are a number of barriers for women's participation and although there has been progress in terms of quantitative participation, there are still substantial barriers preventing their full participation. Memberships of cooperatives are often given automatically to the male member of the household – despite the fact that the bulk of the work might be done by the woman. Women are also challenged by restrictions on mobility and time for productive work due to household chores.¹³⁷ In Bangladesh, women's lack of mobility is preventing them to fully participate in farmers organisations and they are taken

¹²⁸ Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019; Research Paper: "The impact of agricultural co-operatives on women's empowerment: Evidence from Uganda, 2017; IFAD's engagement with cooperatives, IFAD, 2013

¹²⁹ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹³⁰ Research Paper: "The impact of agricultural co-operatives on women's empowerment: Evidence from Uganda, 2017

¹³¹ Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019

¹³² EU-supported agricultural cooperatives, 2017

¹³³ Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019

¹³⁴ E.g. The Business Case for Women's Participation in Agricultural Cooperatives. A Case Study of the Muduvira Sugarcane Cooperative, Paraguay, 2014

¹³⁵ Research Paper: "The impact of agricultural co-operatives on women's empowerment: Evidence from Uganda, 2017; Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019

¹³⁶ Center for Development and Environment policy brief 2020

¹³⁷ Teaching material on Trade and Gender Linkages: The Gender Impact of Technological Upgrading in Agriculture, UNCTAD, 2020

advantage of due to their lack of participation in the actual money transfers.¹³⁸ Further, women are often neglected by extension workers, and due to reproductive responsibilities they have a higher opportunity costs of time affecting their participation in cooperatives.¹³⁹

Sustainability of the cooperatives

There are many factors challenging the sustainability of cooperatives. It relies strongly on the organisational level and the policy framework and the incentives for the cooperative to continue collaborating. According to IFAD (2013) it depends on sector integration, links to local community structures, involvement in value chains and fully committed local leaders.¹⁴⁰ A strong management and oversight mechanism was also found to be central in the Co-operative Alliance, that emphasises strengthening of the skills set of board members and managers, making sure that they are aligned with and understand the cooperative's values and principles.¹⁴¹ Managers and board members need to understand priorities but also be able to adapt to changing challenges within the organisation.¹⁴²

The ENPARD evaluation found that sustainability of cooperatives is influenced by four main factors: leadership and management, active participation of members, access to finance, and the presence of an enabling environment.¹⁴³ Thereby, the evaluation confirms the need for proper leadership and an enabling environment but also adds the importance of having access to finance and active participation of members. This requires continuous involvement and inclusion of members and establishing of a profitable business where members gain economically. The importance of the access to finances is highlighted by the SPARK Manual.¹⁴⁴

Cooperatives are more likely to be sustainable if each member contribute with their maximum capacity and when the amount and support is as homogeneously divided as possible to avoid internal frictions, inefficiencies, and side-selling.¹⁴⁵ Findings also indicate that establishing good relationships with reliable partners (such as NGOs, training providers, education institutions, and governmental actors on ground) will increase the success of implementation and securing the sustainability of cooperatives.¹⁴⁶

While in general it can be argued that “more economic orientated” cooperatives are more likely to be sustainable (due to the fact that they are more likely to generate revenues through the sales of their produce, receive member fees etc.), on the other hand, it is also likely that they are less inclusive and/or have greater disparities amongst their members.

Key drivers for success

Proper selection of cooperatives for grant support by implementing partners and sharing learning and knowledge across cooperatives are found to enhance learning efficiency and are drivers for success.¹⁴⁷ In particular, inviting representatives of more commercially oriented and mature cooperatives with a certain degree of market power was found to enhance learning

¹³⁸ Evaluation of Agricultural Growth & Employment Programme (AGEP), Bangladesh, 2019

¹³⁹ Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review. Social Impact, 2015

¹⁴⁰ IFAD's engagement with cooperatives, IFAD, 2013

¹⁴¹ Guidance Note, International Co-operative Alliance, 2015

¹⁴² A Policy Note on Agricultural Cooperatives in Africa, CIAT, 2015

¹⁴³ Evaluation of ENPARD 1. March 2013-2017, Final Report, December 2017.

¹⁴⁴ Cooperative support: from subsistence farming to commercial farming, Cooperative support manual, Spark, 2019

¹⁴⁵ Inclusive Investment in Agriculture: Cooperatives and the role of foreign investment”, IISD, 2014.

¹⁴⁶ Guidance Note, International Co-operative Alliance, 2015

¹⁴⁷ Principles and Metrics for Cooperative Agribusiness in Africa 2017

efficiency.¹⁴⁸ Apart from that, ensuring capacity development of all members of the cooperatives and not only management is key in order for members to be able to hold management accountable.¹⁴⁹

Practical application in the approach and methods

A number of issues of wider interest have been identified through the literature review. These issues are used to inform the development of the tools and focus for the data collection and analysis in Chapter 4 (see e.g. Figure 3).

At the **policy/institutional level** a key aspect to explore is to what extent ADA and implementing partners have managed to advocate for an enhanced legal framework. The literature study showed that this is indeed important in order for the members to continue seeing the added value of the cooperative. It also showed that while cooperatives are often considered as potential advocates, they tend to focus mainly on their own production and profit generation.

A key risk identified in both Armenia and Georgia is a reduced interest/priority of the governments in the two countries to ensure enabling framework conditions for cooperatives (e.g. as it concerns registration, taxation etc. of cooperatives) after the ENPARD has ended.

At the **organisational/cooperative level**, the literature study points to the following focus areas:

- Support provided to build *a culture of trust* among members and leadership, balancing different capacities, interests and levels of risk aversion in the cooperative. This includes the extent to which the organisational structures allow for transparent processes and accountable mechanisms to ensure members' trust.
- Support to *organisational governance and internal structures* to allow for the cooperatives to be profitable, inclusive and sustainable. This includes the extent to which female members included in the management, and not only through quantitative participation but also by actual participation in the different processes.
- Cooperatives ability to improve their *services towards members* by providing better access to credit, markets and opportunities, and lay the foundation for cooperatives to use their enhanced capacity to, e.g. develop business plans for other funding opportunities.

As discussed above, literature has also been reviewed to identify specific impacts on the **individual/household level**, including potential impacts on employment, income, food security and the environment. At this level, the different roles of men and women is also critical (e.g. while women are often empowered at the household and community level to speak up, there is still long way to go in terms of sharing household chores). In addition, when the cooperatives work actively with inclusion of vulnerable groups there are great potentials. The literature shows however that this does not occur automatically, there are indications that the better-off benefits more from the cooperatives than the poorer.

¹⁴⁸ Evaluation of ENPARD 1. March 2013-2017, Final Report, December 2017.

¹⁴⁹ Guidance Note, International Co-operative Alliance, 2015

Annex 3: Study Matrix

| Study Questions | | Judgement criteria | Methods for data collection |
|-----------------------------|--|---|---|
| Policy/legal level | | | |
| 1 | How and to which extent have the interventions contributed to adaptations of national policies, legislations etc. and supportive governance systems (e.g. in terms of registration, taxation, subsidies etc.), thus enabling the promotion of sustainable and inclusive cooperative development? | Adoption of conducive national policies Time and requirements for registration of cooperatives Taxation/subsidy incentives | Literature study (global) Document review (wider ADA portfolio) Virtual interviews (secondary countries) Interviews with key stakeholders (Georgia and Armenia) |
| 2 | Which external factors (enabling/disabling) and/or risks have affected sustainable and inclusive cooperative development? How and to which extent could these external factors and/or risks be influenced by ADA and project partners? | Protocols for non-exclusion of groups and HHs from the cooperatives Lack of access to credit Counter-productive legal framework ADA/partner risk mitigation measures / strategies | Literature study (global) Document review (primary and secondary countries) ToC Workshop Virtual interviews (secondary countries) Interviews with key stakeholders (primary countries) |
| Organisational level | | | |
| 3 | How and to which extent have the interventions contributed to sustainable and inclusive cooperative development, i.e. in terms of economic performance, institutional set-up, (management) capacities, etc.? | Profitability of cooperatives Decision-making in the cooperatives (procedures and participation) Social inclusion and composition of boards Changes in knowledge and skills of management Share of supported cooperatives that are still active/operational, compared to the share of non-supported Employment generated by cooperatives (m/f) | Literature study (global) Document review (primary and secondary countries) Virtual interviews (secondary countries) For primary countries (Georgia and Armenia): - Surveys - FGDs with cooperative members (m/f) - Interviews with cooperative leaders |
| 4 | How has the quality of services (e.g. in terms of access to finances, markets etc.) provided by cooperatives been improved? To which extent has the satisfaction with the performance of cooperatives (i.e. from the side of cooperative members) been improved? | Level and accessibility of financial and credit products Level and accessibility of inputs (seeds etc.) Type and number of market actor relationships established Changes in member satisfaction with performance of cooperatives (m/f) | Literature study (global) Document review (primary and secondary countries) Virtual interviews (secondary countries) For primary countries (Georgia and Armenia): - Survey - FGDs with cooperative members (m/f) - Interviews with cooperative leaders |

| | | | |
|-----------------------------------|--|--|--|
| 5 | How has the competitiveness of agricultural cooperatives in value chains been improved? To which extent has the distribution of revenues amongst members been changed, i.e. in terms of more equal share of benefits? | Changes in structures and levels of production costs and sales prices in value chains Certification/organic production Level of diversification Relative change in revenues across member groups | Literature study (global) Document review (primary and secondary countries) Virtual interviews (secondary countries) For primary countries (Georgia and Armenia): - Survey - FGDs with cooperative members - Interviews with cooperative leaders |
| 6 | Which external factors (enabling/disabling) and/or risks have affected the sustainability and competitiveness of agricultural cooperatives? How and to which extent could these external factors and/or risks be influenced by ADA and intervention partners? | Major changes in economic conditions of the cooperatives Unintended effects' influence on male and female members ADA/partner risk mitigation measures / strategies | Literature study (global) Document review (primary and secondary countries) ToC Workshop Virtual interviews (secondary countries) For primary countries (Georgia and Armenia): - Survey - FGDs with cooperative members - Interviews with cooperative leaders |
| Individual/Household level | | | |
| 7 | What are the benefits of agricultural cooperatives for their male and female members, i.e. in terms of income generation? Do all members of cooperatives/producer associations - i.e. men, women, vulnerable groups - have the same benefits (access, control, use of cooperative resources and assets)? | Changes in income and assets at HH level Distribution of benefits (access, control and use of cooperative assets and resources) among cooperative members | Literature study (global) Document review (primary and secondary countries) For primary countries: - Survey - FGDs with cooperative members - Interviews with cooperative leaders |
| 8 | How and to which extent have the interventions contributed to rural economic development and improved livelihoods, thus benefiting the wider rural community? | Improvements in livelihoods and/or economic activities among non-cooperative members Level of community engagement compared to previous Spill-over mechanisms and links established to wider community development e.g. women and vulnerable group's participation | For primary countries (Georgia and Armenia): - Survey - Interviews with cooperative leaders - FGDs with cooperative members Community visits and informal talks with non-cooperative members |
| 9 | To which extent have the interventions contributed to positive/negative impacts in terms of social inclusion, gender equality and environmental protection (e.g. in terms of social | Change in participation of vulnerable individuals/HHs in planning and decision-making Change in division of roles, responsibilities and | Literature study (global) For primary countries (Georgia and Armenia): - Survey |

| | | | |
|----|--|--|---|
| | & power relations, resource efficiency, changes in behaviours, capabilities, access and benefits etc.)? | behaviour between men and women in HHs Level of negative impact from changing gender roles Change in use of pesticides | - Interviews with cooperative leaders - FGDs with cooperative members Community visits and informal talks with non-cooperative members |
| 10 | Which external factors (enabling/disabling) and/or risks affected the sustainability and impact of the interventions? Which response or risk mitigation measures have been applied by the interventions? | Drivers and barriers for membership of cooperatives ADA/partner risk mitigation measures / strategies | Literature study (global) Document review (primary and secondary countries) ToC Workshop Virtual interviews (secondary countries) For primary countries (Georgia and Armenia): - Survey - FGDs - Interviews with cooperative leaders/members |

Annex 4: Table on triangulation of findings

| Finding | Litt. study | Desk review | Coop. survey | Member survey | FGDs | KIIs | ToC workshop | Observations |
|--|-------------|-------------|--------------|---------------|------|------|--------------|--------------|
| Intervention design | | | | | | | | |
| Finding 1. The project designs have tended to focus too much on quantitative targets and to a lesser extent addressed quality aspects of cooperative development. | | X | | | | X | X | |
| Finding 2. Membership processes have in most cases been rather vaguely defined with the inherent risk that marginalised groups could be excluded from participation. | | X | | | X | X | | |
| Finding 3. Most projects have had a too strong focus on provision of grants and physical inputs to motivate cooperative membership. | | X | | | X | X | X | |
| Finding 4. While the choice of implementing partners to a large extent has pre-defined the scope and opportunities for the projects, ADA has contributed with strong competencies and experiences on cooperatives. | | X | | | | X | X | |
| Finding 5. Most projects have lacked an adequate system for monitoring and learning to support implementation on the ground. | | X | | | | X | | |
| Finding 6. Coordination and harmonisation with other programmes have been challenging. | | | | | X | X | | |
| Policy/legal level | | | | | | | | |
| Finding 7. While it is largely recognised that cooperatives can play a role in policy making, this requires a strong facilitating role by the implementing partners. | X | X | | | X | X | | |
| Finding 8. Oxfam/OxYGen has been instrumental in empowering and supporting rural women to engage in politics at local level and enhance social responsibility in the communities. | X | X | | | X | X | | X |
| Finding 9. An enabling framework is essential to support development of agricultural cooperatives and while this has largely been realised in Ethiopia and to some extent in Georgia, it has to a lesser extent been the case in Armenia where challenges on taxation, bureaucratic registration processes, etc. have continued to prevail. | X | X | | | X | X | X | |
| Cooperative/organisational level | | | | | | | | |

| | | | | | | | | |
|--|--|---|---|---|---|---|---|---|
| Finding 10. The study team found strong dysfunctionalities in relation to the ADA supported cooperatives' management structures. In practice, most cooperatives were found to be managed and operated by just one or two persons. Other members were only to a limited extent involved in decision-making and planning processes. | | | | | X | X | | X |
| Finding 11. Some level of collaboration takes place among cooperative members on buying of inputs for production. | | | X | X | X | X | | |
| Finding 12. Cooperative members mostly sell their agricultural products individually and not through the cooperative. | | | X | X | X | X | | |
| Finding 13. Cooperatives rarely take loans collectively and most activities are self-financed. | | | X | X | X | X | | |
| Finding 14. Focus on organic/certified production and environmental concerns is rarely seen when this is not an explicit objective of the cooperative support. | | | X | X | X | X | | |
| Finding 15. While quantitative gender targets have been achieved for the cooperative membership base this has not led to an equal participation of women in the cooperatives' operations nor in their management structures. | | X | X | X | X | X | | X |
| Finding 16. It has been challenging to ensure a strong youth representation in the cooperatives, only around 15% of the cooperative members are below 35 years old. | | | X | X | X | X | | X |
| Finding 17. Cooperatives have demonstrated a mixed ability to include marginalised groups (in most cases IDPs) and in general, the implementing partners stated ambitions on social inclusion have not been fulfilled. | | | X | X | X | X | | |
| Individual level | | | | | | | | |
| Finding 18. In some projects, individual cooperative members have managed to increase and diversify their production, resulting in short-term income, profit and revenue increases. | | | X | X | X | X | | |
| Finding 19. There are good indications that cooperatives have generated employment, mainly informal low-paid jobs for women. | | | X | X | X | X | | |
| Finding 20. Expectations that the ADA supported cooperatives would increase their membership base over time - thereby allowing more individual households to benefit - have not materialised to any larger extent. | | X | | | X | X | X | |

| | | | | | | | | |
|--|---|---|---|--|---|---|---|---|
| Finding 21. The support provided to consumer cooperatives by Oxfam/OxYGen in Armenia shows how wider community benefits (food security and migration) can be achieved through a strong focus on social aspects. | X | X | | | X | X | | X |
| Sustainability | | | | | | | | |
| Finding 22. While most of the ADA supported cooperatives are still officially registered in the government system, only a smaller part of them still reports on economic activities within the cooperatives. | | | X | | X | X | X | |
| Finding 23. The sustainability of the supported interventions has been affected by external risk factors such as fluctuating prices and dependence on very few market actors. | | X | | | X | X | X | |
| Finding 24. The time period for supporting the cooperatives in most cases has been too short to sustain their development and the projects have provided little support and guidance to the cooperatives on how to move on. | | X | | | X | X | X | |

Annex 5: Contexts on the Development of Cooperatives in Armenia and Georgia

ARMENIA

Institutional / legal framework

After privatization of agricultural lands and other agricultural means of production - started from 1991, numerous problems came out in the agricultural sector of Armenia.

In terms of solving the problems faced by agriculture and increasing competitiveness, the joint activity of business entities in agriculture is especially emphasized, particularly through formation of cooperatives.

First cooperatives, acting in agricultural and correlated sectors, have been established on the base of the RA Law “On Consumer Cooperation” (came into force in **April 30, 1994**) and later on also on the base of the Civil Code of the Republic of Armenia (came into force in **January 1, 1999**). In order to consider all peculiarities existing in the agricultural sector and to ensure more effective operations of cooperatives involved in agricultural and related activities, the law “On agricultural cooperatives” has been adopted in Armenia in December 2015, which came into force from **January 9, 2016**.

Other supporting mechanisms

The policy of promoting cooperation is one of important components of the state policy in the agrarian sector. This is evidenced by a number of guiding programme documents underlying the state policy in the field of agriculture. Among these documents are the RA Government project approved by the RA Government Decree No.65-A dated February 8, 2019, the 2014-2025 strategy program on prospective development of the Republic of Armenia approved by the RA Government Decree No.442-N dated of March 27, 2014, and the 2020-2030 strategy of the main directions ensuring the economic development of the RA agricultural sector approved by the RA Government Decree No.1886-L dated December 19, 2019.

Process of establishment of cooperatives operating in the agricultural sector started from 1995 mainly through support of various international and local organisations / programs / projects like US Department of Agriculture Marketing Assistance Program in Armenia (USDA MAP), World Vision Armenia (WV), Jinishyan Memorial Foundation (JMF), “SHEN” NGO by collaborating with “Orange Armenia” foundation and Agricultural Support Centers (AGSC), United Methodist Committee on Relief (UMCOR), OXFAM GB Armenian branch, ACDI/VOCA, Heifer International Armenia etc.

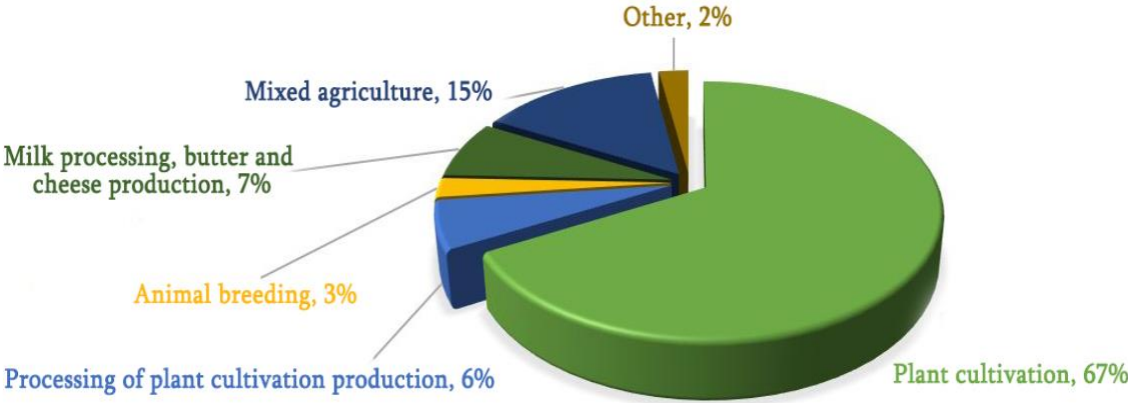
189 “Pasture users’ union” consumer cooperatives were established and supported through initiation and support of Armenian State institutions - Project Implementation Unit (**PIU**) in the frame of WB – GoA funded “Community Agricultural Resource Management and Competitiveness” (**CARMAC, CARMAC-2**) Projects.

52 agricultural cooperatives (of which 14 are processing cooperatives) were established and supported within the “European Neighborhood Programme for Agriculture and Rural Development” (**ENPARD**) funded by the EU and **ADA**, 15 within the ADA funded projects implemented by **OXFAM GB Armenian branch** and **OxYGen** foundation, as well as **two** cooperatives were established, **four** cooperatives received devices and equipment envisaged for

processing of organic agricultural products within the Organic Agricultural Support Initiatives (OASI) funded by the EU and co - funded and implemented by the ADA.

Currently, in Armenia about 522 agricultural and consumer cooperatives operating in the agricultural sector and having different agricultural orientations, of which 102 (19.5%) are agricultural and 420 (80.5%) are consumer cooperatives. The main areas of activities of the cooperatives are: plant cultivation, animal breeding, mixed agriculture, fruit farming, vegetable farming, grain crops farming, milk collection and recruitment, beekeeping, provision of services through agricultural machinery, and pasture management. Details are available in the chart presented below.

MAIN ORIENTATION ACTIVITIES OF AGRICULTURAL COOPERATIVES OPERATING IN ARMENIA



Supporting mechanisms

The agricultural state assistance projects implemented under the coordination of the RA Ministry of Economy; whereby more preferential conditions are set mainly for agricultural cooperatives.

Within the framework of the “Second measure for neutralization of the Coronavirus-induced economic impact” approved by the RA Government Decree No.356-L dated March 26, 2020, the interest rates on the loans provided by December 31, 2020, are fully subsidized by the RA Government, and beneficiaries are provided with loans at 0% interest rate.

In order to partially neutralize the business entity’s insufficient level of the collateral and currency risk with regard to the loan, an opportunity of co-financing/joint obligation is envisaged at differentiated amounts within the range of 10-70%, depending on the purpose of the loan (leasing).

A prerequisite for making use of the co-financing opportunity is the certificate issued to the cooperative’s president as a result of the latter’s participation in the training course organised for the co-financing objective.

GEORGIA

Following the collapse of the socialist formation and the collective farms in the 90s of the last century, the rather chaotically and unsystematically carried out agricultural land reform led to origin of up to 800,000 small farms which, based on their tight economic resources and low purchasing capacity found themselves under rather unequal conditions on local and international markets as compared with large business operators; this is exactly why most of these farms are still engaged in subsistence, noncommercial farming.

The development of agricultural cooperatives has been identified by both international donors and the Georgian government as a promising way to encourage the development of the Georgian agricultural sector. However, Georgian farmers seemed to be reluctant to form cooperatives. Among the main reasons for this reluctance, as identified by recent studies, was the lack of trust in such institutions which is often associated with the Soviet Kolkhozes and Sovkhozes. Another reason was the lack of a coherent legislative framework for regulating agricultural cooperatives.

Since 2013, the European Union started supporting agriculture and rural development in Georgia through its ENPARD Georgia. Over a ten-year period (2013-2022), this programme aimed to invest 179.5 million EUR with the goal of reducing rural poverty in Georgia.

The programme is implemented in three phases. The first phase of ENPARD, focused on developing the potential of agriculture. The second and third phases focus on creating economic opportunities for the rural population that go beyond agricultural activities. One of the main objectives of the first phase of ENPARD Georgia (2013-2017) was to strengthen cooperation amongst small farmers across the country. The government of Georgia elaborated and passed the Law on Agricultural Cooperatives and established the ACDA under the Ministry of Agriculture to support the development of agricultural cooperatives throughout Georgia (detailed description of both Law and ACDA is provide below, since it played key role in coop development in Georgia).

Starting from the first registration of cooperatives in March 2014, to 2017 more than 1,500 agricultural cooperatives have been registered, which unite about 13,300 members (ACDA, 2017). ENPARD's small farmers' cooperation component was implemented by the consortia led by a number of international NGOs, who provided technical and financial support to the selected agricultural cooperatives through a rigorous selection process that involved two to three stages of competition. Overall, 281 cooperatives were supported, among those cooperatives, 75 were supported by the UNDP, 73 by Mercy Corps, 52 by OXFAM GB Armenian branch, 49 by CARE, and 32 by the PIN consortia.

EU assistance through ENPARD reflected the high priority given to agriculture and rural development as one of the three strategic areas of cooperation within the Single Support Framework (SSF) for EU Support to Georgia (2014-17). The programme was complementary to various other EU funded actions ongoing in the fields of food safety, regional development and vocational education. The ENPARD I Programme was also complementary to other interventions, both by the EU and other donors. The EU project on Public Finance reform helped to move forward public financial management reforms and their implementation, which facilitated the fulfilment of part of the Budget Support general conditions and, through programme budgeting and medium-term forecasting, assisted the MoF in its budget allocations to the MoA. In addition, the USAID, IFAD, ADA, SDC and World Bank agricultural projects provided complementarity and synergy to ENPARD 1. In terms of investment, besides EU the cooperatives received investments from various sources, such as: investments from members of the cooperatives, the government programs, loans and donor programs via NGO grants.

It was both timely and appropriate for the EU intervention to support the development of the agricultural sector in Georgia, particularly the stratum of middle-income farmers who needed support and encouragement to develop more-business oriented market enterprises.

Government sources of additional investment have increased during the last seven years and more and more cooperatives are benefiting from the RDA, previously from Agricultural Projects' Management Agency (APMA) and Agricultural Cooperatives Development Agency (ACDA) programs, which included preferential agro credits (cheap loans, from which 10 cooperatives benefited in 2017), support for beekeeping cooperatives (six cooperatives benefited in 2017), Produce in Georgia (three cooperatives benefited in 2017), Plant the Future (two cooperatives benefited in 2017), support for viticulture cooperatives (two cooperatives benefited in 2017) and support for dairy cooperatives (2 cooperatives benefited in 2017). However, the number of beneficiary cooperatives is modest compared to the total number of ENPARD-supported cooperatives.

Legislation

In July 2013, a new law on Agricultural Cooperatives was adopted and latest changes was introduced from 1st January 2021. The Law on "Agricultural Cooperatives" defines the organisational norms of their creation, functioning and regulates the following issues: basic Principles of creating agricultural cooperatives, democratic governance, objectives of the cooperative, activities, obligations rules for contributions by members, types of shares, distribution of cooperative profits, etc. In addition, the organisational arrangement and internal relations are regulated by the charter of the cooperative and the agreement concluded between the cooperative and its member.

Membership in an agricultural cooperative is voluntary, all members are equal, no matter how much property a farmer enters into the cooperative - 100 ha or 1 ha. One member has one vote in all cases. The main principles of the cooperative are: voluntary membership; democratic governance; Economic participation of shareholders; social responsibility, justice and mutual assistance. The management of the cooperative is carried out by the governing and controlling bodies elected by the general meeting of the cooperative. Governing bodies include the Supervisory Board, the Assembly of Representatives and the Board, and the oversight body is the Audit Commission. The members of the cooperative control the functioning of the governing bodies at all levels of entrepreneurial activity. The democratic form of governance allows the cooperative to protect and maintain its individuality and values, which essentially distinguishes it from enterprises of other organisational-legal forms.

Because the cooperative is based on the principles of voluntary membership, loyalty, leadership, healthy and effective management, it allows a small farmer to build his/her business based on democratic principles.

Agricultural Cooperative Development Agency (ACDA)

ENPARD I via FAO supported ACDA, under the MoA, became a legal entity in July 2013. The Agency had a mandate to promote the development of agricultural cooperatives, to provide consultancy services to the cooperatives, to co-ordinate state programmes in support of the cooperatives, to develop database related to the activities of agricultural cooperatives; training human resources for agricultural cooperatives and supporting their capacity building; to grant registered agricultural cooperative status and to monitor the performance of cooperatives. In 2020 ACDA merged to newly created Rural Development Agency (RDA), which implements

variety of programs/projects initiated by the Ministry of Environmental Protection and Agriculture of Georgia as well as managing subordinate Agricultural companies.

State programmes

Over several years the Government of Georgia took important steps to develop rural areas, namely, elaborated 2017-2020 Rural Development Strategy and the Action Plan. The Strategy reflects the Georgian Government's priorities in all sectoral or multispectral areas related to rural development. The strategy includes three priority areas: a. economy and competitiveness; b. social conditions and standard of living; c. environmental protection and sustainable management of natural resources.

The Economy and Competitiveness Priority Area includes three objectives and the total of 19 activities, implemented by the state for reviving farms and increasing their competitiveness, as well as for diversifying the rural economy, these are: preferential agricultural loans, the Young Entrepreneur Program, Plant the Future, co-funding for storing and processing enterprises, support of beekeeping agricultural cooperatives, development of infrastructure for agricultural cooperatives, construction and rehabilitation of amelioration systems, improvement of irrigation and drainage systems and support of the Georgian tea production, harvesting equipment co-financing project, state program to support agricultural production, modernization of the dairy sector and market access program. Each of the state program described above encourages agricultural cooperatives to participate and engage,

At present out of the 1,500 cooperatives only 975 is operational and does have status. According to ENPARD evaluation report it was anticipated that 800 coops would fail, thus recommended to support needs to be targeted on that remain, to assist them to become efficient commercial entities.

Annex 6: Guide for FGD with members of cooperative

This guide for focus group discussions (FGDs) targets management and members of the cooperatives. The FGDs will take place in groups limited to 4-6 members. The talk will be conducted in an informal setting, e.g. at the edge of a field, or over a cup of tea in local tea stall or similar. Open questions will be used (see topics below). The interviewer will “go with the flow” i.e. let the person talk and his/her peers follow their own line of thought, as far as possible. Steering will only take place when/if needed.

The cooperative in general

Formal structure and power (constitution)?

How do general meetings make decisions? and what do they decide'?

Which (if any) roles do women and youth have in the cooperative?

To what extent does the cooperative exist beyond the project support?

Cooperative Leadership

Who are in leadership?

Were they elected or selected? By whom?

Who gets benefits (if any) from the cooperative?

What are the relations to local authorities and politicians?

Membership of the cooperative

Who joins/ are allowed to join? Specifically about women and youth

Crop and market information

Do members get technical and market information through the cooperative?

Is the information useful? In which way?

Effects/benefits from the support (what has changed)

Any specific benefits from the cooperative? Which? Specifically about women and youth.

Savings, loans and credits?

Can we see examples of new production/ methods in the field?

How was the crop/ production improved? Did yield/ income increase?

Which kind of training has been received?

How many farmers have adopted the new production/ methods?

Social activities?

Changes in roles of women, youth?

Other benefits? Which?

Market linkages

Which relations between market linkages and the cooperative?

Which persons defines the links?

Who are they and what are their roles?

Sustainability

Will/ does the coop continue without project support? Why/ Why not?

Annex 7: Survey for cooperatives

Survey for head of cooperatives

Information on the cooperative

* 1. Is this a control group?

Yes

No

* 2. Name of Cooperative

* 3. Country

Georgia

Armenia

* 4. Location of cooperative

Province/Region

Community/Municipality

Settlement/Village

* 5. When was the cooperative established? (YEAR)

* 6. How many members did the cooperative have when established?

* 7. How many members does the cooperative have today?

Total

Female members

Male members

Out of the total, how many are below 35 years

* 8. How many of the members belong to a marginalised group (IDPs, people living with a disability, ethnic/religious minority etc.)

| | |
|--------------------------------------|----------------------|
| Marginalised religious/ethnic groups | <input type="text"/> |
| Internally displaced people (IDP's) | <input type="text"/> |
| People living with a disability | <input type="text"/> |
| Refugees | <input type="text"/> |
| Other (specify) | <input type="text"/> |

Survey for head of cooperatives

Information of head of cooperative

* 9. Gender

- Male
- Female
- Other/prefer not to answer

* 10. Do you belong to a marginalized group (IDPs, people living with a disability, ethnic/religious minority groups, sexual minority etc.)?

- Yes
- No
- Prefer not to answer

* 11. Year of Birth

* 12. Education

- Elementary
- Secondary
- Higher

* 13. Is your secondary or higher education related to the agriculture and/or economics / management?

- Yes
- No

* 14. Years of agricultural experience

Survey for head of cooperatives

The cooperative's production

* 15. How would you classify the main activity of your cooperative?

- Primary production
- Agricultural Processing
- Other (cooling, storage, packaging, transportation, etc.)

* 16. Please mention the three main products produced and/or services provided by the cooperative

| | |
|---|----------------------|
| 1 | <input type="text"/> |
| 2 | <input type="text"/> |
| 3 | <input type="text"/> |

* 17. How many different types of agricultural products does the cooperative produce?

* 18. How much agricultural lands (ha) is registered/cultivated/orchard/ used (sum of all members) under the cooperative? (Write sum or don't know)

| | |
|----------------------|----------------------|
| Registered | <input type="text"/> |
| Cultivated | <input type="text"/> |
| Orchard | <input type="text"/> |
| Pastures /Grasslands | <input type="text"/> |

Survey for head of cooperatives

Certification and finances

* 19. Does the agricultural cooperative have an internationally recognized quality certification? (e.g. ISO 9000, ISO 14000 etc.)

- Yes
- No
- Don't know

* 20. Does the cooperative have any quality certification recognized domestically (only in Armenia/Georgia)? (e.g. FDA, etc.)

- Yes
- No
- Don't know

* 21. Financial resources used for establishing of the cooperative/group (amount in local currency)

* 22. Of which in % (approximately):

Self-financed (by cooperative members)

Donor organisations financed (please also specify the name of donor)

Government financed

Loans

Other (specify)

* 23. Does the cooperative *currently* receive support from any organisation(s)?

- Yes
- No
- Don't know

Survey for head of cooperatives

Certification and finances

24. If yes, from which organisation(s)?

Survey for head of cooperatives

Certification and finances

* 25. Has the cooperative *previously* received support from any organisation(s)?

- Yes
- No
- Don't know

Survey for head of cooperatives

Certification and finances

26. If yes, from from which organisation(s)?

Survey for head of cooperatives

Certification and finances

* 27. Has the cooperative ever taken up loans *collectively* to establish and/or finance operations of the cooperative?

- Yes
- No
- Don't know

Survey for head of cooperatives

Certification and finances

28. If yes, from where have the loans been obtained?

29. If yes, would the cooperative consider taking up yet another loan to finance/expand the activities of the cooperative?

- Yes
- No
- Don't know

Survey for head of cooperatives

Certification and finances

* 30. If no, why not?

Survey for head of cooperatives

Certification and finances

* 31. Has any of the members taken up loans individually *on behalf* of the cooperative?

- Yes
- No
- Don't know

Survey for head of cooperatives

Certification and finances

* 32. If yes, from where have the loans been obtained?

- The bank
- Microfinance institute/organisation
- Government credit
- Other (please specify)

Survey for head of cooperatives

Employment

* 33. How many workers were employed by the cooperative during 2021, including seasonal workers (incl. members from households, hired labour, etc.)?

Total

Men

Women

Out of the total, how many are below 35 years

* 34. Compared to 3 years ago, how has total employment (including seasonal workers) within the cooperative evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

Survey for head of cooperatives

The cooperative's revenue and profit

* 35. Does the cooperative generate any revenue?

- Yes
- No
- Don't know

Survey for head of cooperatives

The cooperative's revenue and profit

* 36. If yes, what was the total revenue of the cooperative in 2021 (amount in local currency)?

Survey for head of cooperatives

The cooperative's revenue and profit

* 37. Compared to 3 years ago, how has the total revenue of the cooperative evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 38. What is the profit in local currency (or expected profit) of the cooperative in 2021?

* 39. Compared to 3 years ago, how has the profit of the cooperative evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

Survey for head of cooperatives

Cultivation and production

* 40. How has land **registered** under the cooperative changed during the past 3 years?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 41. How has land **cultivated/orchard** or pastures in the cooperative changed during the past 3 years?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 42. Production quantity (kg) of the cooperative and unit prices in local currency during 2021

Product Name

What is the quantity (kg) of the product produced in 2021 (estimate if production season is not fully completed yet)

What is the quantity (kg) of the product that the cooperative have sold or expect to sell in 2021?

Average sales price (local currency) of one unit (kg) of the product (2021)?

Average cost (local currency) of producing one unit (kg) of the product (2021)?

What was the quantity (kg) of the product sold 3 years ago?

Average sales price (local currency) of one unit (kg) of the product 3 years ago?

Average cost (local currency) of producing one unit (kg) of the product 3 years ago?

* 43. Select the option that best describe practices in your cooperative related to *selling* of the main agricultural product

- All selling of main product is done jointly through the cooperative
- The majority of the selling of main product is done jointly through cooperative
- The majority of the selling of main product is done individually by the farmers,
- All selling of main product is done individually by the farmers

* 44. Select the option that best describe practices in your cooperative related to *buying of input* for cultivation/production of main product

- All buying of main input is done jointly through the cooperative
- Majority of the buying of input is done jointly through cooperative
- Majority of the buying of input is done individually by the farmers,
- All buying of main product is done individually by the farmers

Survey for head of cooperatives

Leadership in Cooperative

* 45. How many men and women are in the management/board?

Total

Men

Women

Out of the total, how many
are below 35 years

* 46. Does the management/board include non-members (someone who is external to the cooperative and not a member)?

- Yes
- No
- Don't know

Survey for head of cooperatives

Environment and climate

* 47. Has the cooperative reduced use of pesticides during the past 3 years?

- Yes
- No
- Don't know

* 48. Has the cooperative shifted to organic production within the last 3 years?

- Yes
- No
- Don't know

Annex 8: Survey for members of cooperatives

Survey for members of cooperatives

RESPONDENT DETAILS

* 1. Is this a control group?

- Yes
 No

* 2. Name of Cooperative

* 3. Gender

- Male
 Female
 Other/do not want to answer

* 4. Country

- Georgia
 Armenia

* 5. Year of birth

* 6. Education

- Elementary
 Secondary
 Higher

* 7. Is your secondary or higher education related to agriculture?

- Yes
 No

* 8. Years of agricultural experience

COOPERATIVE DETAILS

* 9. When did you become member of the cooperative? (YEAR)

* 10. On a 6-point scale (from “not beneficial at all” (1) to “extremely beneficial” (6)), please assess your benefit of the cooperative membership on the following parametres:

| | 1 | 2 | 3 | 4 | 5 | 6 | Don't know |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Higher sales prices | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Lower price on production input (fertilizer, seeds etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Better access to production input (fertilizer, seeds etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Better access to machinery | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Better access to finance and loans | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Better access to advice on production issues | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Better access to buyers/markets | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Enhanced collaboration with other farmers | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Survey for members of cooperatives

REVENUE, PROFIT AND EMPLOYMENT DETAILS

Questions from hereon is related to your farm activities and not the activities of the entire cooperative.

* 11. How many people are you currently employing (incl. members of your household)?

Total

Women

Men

Out of the total, how many are below 35 years

* 12. How many of these employees are part of your household?

* 13. Compared to 3 years ago, how has the **employment** in your agricultural production evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 14. Compared to 3 years ago, how has your **revenue** from agricultural production evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 15. Compared to 3 years ago, how has the **profit** from agricultural production evolved?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

Survey for members of cooperatives

LAND OWNERSHIP DETAILS

* 16. How much land do you currently **own**? (ha)

* 17. How has your land ownership changed during the past 3 years?

- Large increase
- Moderate increase
- No change
- Moderate decrease
- Large decrease

* 18. How much land did you **cultivate or orchard** during 2021? (ha)

* 19. How has the size of your land cultivation/orchard changed during the past 3 years?

Large increase

Moderate decrease

Moderate increase

Large decrease

No change

Survey for members of cooperatives

PRODUCTION AND TECHNOLOGY DETAILS

* 20. How many different types of agricultural products do you produce?

* 21. Have the number of different agricultural products increased over the last 3 years?

Yes

No

Don't know

* 22. Approximately, how large a share of your total revenue comes from the production of your main agricultural product? (percentage)

* 23. Production quantity and unit prices during the annual agricultural cycle for 2021

What is the name of the main agricultural product you produce?

Primary, processing or other.

What is the quantity (kg) of the product produced in 2021 (estimate if production season not fully completed yet)?

What is the quantity (kg) of the product that you expect to sell in 2021?

Average sales price of one unit (kg) of the product (2021)?

Average cost of producing one unit (kg) of the product (2021)?

What was the quantity (kg) of the product produced 3 years ago?

What was the quantity (kg) of the product sold 3 years ago?

Average sales price of one unit (kg) of the product 3 years ago?

Average cost of producing one unit (kg) of the product 3 years ago?

* 24. Have you introduced new technology (or new production processes) in the last 3 years?

- Yes
- No
- Don't know

* 25. If yes, who motivated this change? (Select only one)

- Based on my own market research and analysis
- Required by law, regulations
- Was suggested to me by members of my cooperative/group
- Was suggested to me by a non-governmental organisation
- Was suggested to me by an extension service operator or other governmental entity
- Other (please specify)

* 26. How successful was the change?

- Very Successful
- Unsuccessful
- Successful
- Too early to tell
- Somehow Successful

* 27. Have you reduced use of pesticides due to these technology changes?

- Yes
- No
- Don't know

* 28. Have you shifted to organic production?

- Yes
- No
- Don't know

Survey for members of cooperatives

INPUTS

* 29. Are raw materials and inputs generally available in the desired **quantity**?

- Yes
- No
- Don't know

* 30. Are raw materials and inputs generally available in the desired **quality**?

- Yes
- No

* 31. What is the distance (in km) to your main (most important) input supplier?

- Less than 5 km
- Between 6-10 km
- Between 11-20 km
- More than 21 km

* 32. What are the most important criteria in selecting suppliers? (Select only one)

- Competitive price
- Terms of credit
- Quality standards
- Other (please specify)
- Secure supply
- Know supplier personally
- Geographic proximity
- Allocated supply by cooperative agreement
- Obtaining of advice

* 33. Would it be easy for you to find an alternative input supplier if the current main supplier closed down?

- Yes
- No
- Don't know

Survey for members of cooperatives

SALES STRUCTURE

* 34. How many different buyers do you sell your main agricultural product to?

- One buyer
- 2-3 buyers
- 4-5 buyers
- More than 5 buyers

* 35. What is the distance (in km) to your main buyer?

* 36. How is your main agricultural product primarily delivered/ distributed to your main buyer?

- I organise the transportation myself
- The buyer collects the product him/herself
- Logistics is handled by the cooperative
- Logistics sorted by an external transportation service provider
- Other (please specify)

Survey for members of cooperatives

PERCEIVED TRUST AND RISK

* 37. Please rate the following statements from 1 = strongly disagree to 7 = strongly agree. (1 = "Do not trust at all" and 6 = "Trust completely")

| | 1 | 2 | 3 | 4 | 5 | 6 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Generally speaking I feel that most people can be trusted | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel that members of my household can be trusted | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel that my friends can be trusted | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel that people of my cooperative can be trusted | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I feel that people I do business with can be trusted | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

* 38. Are you generally a person who is fully prepared to take risks or do you try to avoid taking risks? (Please tick a box on the scale between 1-6, where 1 means "unwilling to take risks" and the value 6 means "fully prepared to take risks.")

| 1 | 2 | 3 | 4 | 5 | 6 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

* 39. How would you rate your willingness to take risks as compared to the other members of your cooperative?

- I have higher risk willingness
- I have same risk willingness
- I have lower risk willingness

Survey for members of cooperatives

MANAGEMENT PRACTICES

During the last 3 months have you or your cooperative engaged in any of the following activities:

* 40. Marketing Practices

| | Yes | No |
|---|-----------------------|-----------------------|
| Have you visited at least one of your competitors to see what prices they charge? | <input type="radio"/> | <input type="radio"/> |
| Have you visited at least one of your competitors to see what (quality) products they have? | <input type="radio"/> | <input type="radio"/> |
| Do you or your cooperative advertise in any form? | <input type="radio"/> | <input type="radio"/> |

* 41. Buying and Stock Control Practices

| | Yes | No | Don't know |
|--|-----------------------|-----------------------|-----------------------|
| Have you or your cooperative ever attempted to negotiate with a supplier for a lower price on inputs or raw materials? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Do you or your cooperative compare the prices and quality of your inputs to those offered by alternate suppliers? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

* 42. Costing and Record-Keeping Practices

| | Yes | No | Don't know |
|--|-----------------------|-----------------------|-----------------------|
| Do you record every purchase and sale made by your agricultural business? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Are you at any point in time able to document the cash balance of your agricultural business? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Do you use financial records regularly to know how sales of a particular agricultural product is going from one season to the other? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

* 43. Financial Planning Practices

| | Yes | No | Don't know |
|--|-----------------------|-----------------------|-----------------------|
| Do you review the financial performance of your business and analyse where there are areas for improvement at least monthly? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Do you have annual profit and loss statements and cash flow statements? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Do you have an annual revenue/expenditure sheet? | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Survey for members of cooperatives

INVESTMENTS AND CREDIT

* 44. Have you made any larger investments in your agricultural production during the last 3 years?

- Yes
- No
- Don't know

Survey for members of cooperatives

* 45. How were investments financed? (Select most important)

- Own capital/savings Credit/loan or subsidy from Government
- Credit obtained through the cooperative Borrowed from friends and/or relatives
- Credit/loan from bank
- Other (please specify)

* 46. Have you ever received a loan through your cooperative membership?

- Yes
- No
- Don't know

Survey for members of cooperatives

INFRASTRUCTURE

* 47. How often did you, during the last year, experience insufficient power for production? (select only one)

- Never Several times per week
- Once per month Once per day
- Several times per month Several times per day
- Once per week Do not need power for production

* 48. How often did you, during the last year, experience insufficient water supply for production?

- Never Several times per week
- Once per month Once per day
- Several times per month Several times per day
- Once per week Do not need water for production

Survey for members of cooperatives

OUTLOOK

* 49. Which statement will best characterize your overall performance in 2021?

- Large loses
- Small loses
- Small profits
- Large profits

Annex 9: Terms of Reference

Support of agricultural cooperatives as an effective means to reduce poverty?

An impact study on Austrian Development Cooperation (ADC)'s engagement from 2010 to 2020, with a focus on Armenia and Georgia

1. Background

“Contribution to poverty reduction, ensuring peace and human security, promoting sustainable economic development and preserving the environment” are set out as goals in the Austrian Federal Development Cooperation Act.¹⁵⁰

Food security in the framework of the “water, energy and food security nexus” is also one of the thematic priorities of the current Three-Year Programme on Austrian Development Policy 2019-2021:

“The 2030 Agenda sets separate goals for water, energy, food security and sustainable agriculture, but these sectors are closely interconnected (nexus) and are especially important for least developed countries (LDCs) as well as the small island developing states (SIDS)”.¹⁵¹

ADC's draft policy document on food security and sustainable rural development¹⁵² focuses on five strategic areas:

- Sustainable management of natural resources and equal access to land
- Food and nutrition security
- Sustainable development of the rural economy
- Education, capacity development and empowerment
- Rural governance - inclusive participation and advocacy

¹⁵⁰ See: Federal Act on Development Cooperation (2002), including its Amendment (2003)

¹⁵¹ MFA (2019), Three-Year Programme on Austrian Development Policy 2019-2021, p. 12.

¹⁵² The policy document on food security and sustainable rural development was drafted in 2019 after an intensive consultation process involving different ministries (particularly the Ministry for European and International Affairs, Ministry of Finance, Ministry of Agriculture, Regions and Tourism), Austrian NGOs, and research institutes. The approval of this policy from the side of the Ministry for European and International Affairs is still pending (2019 draft available with ADA).

Promotion of agricultural cooperatives¹⁵³ is relevant to all five strategic areas, yet especially in terms of sustainable development of the rural economy (better access to input and supply markets) and advocacy (representing and advocating for the interest of smallholder farmers).

Smallholder farms are managed and operated by a family and predominantly rely on family labour, both women's and men's. Small family farms constitute up to 85 percent of all farms worldwide, but are the most marginalised in their access to economic and social services.¹⁵⁴ In general, agricultural cooperatives play an important role in supporting small agricultural producers and marginalised groups such as young people and women. They empower their members economically and socially and create sustainable rural employment through business models that are resilient to economic and environmental shocks. Cooperatives offer small agricultural producers opportunities and a wide range of services, including improved access to markets, natural resources, information, communications, technologies, credit, training and warehouses. They also facilitate smallholder producers' participation in policy decision-making at all levels, support them in securing land-use rights, and negotiate better terms for engagement in contract farming and lower prices for agricultural inputs such as seeds, fertilizer and equipment. Through this support, smallholder producers can secure their livelihoods and play a greater role in meeting the growing demand for food on local, national and international markets, thus contributing to poverty reduction, food security and the eradication of hunger.¹⁵⁵

ADA's portfolio on agricultural cooperatives

The Austrian Development Agency (ADA) provides direct support to agricultural cooperatives in order to enable smallholder farmers to have better access to input and supply markets and thus contribute to enhance income-generation, job generation and local value added. This may include promotion of access to social and economic services (e.g. extension services, financial services, grants etc.), agricultural inputs (e.g. climate-resilient seeds), promotion of improved and ecologically sustainable agricultural practices, improved storage and processing of agricultural products as well as marketing assistance. A few agricultural cooperatives are also very active in advocacy and have been supported by ADA interventions in this respect. Moreover, depending on the demand of agricultural cooperatives, they are strengthened through organisational development that focuses on enhancing business skills, negotiation capacity and joint participatory market research and advocacy amongst others. ADA support to agricultural cooperatives is in line with the cooperative principles¹⁵⁶ and promotes values of mutual

¹⁵³ Cooperatives are defined as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise” (ILO 2002, UN Guidelines 2003). They range from formal groups covered by national legislation, such as cooperatives and national farmers' unions to looser self-help groupings and (farmers/producer) associations.

¹⁵⁴ Identifying the “family farm”: An informal discussion of the concepts and definitions, ESA Working Paper No. 14-10 December 2014, Agricultural Development Economics Division Food and Agriculture Organization of the United Nations, <http://www.fao.org/economic/esa>

¹⁵⁵ See for example: 2014 Annual Report on FAO's projects and activities in support of producer organizations and cooperatives, FAO 2015, <http://www.fao.org/3/a-i5055e.pdf>, Forest and farm producer organizations – operating systems for the SDGs, published by FAO and AgriCord 2016, <http://www.fao.org/3/a-i5765e.pdf>, Agricultural cooperatives: Finding strength in numbers, CDE Policy brief 2020, https://www.researchgate.net/publication/341510534_Agricultural_cooperatives_Finding_strength_in_numbers

¹⁵⁶ The seven cooperative principles are 1) open and voluntary membership, 2) democratic member control, 3) members' economic participation, 4) autonomy and independence, 5) education, training and information, 6) cooperation among cooperatives, and 7) concern for community.

aid, responsibility, democracy, equality, equity and solidarity. On the other side, ADA is providing also indirect support to agricultural cooperatives, especially by involving them into value chains (e.g. through the provision of grants).

ADA's direct support to agricultural cooperatives during the impact study timeframe has been focussed on Armenia and Georgia as well as Burkina Faso; indirect support to agricultural cooperatives has also been provided in these three countries, as well as in Kosovo and Ethiopia. In general, all relevant projects have been on a smaller scale, with a budget between € 500.000,00 and € 1.000.000,00.¹⁵⁷

In general, ADA prioritizes the support of existing agricultural cooperatives, especially in terms of capacity development and organisational strengthening, instead of the setting up of new ones, as these are likely to be not sustainable. To the extent possible, the establishment of cooperatives based on or with donor funding is avoided.

As described above, ADA does not apply a single approach or use one specific instrument in its support of agricultural cooperatives, but rather supports tailor-made solutions based on the immediate demands and the articulated priorities of agricultural cooperatives. Interventions are also always designed in consideration of the respective social, economic, environmental and institutional conditions in the programme or project area and based on existing capacities and resources.

This impact study

ADA's Evaluation Unit¹⁵⁸ (EVAL) is commissioning an impact study on Austrian Development Cooperation (ADC)'s engagement on agricultural cooperatives from 2010 to 2020. The impact study is to be conducted by a team of external consultants between January 2021 and November 2021. These Terms of Reference (ToR) are the main reference document, describing the purpose, scope and study questions. They have been drafted jointly by ADA's Unit Themes & Quality and ADA's Evaluation Unit who are also jointly steering this impact study.

2. Study purpose and objectives

The main purpose of this impact study is learning. The study should provide evidence concerning the effectiveness and impact of instruments, strategies and approaches applied by ADC in its support of agricultural cooperatives. This will help further planning, decision-making and steering of ADC's engagement in food security and sustainable rural development. The results of the impact study will be used both for institutional learning – for programme managers within ADA (headquarter and coordination offices), NGOs and the private sector working in this field. They will also be shared with the relevant authorities and the Austrian public.

The main objective of the impact study is to assess the effectiveness at outcome and impact levels of ADA funded or implemented interventions related to agricultural cooperatives in the search for food security and sustainable development (i.e. in terms of livelihood improvements, e.g. through income generation and job creation). The study will also assess relevant change processes (i.e. in terms of behaviour, motivation, appreciation, knowledge/capabilities) at policy, institutional and individual level. In this respect, causes, interdependencies and trade-offs as well as long-term effects of ADC's engagement shall be explored.

¹⁵⁷ A full portfolio overview will be provided to the selected evaluation team after kick off.

¹⁵⁸ A subgroup of ADA's Executive Unit of Evaluation and Statistics.

The impact study should be based on the OECD-DAC framework and standards¹⁵⁹ as well as the UNEG Guidance Document on Impact Evaluation¹⁶⁰ and other relevant standards and frameworks for impact studies.

3. Focus and Scope

The impact study will assess Austrian Development Cooperation (ADC)'s engagement with agricultural cooperatives. It will also include a state of the art summary of existing literature on the role of agricultural cooperatives in developing countries and lessons learned for donors.¹⁶¹

In terms of assessing and comparing the different approaches applied by ADC and the underlying Theory of Change (ToC), the impact study will look at ADC's engagement across all relevant partner countries. The analysis of actual impact on the ground will be limited to assessing ADC's engagement in two partner countries: Armenia and Georgia. The period covered by the study spans from January 2010 to December 2020.

Within the focus of the study, especially the following considerations shall be taken into due account:

- Improvements respectively deteriorations of agricultural cooperatives through changes in framework conditions (e.g. policies, regulations), including potential participation of cooperatives in policies and regulations;
- Sustainability of agricultural cooperatives and initiated change processes of/through cooperatives;
- Potential trade-offs and possible (positive / negative) impacts of the interventions in terms of poverty reduction/social inclusion, gender equality, environmental protection/climate change;
- Factors contributing to the success respectively failure of the intervention(s).

With regard to the assessment of the Theory of Change underlying specific approaches or instruments applied, a minimum number of eight ADC interventions will be analysed and compared. In the context of the two country cases studies on Georgia and Armenia, the core portfolio related to agricultural cooperatives plus several related interventions, including, where relevant, from other stakeholders, will be at the centre of the analysis.

¹⁵⁹ See OECD, DAC Norms and Standards for Evaluating Development cooperation, available at <http://www.oecd.org/development/evaluation/dcdndep/41612905.pdf>

¹⁶⁰ United Nations Evaluation Group, Impact Evaluation in UN Agency Evaluation Systems: Guidance on Selection, Planning and Management, August 2013. Available at: <http://www.uneval.org/document/detail/1433>

¹⁶¹ See for example Effects of Farmer Cooperatives on Expanding Agricultural Markets in Developing Countries: A Systematic Review, Prepared by Social Impact, Inc. for the US Department of Agriculture, November 30, 2015. available at:

https://www.fas.usda.gov/sites/default/files/2020-03/ffpr_cooperative_systematic_review_final.pdf.

Sustainability performance evaluation of agricultural cooperatives' operations: a systemic review of the literature; in Environment Development and Sustainability, February 2018, available at: https://www.researchgate.net/publication/322867393_Sustainability_performance_evaluation_of_agricultural_cooperatives%27_operations_a_systemic_review_of_the_literature. Impact Report Series, Issue 5: Evaluating the results of an agricultural cooperative support programme: Business practices, access to finance, youth employment, ILO, 2017

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_565094.pdf

IFAD's Engagement with Cooperatives - A Study in Relation to the United Nations International Year of Cooperatives – Evaluation synthesis, 2013, available at:

<https://www.ifad.org/en/web/ioe/-/ifad-s-engagement-with-cooperatives-a-study-in-relation-to-the-united-nations-international-year-of-cooperatives>.

The assignment will tentatively be conducted in the period from January to November 2021, with data collection in the field studies in Armenia and Georgia, if feasible. Relevant available evidence and findings related to ADC's and other donors' engagement should inform this impact study. This includes program/project evaluations and reviews commissioned or conducted by ADA or its implementing partners as well as relevant evaluations of other stakeholders.

4. Study Questions

The key questions to be answered by the impact study are:

Policy impact/changes:

1. How and to which extent have the interventions contributed to adaptations of national policies, legislations etc. and supportive governance systems (e.g. in terms of registration, taxation, subsidies etc.), thus enabling the promotion of sustainable and inclusive cooperative development?
2. Which external factors (enabling/disabling) and/or risks have affected sustainable and inclusive cooperative development? How and to which extent could this external factors and/or risks be influenced by ADA and project partners?

Institutional impact/changes:

3. How and to which extent have the interventions contributed to sustainable and inclusive cooperative development, i.e. in terms of economic performance, institutional set-up, (management) capacities, etc.?
4. How has the quality of services (e.g. in terms of access to finances, markets etc.) provided by cooperatives been improved? To which extent has the satisfaction with the performance of cooperatives (i.e. from the side of cooperative members) been improved?
5. How has the competitiveness of agricultural cooperatives in value chains been improved? To which extent has the distribution of revenues amongst members been changed, i.e. in terms of more equal share of benefits?
6. Which external factors (enabling/disabling) and/or risks have affected the sustainability and competitiveness of agricultural cooperatives? How and to which extent could these external factors and/or risks be influenced by ADA and interventions partners?

Beneficiaries impact/changes:

7. What are the benefits of agricultural cooperatives for their members, i.e. in terms of income generation? Do all members of cooperatives/producer associations – i.e. men, women, vulnerable groups – have the same benefits (access, control, use of cooperative resources and assets)?
8. How and to which extent have the interventions contributed to rural economic development and improved livelihoods, thus benefiting the wider rural community?
9. To which extent have the interventions contributed to positive/negative impacts in terms of social inclusion, gender equality and environmental protection (e.g. in terms of social & power relations, resource efficiency, changes in behaviours, capabilities, access and benefits etc.)?

10. Which external factors (enabling/disabling) and/or risks affected the sustainability and impact of the interventions? Which response or risk mitigation measures have been applied by the interventions?

Questions can be refined and restructured in agreement with ADA during the inception phase. Any changes need to be explained and adequately reflect the overall purpose and scope of the impact study.

5. Approach and Methods

In terms of methodology, an open and context-oriented and participatory approach shall be applied. This should allow the assessment of specific interventions in relation to other interventions,¹⁶² as well as assessment of positive and negative impacts of ADC interventions, both planned as well as unplanned. As far as possible, impacts which might also have been occurring without the respective intervention, should be identified. Moreover, a balanced approach between participatory tools and expert analysis, qualitative and quantitative data collection methods, including surveys if adequate, should be applied.

In this respect, the following should be considered:

- analysis of the overall development trends and change processes in the interventions context,
- identification and analyses of causes and attributions,
- assessment of changes and impacts based on key criteria,¹⁶³
- conclusion and lessons learned, incl. recommendations for scaling-up or scaling-out of good practices, innovations etc.

The study should employ a Mixed-Methods approach¹⁶⁴ to data collection and data analysis, including both quantitative and qualitative methods. A Mixed-Methods design will be used to draw from the strengths of both qualitative and quantitative methods and to improve the internal validity of results through data and method triangulation.¹⁶⁵

As such, the impact study will draw on a range of data sources and data collection methods to ensure the reliability of results, promote impartiality, reduce bias, and ensure that the findings are based on the most comprehensive and relevant information possible. The methods are likely to include:

- **Portfolio review** (based on preparatory work and supported by ADA’s Unit Themes & Quality)
- **Document review:** this includes relevant ADC and ADA documents at strategic, policy and project/programme level; statistical data, literature and

¹⁶² In this respect, not only ADA interventions are to be considered but also similar interventions carried out by other donors (i.e. evidence and evaluations in this field).

¹⁶³ These key criteria should consider changes in living standards, access to resources, capacity development, participation, empowerment.

¹⁶⁴ Bamberger, Michael/Rao, Vijayendra, Woolcock, Michael (2010), Using Mixed Methods in Monitoring and Evaluation, Policy Research Working Paper, The World Bank Development Research Group, Poverty and Inequality Team.

¹⁶⁵ See, for example, Denzin, Norman K. (1973). The research act: A theoretical introduction to sociological methods. New Jersey: Transaction Publishers and Carvalho, S. and White, H. (1997). Combining the quantitative and qualitative approaches to poverty measurement and analysis: The practice and the potential. World Bank Technical Paper 366. Washington, D.C.: World Bank.

evaluative evidence relevant to agricultural cooperatives and the scope of this impact study;

- **Key informant interviews:** this includes semi-structured interviews with key national and international organisations, public authorities, research institutes as well as – with regard to Georgia and Armenia – also ADA implementing partners, government counterparts and responsible ADA staff at Headquarters and at the AD Coordination Offices in the field;
- **Focus groups:** this includes focus group discussions with key beneficiaries at local/national level in Armenian and Georgia;
- **Case study:** Armenia and Georgia must be selected as unit of analysis for the case study.
- **Comparison study:** In the two case study countries, a number of locations that have not been targeted for ADC support may be selected and relevant stakeholders interviewed to be able to compare the results with the findings from the locations that have been targeted by ADC support. The comparison process will help identify areas where ADC support has contributed to the achievement of results and impact;
- **Survey:** a set of questions can be designed to systematically collect information, including on quantifiable indicators relevant to the scope of the study, from a defined population by means of questionnaires administered to a sample of people representative of the target population.

The suggested methodology for the study should be thoroughly explained and justified in the inception report (see chapter 6 of these ToR). Methodological rigor will be weighted significantly in the assessment of proposals. Bidders are invited to question the methodology presented in this ToR and improve on it, or propose an approach that is deemed more appropriate.

6. Timetable and Deliverables

The consultants will submit the following reports:

- a draft and final inception report
- a draft impact study
- the final impact study
- a summary of the impact study

All deliverables must be written in English; the summary of the impact study must be delivered in English and German. The draft deliverables (draft inception report and draft impact study) will be presented to and submitted for comments to the study reference group (consisting of key ADA staff). The written comments will be forwarded to the study team for consideration in a feedback matrix.

The inception report should not exceed 15 pages (excluding annexes). It must contain a detailed description of the planned methodology, including approach, data collection and analysis methods and sampling strategies and inherent limitations and risks as well as risk management strategies. It must also include a detailed work plan and timetable, including the internal division of labour and organisational aspects. The structure of the inception report will be agreed within two weeks of the kick-off meeting.

The impact study should not exceed 40 pages (excluding annexes).

The summary of the impact study (max. 10 pages) must be presented in German and English. This summary must outline the main findings and lessons learned of the impact study.

A total of 90 to 100 working days is estimated for this assignment.

The indicative timeframe for the assignment, reflecting tasks and deliverables, is as follows:

| Tasks / Deliverables per phase | Deadline |
|--|----------------------------------|
| Submission of the offer (electronically) | End November 2020 |
| Sign contract | December 2020/Early January 2021 |
| INCEPTION PHASE | |
| Kick-off meeting (virtual) | Mid-January 2021 |
| Desk review of relevant documents, initial interviews | Mid-January-End February 2021 |
| Submission of draft inception report | Mid-March 2021 |
| Presentation of draft inception report (virtual) | End-March 2021 |
| Integration of the feedback and submission of the final inception report | Mid-April 2021 |
| INQUIRY PHASE | |
| Data collection, interviews etc. | End April – End-June 2021 |
| Data analysis and synthesis | July – Mid August 2021 |
| Presentation of preliminary findings (virtual) | Early September |
| REPORTING PHASE | |
| Submission of the draft impact study | Mid-September 2021 |
| Integration of the feedback and submission of final impact study | Mid-October 2021 |
| Submission of summary of the impact study | Early November 2021 |

7. Management of the Impact Study and Responsibilities

This impact study is managed by ADA’s Evaluation Unit. The impact study process, including all meetings, is jointly steered by the Evaluation Unit and ADA’s Unit Themes and Quality.

A reference group, consisting of ADA staff, will be accompanying the impact study.

Please note, that ADA will not provide any logistic support throughout the impact study, including transportation, working offices, computers, printers, photocopy, etc. Therefore, all required expenses fees for the impact study should be covered by the applicant, and hence included in the financial offer.

8. Payment modalities

The payment will be done in two installments. The first installment amounts to forty percent (40%) of the total contract value and will be settled by ADA after acceptance of the inception report. The second and last installment consisting of sixty percent (60%)

of the total contract value will be transferred after the submission and acceptance of the final impact study report.

9. Logistical arrangements

The impact team is responsible for its own logistical arrangements and shall arrange the necessary meetings independently. If a specific need for this is identified during the impact study process, ADA's Evaluation Unit will work to facilitate travel and other logistical arrangements when needed and as much as possible.

10. Impact study team

The impact study should be carried out by a team consisting of at least three experts, one international and two national (one each from Georgia and Armenia based in the respective country).

The team leader should have the following qualifications:

- University degree in a subject relevant to the impact study (social sciences, agriculture, economy, development policy),
- Proven experience in conducting and leading impact studies as well as expertise in relevant approaches, methodologies and methods (to be proven in CV and by at least 3 impact studies or impact evaluations),
- Extensive experience in social science methods (qualitative and quantitative research, participatory processes, interviews/group discussions),
- Expertise in and proven experience on food security and rural development with a focus on agricultural cooperatives is an advantage,
- Ability to present complex contents in a manner that is understandable to a wider audience,
- Excellent knowledge of English; knowledge of German, Armenian and Georgian language is an advantage.

The other team members should meet the following criteria:

- University degree in a subject relevant to the impact study (social sciences, agriculture, economy, development policy),
- Proven knowledge of food security and rural development with a focus on agricultural cooperatives (at least 5 years of relevant experience),
- Proven experience in conducting impact studies as well as expertise in relevant approaches, methodologies and methods (to be proven in CV),
- Experience in social science methods (qualitative and quantitative research, participatory processes, interviews/group discussions),
- Expertise in gender equality and diversity, social inclusion as well as environmental protection/ climate change
- Excellent knowledge in English, as well as in Armenian and Georgian.

The whole team must also have proven competence in the areas of gender equality and diversity, social inclusion, as well as environmental protection/climate change. Gender diversity within the team is an advantage.