

Signatura: EC 2017/98/W.P.2  
Tema: 3  
Fecha: 8 de agosto de 2017  
Distribución: Pública  
Original: Inglés

**S**



Invertir en la población rural

## **Georgia – Evaluación del impacto del Proyecto de Apoyo Agrícola**

### **Nota para los miembros del Comité de Evaluación**

#### Funcionarios de contacto:

#### Preguntas técnicas:

**Oscar A. Garcia**

Director  
Oficina de Evaluación Independiente del FIDA  
Tel.: (+39) 06 5459 2274  
Correo electrónico: o.garcia@ifad.org

**Hansdeep Khaira**

Oficial de Evaluación  
Tel.: (+39) 06 5459 2261  
Correo electrónico: h.khaira@ifad.org

#### Envío de documentación:

**William Skinner**

Jefe  
Unidad de los Órganos Rectores  
Tel.: (+39) 06 5459 2974  
Correo electrónico: gb@ifad.org

Comité de Evaluación — 98º período de sesiones  
Roma, 5 de septiembre de 2017

---

**Para examen**

# Índice

<b>Resumen</b>	<b>ii</b>
<b>Apéndice</b>	
<b>I. Georgia</b> – Impact evaluation of the Agricultural Support Project	<b>1</b>

## Resumen

### A. Antecedentes

1. En consonancia con la decisión de la Junta Ejecutiva del FIDA, entre 2016 y 2017 la Oficina de Evaluación Independiente del FIDA (IOE) llevó a cabo una evaluación del impacto del Proyecto de Apoyo Agrícola respaldado por el FIDA en Georgia. En el correspondiente documento conceptual se describen la justificación general y el mandato de esta evaluación<sup>1</sup>.

### B. El proyecto

2. El objetivo general del proyecto era aumentar los ingresos de la población rural dedicada a actividades agrícolas en Georgia. Los objetivos del proyecto eran los siguientes: i) aumentar los activos y los ingresos entre las mujeres y los hombres del medio rural que eran económicamente activos, o podían llegar a serlo, y estaban deseosos de poner en marcha empresas agropecuarias y empresas rurales conexas comercialmente viables, y ii) eliminar los obstáculos infraestructurales que coartaban el incremento de la participación de la población rural pobre y económicamente activa en la potenciación de la comercialización de la economía rural (EB 2009/98/R.41/Rev.1, párrafo 14).
3. **Grupo objetivo.** Desde el punto de vista geográfico, el proyecto se centró en regiones con una alta incidencia de pobreza entre la población rural, en zonas en que la agricultura ofrecía un elevado potencial productivo. El grupo objetivo estaba compuesto por productores y elaboradores dedicados a actividades relacionadas con la agricultura, así como por mujeres y hombres del medio rural interesados en avanzar hacia una producción más comercial. Las actividades de arrendamiento financiero rural estaban orientadas a la población pobre económicamente activa y con una orientación comercial. La rehabilitación de la infraestructura estaba dirigida a los pequeños productores con menos de una hectárea de tierra. El proyecto no tenía un enfoque directo para la focalización en las mujeres, pero se había fijado el objetivo de que, como mínimo, el 30 % de los participantes en todas las categorías de inversiones del proyecto debían ser mujeres.
4. **Componentes del proyecto.** El proyecto constaba de los tres componentes siguientes: i) el apoyo a las operaciones de arrendamiento en las zonas rurales; ii) la infraestructura rural en pequeña escala, que abarcaba un sistema de agua potable y la rehabilitación de dos puentes y seis sistemas de riego, y iii) el apoyo a la gestión y ejecución del proyecto. En el marco del primer componente se apoyó la recapitalización de los pequeños productores pobres y las pequeñas y medianas agroempresas. El segundo componente se centró en las inversiones en infraestructura pública para fomentar las inversiones de la población rural dentro y fuera de las explotaciones agrícolas y las actividades empresariales. Con el tercer componente se prestó apoyo financiero a la unidad de gestión del proyecto para las actividades de ejecución.
5. **Disposiciones de ejecución.** En virtud del primer convenio de financiación, se preveía que el Centro de Coordinación de Proyectos de Desarrollo Agrícola del Ministerio de Agricultura asumiera la responsabilidad general de la gestión cotidiana del proyecto. Sin embargo, en febrero de 2011, dicho Centro se cerró y la responsabilidad de ejecutar las actividades del proyecto se transfirió a la División de Ejecución y Seguimiento de los Proyectos de Donantes en el Departamento de Relaciones Exteriores del Ministerio de Agricultura. Con el fin de asegurar la continuidad, el Ministerio de Agricultura contrató a algunos funcionarios del Centro de Coordinación de Proyectos de Desarrollo Agrícola en calidad de consultores. El organismo gubernamental encargado del riego, la Compañía de Mejora, participó como asociado en las actividades relacionadas con el funcionamiento y el mantenimiento de los sistemas rehabilitados por el proyecto.

<sup>1</sup> Véase <http://www.ifad.org/documents/10180/5c33014f-7f1e-47a6-aac5-f05fc26b2ede> (solo en inglés).

### C. **Objetivos, metodología y proceso de evaluación**

6. **Objetivos.** La meta general de la evaluación del impacto era evaluar si el proyecto había tenido éxito o no y por qué razones y, de este modo, ofrecer información pertinente en materia de políticas para el diseño de futuros proyectos respaldados por el FIDA. Los objetivos principales eran los siguientes: i) determinar si las intervenciones habían tenido efectos en el bienestar de los beneficiarios y medir estos efectos, y establecer si estos efectos podían atribuirse a las intervenciones en cuestión; ii) evaluar las características innovadoras del proyecto y facilitar la información necesaria para ampliar de escala los componentes del proyecto que habían arrojado buenos resultados, y iii) proporcionar contribuciones y datos empíricos sólidos para la evaluación de la estrategia y el programa en el país relativos a Georgia.
7. **Metodología.** El proyecto se evaluó utilizando los criterios establecidos en la segunda edición del Manual de evaluación de la IOE (2015). Estos incluyen las cuatro esferas del impacto abarcadas por el criterio del impacto en la pobreza rural: i) ingresos y activos de los hogares; ii) capital humano y social y empoderamiento; iii) seguridad alimentaria y productividad agrícola, y iv) instituciones y políticas. Además, se utilizaron los criterios siguientes: pertinencia, eficacia, eficiencia, sostenibilidad de los beneficios, igualdad de género y empoderamiento de la mujer, innovación y ampliación de escala, medio ambiente y gestión de los recursos naturales, adaptación al cambio climático, logros generales del proyecto junto con el desempeño de los asociados. Los criterios se calificaron con arreglo a una escala de 1 a 6 (la puntuación más alta era 6 y la más baja, 1).
8. La lógica de intervención del proyecto (su teoría del cambio) fue el punto de partida de la presente evaluación del impacto (véase el anexo IV, en el apéndice). En esta evaluación se recurrió a un diseño cuasiexperimental para atribuir los efectos observados a las intervenciones del proyecto. La determinación del impacto se logró mediante un escenario contrafactual, es decir, la utilización de un grupo de comparación. Los efectos del proyecto se calcularon principalmente mediante el uso del enfoque de diferencias en diferencias. En los casos en que no fue posible aplicar este enfoque, se calculó una diferencia de orden único (la diferencia entre el grupo de tratamiento y el grupo de comparación solamente al término del proyecto). Los valores de referencia se recrearon con preguntas basadas en la rememoración, ya que había problemas metodológicos con los valores de referencia recopilados por el personal del proyecto.
9. Se recurrió a una combinación de instrumentos cuantitativos y cualitativos. El principal instrumento utilizado fue una encuesta de hogares, con la que se recogieron los datos primarios cuantitativos. Los instrumentos cualitativos, como debates en grupos de discusión, entrevistas con informantes clave y entrevistas detalladas, permitieron comprender los mecanismos causales mediante los cuales el proyecto alcanzó o no sus objetivos. Se empleó un tamaño efectivo de muestra de 3 190 hogares a fin de garantizar un nivel suficiente de poder estadístico.
10. Se adoptaron dos enfoques innovadores en el contexto de las evaluaciones del impacto realizadas por la IOE. El primero consistió en establecer correspondencias entre las observaciones de los beneficiarios y las del grupo de comparación, para lo cual se usó el método de la correspondencia genética, en lugar de la correspondencia basada en la puntuación de la propensión, a fin de obtener una mejor correspondencia. El segundo consistió en utilizar el análisis geoespacial, con la metodología de observación terrestre, haciendo hincapié en los efectos de la rehabilitación del riego. En el anexo VII del apéndice se presentan la metodología detallada y un análisis de los resultados y las enseñanzas extraídas.

## D. Principales constataciones de la evaluación.

11. **Pertinencia.** Los objetivos del proyecto eran compatibles con las políticas nacionales, las estrategias del FIDA y las necesidades de la población rural pobre. Asimismo, se ajustaban plenamente a lo dispuesto en el Marco Estratégico del FIDA (2016-2025) y en el documento sobre oportunidades estratégicas nacionales (2004).
12. El componente centrado en la infraestructura en pequeña escala era pertinente a las necesidades de la población pobre, dado que el acceso a la infraestructura se consideraba un factor clave para el desarrollo general de la economía rural. En el momento en que se diseñó el proyecto, el sistema de riego del país se encontraba en mal estado ya que no se habían realizado inversiones ni operaciones de mantenimiento desde 1991. Asimismo, en el momento del diseño, por lo general, las operaciones financieras rurales en el país no estaban beneficiando a la población rural pobre. La necesidad de nuevos incentivos financieros rurales y de llegar a un mayor número de personas debía satisfacerse por medio del arrendamiento financiero. Sin embargo, los subcomponentes del proyecto contenían un conjunto independiente de actividades con aparentemente poca, o ninguna, sinergia entre ellas.
13. En general, el proyecto estaba dirigido a personas con la capacidad de avanzar hacia una agricultura más comercial. Por esta razón, la intervención de rehabilitación de la infraestructura se centró en los pequeños productores con menos de una hectárea de tierra, así como en los hogares encabezados por mujeres. Sin embargo, no está claro sobre qué base se estableció el objetivo del 30 % y cómo este debía alcanzarse, puesto que no se elaboró una estrategia para incorporar las cuestiones de género en el enfoque de focalización del proyecto. El marco lógico elaborado por la unidad encargada del proyecto carecía de la estructura y el contenido necesarios: no se indicaron los efectos directos, ni tampoco se establecieron metas con respecto a las cuales realizar el seguimiento de los productos y efectos directos finales. En conjunto, en la evaluación del impacto se califica la pertinencia de moderadamente satisfactoria (4).
14. **Eficacia.** Desde el punto de vista del alcance del proyecto, en el informe final del proyecto (IFP) se señaló que el componente centrado en la infraestructura rural en pequeña escala había prestado asistencia a un total de 15 790 hogares rurales, de los cuales la rehabilitación del riego había abarcado a 14 450 hogares y una posible superficie bajo riego de 11 000 hectáreas. Sin embargo, estas son cifras potenciales, no efectivas, basadas en el supuesto de que todas las explotaciones agrícolas en la zona cubierta por el riego recibieron agua de riego. En realidad, en la temporada de 2015 se habían registrado unas 1 420 hectáreas (el 13% de la posible superficie bajo riego) para recibir el abastecimiento de agua de la Compañía de Mejora. En esta zona, unos 3 390 hogares (el 24 % de los beneficiarios previstos) plantaron cultivos de regadío. En el momento de la evaluación *ex ante*, se preveía que el componente centrado en el arrendamiento financiero rural llegara a unos 470 beneficiarios directos y a 14 200 beneficiarios indirectos. Al término del proyecto, solo 15 empresas habían participado directamente y, en conjunto, emplearon a 1 152 personas, 612 de las cuales representaron un incremento respecto al valor de referencia. De los 2 645 beneficiarios estimados de las vinculaciones regresivas, solo 993 representaron un incremento. En resumen, la eficacia del alcance general fue parcial en el caso de la infraestructura rural en pequeña escala y resultó deficiente en el caso del arrendamiento financiero rural.
15. El primer objetivo del proyecto estaba relacionado con el componente de arrendamiento financiero, que puede considerarse eficaz en lo que se refiere a la atracción de nuevas inversiones para las empresas rurales. Sin embargo, la escala fue muy inferior a la prevista y, al parecer, estas inversiones no han creado el número de nuevas vinculaciones que se había previsto, sino que han fortalecido las

existentes. Por otra parte, no se cumplió la aspiración del proyecto de introducir el arrendamiento financiero rural (arrendamiento colectivo) mediante las instituciones de microfinanciación (IMF) para estimular la inversión de los pequeños productores. El proyecto no logró atraer a las IMF por varias razones, sobre todo porque el arrendamiento financiero como instrumento del sector financiero es relativamente poco conocido en Georgia. Además, la legislación que rige las IMF carecía de claridad en cuanto al papel de estas instituciones en relación con este instrumento. Además, se preveía que las IMF pagaran el impuesto sobre el valor agregado (el 18 %) al comprar los equipos (que el Gobierno reembolsaría posteriormente), lo cual inmovilizaba temporalmente parte de sus fondos. Por último, había muchas fuentes de intervenciones contrapuestas, entre ellas los subsidios para arrendar maquinaria agrícola por medio de centros públicos y de programas de organismos donantes, que también ofrecían subsidios para comprar o arrendar maquinaria. Un buen estudio de viabilidad en la fase de diseño del proyecto habría puesto de relieve estos problemas.

16. Gracias a la rehabilitación de dos puentes se mejoró el acceso de los animales a los pastos de verano, y con el sistema de abastecimiento de agua para uso doméstico se llevó agua corriente a las viviendas de los beneficiarios. En cuanto al subcomponente de riego, al término del proyecto se cultivaba menos del 15 % de la superficie total bajo riego abarcada por el proyecto (párrafo 14). La adopción del nuevo riego disponible fue lenta debido al estado de abandono de los sistemas de riego en las explotaciones agrícolas, entre otras razones. Esto significaba que no todos los beneficiarios previstos recibían agua, incluso si los sistemas primarios se habían rehabilitado. Otros factores que entorpecieron el logro de resultados fueron: la falta de acceso a servicios financieros para financiar los costos de cultivo e insumos para la plantación de regadío; el envejecimiento de la población rural y la ausencia de incentivos para que los jóvenes regresaran a explotaciones agrícolas poco rentables, y la migración y el registro catastral incompleto, que obstaculizaba la concentración parcelaria. Como aspecto positivo, en las visitas sobre el terreno se confirmó que la producción de algunas medianas y grandes explotaciones había mejorado y que algunos agricultores habían optado por producir cultivos con elevado valor agregado tras la finalización de las obras de riego. Sin embargo, puesto que los sistemas, en su mayoría, se rehabilitaron tan solo en 2015, en esta etapa no es posible medir el pleno alcance y el ritmo de la intervención. En vista de los resultados generales en relación con los objetivos, la eficacia se valora como moderadamente insatisfactoria (3).
17. **Eficiencia.** El rendimiento económico y financiero del proyecto se sobrestimó en el IFP, habida cuenta del menor número de beneficiarios y el retraso en la materialización de los beneficios previstos del componente centrado en la infraestructura. Según el análisis económico contenido en el IFP, la tasa interna de rendimiento económico (TIRE) era del 20 %, con un valor actual neto de USD 164 millones durante un período de 20 años. Sin embargo, la evaluación de la TIRE al término del proyecto es poco fiable porque no se disponía de datos de calidad sobre los efectos y había supuestos sin verificar. Además, como se señaló anteriormente, dado que aún no se ha utilizado todo el potencial de la superficie cubierta por el riego, la acumulación de beneficios prevista se reducirá o retrasará. Si bien no ha sido posible evaluar el impacto que esta situación tendrá en la TIRE, está claro que los beneficios serán menores de lo previsto. En el caso del componente de arrendamiento financiero, que no logró llegar a ciertos beneficiarios seleccionados, los beneficios previstos no se han materializado plenamente.
18. Como aspecto positivo cabe destacar que el costo de gestión del proyecto ascendió solo al 6 % de los desembolsos totales, cifra inferior a la de otros proyectos similares. Un análisis de los costos de rehabilitación del riego puso de manifiesto que, en el marco del proyecto, estos eran, en promedio, de 1 980 laris georgianos (GEL) por hectárea. Esta cifra se ajusta a los costos de rehabilitación estimados por

el Banco Mundial de GEL 2 150 por hectárea. El período transcurrido entre la firma y la entrada en vigor del préstamo fue breve. Sin embargo, la ejecución se retrasó de un año debido a los cambios en la gestión del proyecto en el seno del Ministerio de Agricultura, que culminaron en la reasignación de personal y la contratación de nuevos funcionarios. Asimismo, los retrasos en la finalización de algunos sistemas de riego obligaron a prorrogar la fecha de cierre del préstamo por un año. A pesar de esta prórroga, los fondos del proyecto no se desembolsaron en su totalidad y, en el momento de la evaluación *ex ante* del proyecto, la tasa general de desembolso ascendía a un 76 % de los fondos comprometidos. En general, la eficiencia se considera moderadamente insatisfactoria (3).

19. **Impacto en la pobreza rural.** Los métodos cuantitativos y cualitativos empleados para evaluar el impacto del proyecto en la pobreza rural arrojaron resultados desiguales. No mostraron ningún cambio estadísticamente significativo en los ingresos agrícolas entre la comunidad objetivo y la comunidad de comparación en lo relativo a las intervenciones relacionadas con el riego, los puentes y el agua potable. Sin embargo, mostraron aumentos en los ingresos de los agricultores que se beneficiaron indirectamente del arrendamiento financiero destinado a las agroempresas.
20. Se esperaba que los ingresos de los beneficiarios de las actividades de riego aumentaran con el incremento de la producción y la diversificación. Sin embargo, debido a las deficiencias de suministro de agua en la principal temporada de riego y a la falta de riego en las explotaciones agrícolas (dado que el proyecto se centró principalmente en los canales primarios y secundarios), los niveles de plantación y producción fueron menores de lo esperado. El cambio de los cultivos que debían producirse, o la diversificación de los cultivos, podría haber dado lugar a un aumento de los ingresos, pero esto se observó solo marginalmente, si acaso. Hubo un incremento en el número de terneros debido a la mayor seguridad de los puentes (lo que redujo la mortalidad animal), pero fue demasiado reducido para dar lugar a aumentos en los ingresos de los propietarios de ganado beneficiarios.
21. El análisis estadístico indica que el proyecto no tuvo un impacto significativo en los ingresos no agrícolas, tal como se había previsto en el marco lógico del proyecto. Sin embargo, según los datos de seguimiento y evaluación del proyecto (SyE), se crearon algunos puestos de trabajo en las agroindustrias gracias al arrendamiento financiero. Se realizaron pruebas para determinar si los hogares beneficiarios en el cuartil más bajo de la distribución de los ingresos al inicio del proyecto tenían más probabilidades de salir de la pobreza. Los resultados indicaron que el 25 % más pobre entre los beneficiarios indirectos del componente de arrendamiento financiero probablemente habían mejorado sus ingresos. Los mismos efectos directos se observaron en el caso de los activos físicos: los beneficiarios indirectos del componente de arrendamiento financiero habían aumentado sus activos, pero los otros beneficiarios, no.
22. El proyecto influyó poco en la situación de la seguridad alimentaria de los beneficiarios. La diversidad del régimen alimentario y el gasto en alimentos, que se utilizaron como indicadores de la seguridad alimentaria, mostraron que no existían diferencias estadísticamente significativas entre los beneficiarios y el grupo de comparación. El proyecto no tuvo efectos significativos en la productividad de los cultivos (cambios en los rendimientos). Asimismo, los resultados indican que, en las comunidades de regantes, los hogares beneficiarios no cultivaron tierras adicionales. Sin embargo, la superficie media bajo riego por hogar se incrementó en 0,15 hectáreas, aproximadamente. El análisis geoespacial indicó que hubo una mejora de tan solo 1,24 % en el desarrollo de la vegetación en la zona tratada frente a la zona de comparación. Además, el abandono de cultivos alimentarios (productos básicos) en favor de cultivos con alto valor agregado, destinados principalmente a los mercados, habría sido una señal de comercialización. En

este sentido, se analizó la superficie de tierra dedicada a los cultivos alimentarios y a los cultivos con alto valor agregado, pero los resultados revelaron que las actividades del proyecto no habían tenido repercusiones significativas.

23. El proyecto tenía objetivos limitados en materia de capital humano y social y empoderamiento. Por lo que se refiere al empoderamiento generado con un enfoque participativo, durante el diseño del proyecto se consultó a algunos miembros de la comunidad sobre la intervención relacionada con los puentes y, según el personal del proyecto, también sobre los sistemas de riego, pese a que los participantes en los debates en los grupos de discusión indicaron que tenían poco, por no decir ningún, conocimiento de estas consultas. Los beneficiarios entrevistados expresaron opiniones divergentes en cuanto a si el proyecto había ayudado a reducir los conflictos relacionados con el agua, en particular con el agua potable. Algunos beneficiarios señalaron que los conflictos habían disminuido, mientras que otros dijeron que no había habido cambios en comparación con la situación de antes de la intervención del proyecto. Aunque no era un objetivo explícito del proyecto, en la evaluación del impacto también se controló si el aumento de mejores fuentes de agua potable había permitido mejorar los resultados en la esfera de la salud. Sin embargo, no se observó ningún cambio en la incidencia de las enfermedades transmitidas por el agua.
24. En la fase de diseño, se establecieron tres objetivos fundamentales para las instituciones y las políticas: i) la consolidación del Centro de Coordinación de Proyectos de Desarrollo Agrícola del Ministerio de Agricultura en su función de coordinador institucional para el desarrollo agrícola en Georgia; ii) la creación de un sector de arrendamiento financiero para promover el crecimiento sostenible de la economía en las zonas rurales y la reducción de la pobreza, y iii) la formación de grupos u organizaciones de beneficiarios. El primer objetivo no se cumplió debido a los cambios introducidos por el Gobierno. El proyecto no logró el impacto que se había previsto generar con la promoción de una orientación en favor de los pobres en las organizaciones del sector privado, sobre todo mediante la creación del sector del arrendamiento financiero. El tercer objetivo podría haberse logrado con la formación de una asociación de usuarios de agua o el fortalecimiento de las existentes. Sin embargo, no se observó un aumento del número de miembros en las asociaciones de usuarios de agua, y solo unos pocos entrevistados informaron pertenecer a estas asociaciones en 2016.
25. Según esta evaluación, el impacto general del proyecto en la pobreza rural es moderadamente insatisfactorio (3). Si bien el proyecto logró efectos directos positivos gracias a la actividad de arrendamiento financiero, no se observaron cambios en varios efectos directos importantes, o estos efectos fueron inferiores a los deseados. Con respecto a los sistemas de riego, que fue la actividad más importante en cuanto a los recursos asignados, la obtención de resultados poco satisfactorios se debió en gran medida a los retrasos en la finalización de la actividad. Además, la heterogeneidad de las intervenciones atenuó el impacto general del proyecto.
26. **Sostenibilidad de los beneficios del proyecto.** Los riesgos para la sostenibilidad de la infraestructura se han visto atenuados en cierta medida por la contribución que la Compañía de Mejora y los municipios aportaron a un fondo central a fin de sufragar el 5 % del total de los costos de infraestructura, como muestra de su compromiso con las obras creadas en el marco del proyecto. En ese sentido, los municipios correspondientes habían asumido la responsabilidad en cuanto al cuidado y el mantenimiento de los puentes y el sistema de abastecimiento de agua, al igual que la Compañía de Mejora había aceptado la responsabilidad de cuidar los sistemas de riego rehabilitados. La sostenibilidad a largo plazo de la infraestructura, sin embargo, dependerá en gran medida de un sentido de apropiación común, que aún no se ha generado. El mantenimiento



sostenido de los sistemas de riego dependerá también de una distribución justa y bien organizada del agua entre los usuarios, así como de la gestión eficiente de este recurso en las explotaciones.

27. El Gobierno, en colaboración con el Banco Mundial, está introduciendo reformas institucionales en la Compañía de Mejora para promover la participación de los usuarios de agua, que también podrían mejorar la sostenibilidad de los sistemas completados por el proyecto. No obstante, aún está por verse si esta iniciativa dará buenos resultados. La sostenibilidad del componente de arrendamiento financiero está asegurada en cierta medida, ya que todos los fondos invertidos se distribuyeron a las 15 medianas y grandes empresas privadas existentes, que están firmemente establecidas. Asimismo, es probable que la demanda de estas empresas de mano de obra y de suministro de materias primas aumente, lo que permitiría mantener las escasas vinculaciones regresivas establecidas por el proyecto. En conjunto, la sostenibilidad se considera moderadamente satisfactoria (4).

#### **Otros criterios relativos a los resultados**

28. **Innovación.** La propuesta de arrendamiento financiero rural fue la característica más innovadora del proyecto y una idea encomiable. Una gestión cuidadosa y flexible del arrendamiento financiero podría haber ofrecido la posibilidad de promover una mayor inclusión de los clientes más pobres, sobre todo porque eliminaba las restricciones relacionadas con las garantías prendarias del crédito convencional. Lamentablemente, en la fase de diseño del producto de arrendamiento financiero relacionado con las IMF no se llevó a cabo un estudio de viabilidad apropiado, por lo que su aplicación fracasó, pese a que el arrendamiento financiero destinado a las agroindustrias tuvo más éxito.
29. Sin embargo, no se concretizaron las innovaciones institucionales para promover la participación de los usuarios de agua en el diseño de los sistemas de riego y en la gestión del agua, como tampoco se introdujeron medidas para mejorar la recuperación de las tasas de agua. Prácticamente no hubo participación de los usuarios de agua en el diseño o la gestión de estos sistemas, ni tampoco aumentó el sentido de apropiación entre estos usuarios. En la evaluación se califica la innovación como moderadamente insatisfactoria (3), teniendo en cuenta que el intento del proyecto de incluir la innovación en sus intervenciones es digno de elogio, pero no produjo los resultados previstos.
30. **Ampliación de escala.** Puesto que en las actividades de arrendamiento financiero del proyecto participaron solo una empresa arrendadora y ninguna IMF, y que todos los arrendatarios beneficiarios eran agroempresas privadas, por ahora no hay posibilidades de ampliar considerablemente la escala del arrendamiento agrícola en las zonas rurales. En las entrevistas realizadas con TBC Leasing se indicó que era probable que la empresa incluyera el arrendamiento financiero rural en su cartera de productos, aunque esto no puede confirmarse con certeza. Además, los marcos jurídicos y normativos vigentes y las consecuencias fiscales impiden la participación de las IMF, si bien al parecer algunas de ellas estarían interesadas en adoptar instrumentos de arrendamiento financiero si estos marcos se reformaran adecuadamente. Puesto que al efectuarse esta evaluación no había indicios de que el Gobierno fuera a reformar las normas de arrendamiento, a fin de que fueran aceptables para las IMF, parece que hay pocas posibilidades de ampliar de escala esta actividad en Georgia.
31. En cambio, la experiencia del proyecto con la rehabilitación del riego ha beneficiado el diseño y la ejecución del Proyecto de Fomento del Riego y la Gestión de la Tierra financiado por el Banco Mundial en Georgia, aprobado en 2015. Algunas de las disposiciones institucionales y de gestión ensayadas y aplicadas mediante el manual de ejecución del proyecto relativo a la infraestructura en pequeña escala han contribuido a establecer las

modalidades operativas para el diseño de dicho proyecto. Los resultados del proyecto en cuanto a la ampliación de escala se consideran moderadamente satisfactorios (4).

32. **Igualdad de género y empoderamiento de la mujer.** El análisis de los hogares encabezados por mujeres indica que no se logró un impacto significativo en ninguna de las variables de efectos directos de interés, como los ingresos, la seguridad alimentaria, la salida de la pobreza y el índice de activos. Del mismo modo, los resultados revelaron que no se produjo ningún cambio importante en la función de las mujeres en relación con las decisiones sobre: la compra de activos, la selección de los productos agrícolas que debían cultivarse, cosecharse o producirse, la elección de los productos agrícolas que debían venderse o donarse, y el modo de cultivar o cuidar la tierra.
33. En los debates en los grupos de discusión realizados con mujeres se indicó que ni ellas ni nadie de sus conocidos habían sido consultados sobre el diseño del proyecto. Los resultados de las intervenciones del proyecto destinadas a aliviar la carga de trabajo de las mujeres mediante el suministro de agua potable corriente en las viviendas (con lo que se reducía el tiempo empleado en ir a buscar agua) indicaron que el ahorro de tiempo había sido insignificante. Por otra parte, en las entrevistas se constató que muchas mujeres en las aldeas utilizaban el agua corriente para sus lavadoras y otras tareas de limpieza.
34. Estos resultados reflejan el hecho de que, si bien en el proyecto se fijó una meta para el número de mujeres beneficiarias, no se establecieron modalidades para garantizar su participación y representación en los grupos y las organizaciones locales. Del mismo modo, al definir los criterios de selección de las propuestas de infraestructura no se tuvieron en cuenta las cuestiones de género, a pesar de que eran sobre todo las mujeres quienes podían estar interesadas en las mejoras de la infraestructura dado que permitían mejorar el acceso a los servicios sociales y ahorrar tiempo, lo cual contribuye a reducir las responsabilidades domésticas y de cuidado de los hijos. No había mujeres entre los propietarios de las empresas, si bien en algunas de estas empresas se les dio trabajo. En vista del particular contexto de Georgia, donde la igualdad de género y el empoderamiento de la mujer requieren atención, el proyecto no logró realizar una contribución destacada en la materia. El proyecto se considera insatisfactorio (2) en relación con este criterio.
35. **Medio ambiente y gestión de los recursos naturales.** Las inversiones del proyecto en infraestructura no provocaron una degradación del medio ambiente. Es poco probable que la financiación del sector agrícola mediante las actividades de arrendamiento financiero rural hayan tenido un impacto negativo en el medio ambiente. Sin embargo, al parecer, en el diseño del proyecto apenas se tuvo en cuenta la gestión del medio ambiente y los recursos naturales. La cooperación entre el FIDA y la Compañía de Mejora podría haber sentado las bases para mejorar el aprovechamiento de los recursos naturales, especialmente en relación con la gestión de las cuencas hidrográficas. Se podrían haber empleado los servicios de extensión del Gobierno para este fin. Dado que hay pocos indicios de que esta relación se haya aprovechado para promover la sostenibilidad ambiental y de los recursos naturales, esta es una oportunidad perdida. Además, con la rehabilitación de los canales probablemente se redujo el desperdicio de agua, pero no se eliminó: la pérdida de agua sigue siendo un problema. El proyecto puede considerarse moderadamente insatisfactorio (3) en esta esfera del impacto. La escasa atención que se dedicó a esta esfera representa una oportunidad perdida.
36. **Adaptación al cambio climático.** Puesto que el país está registrando días y noches más cálidos, precipitaciones más variadas y fenómenos climáticos más frecuentes e intensos, es evidente la necesidad de reducir los riesgos a los que se enfrenta el sector agrícola en Georgia para incrementar su resiliencia. La

adaptación al cambio climático no se incorporó explícitamente en el diseño del proyecto: no se contempló ninguna medida de adaptación al cambio climático y mitigación de sus efectos. Las inversiones realizadas por el proyecto aseguraron la rehabilitación de los canales de riego para el suministro de agua a los pequeños productores agricultores, aunque con un abastecimiento de agua más fiable se habría garantizado una mejor adaptación a los efectos adversos del cambio climático. Por otra parte, dada la variabilidad en los niveles de precipitación a los que está expuesto el país, un aspecto importante para la adaptación al cambio climático habría sido que se diese prioridad a mejorar la gestión del agua de riego por parte de los beneficiarios. Se desperdició así una oportunidad, sobre todo porque en el diseño de una intervención anterior del FIDA, el Programa de Desarrollo Rural en las Zonas Montañosas y las Tierras Altas, se había tenido en cuenta la adaptación al cambio climático. En esta evaluación del impacto se califica la adaptación al cambio climático de moderadamente insatisfactoria (3).

37. **Desempeño de los asociados. Gobierno.** La decisión del Ministerio de Agricultura de cerrar el Centro de Coordinación de Proyectos de Desarrollo Agrícola, encargado de la gestión y ejecución generales de los proyectos del FIDA, llevó prácticamente a la parálisis en la ejecución del proyecto y produjo una difícil transición para la unidad de gestión del proyecto, dado que perdió la autonomía de la que gozaba anteriormente. Varios funcionarios del Centro de Coordinación de Proyectos de Desarrollo Agrícola/Departamento para la Ejecución de Proyectos de Organizaciones Internacionales que estaban encargados de la gestión y ejecución del proyecto dejaron el Centro. Además, el considerable retraso con que el Gobierno aprobó el Manual de operaciones de arrendamiento financiero rural afectó aún más a todas las actividades previstas para 2011. El sistema de SyE se estableció dos años después de la puesta en marcha del proyecto. Como resultado de ello, en un principio, los informes de situación y sobre el impacto no se elaboraron correctamente y, debido a la falta de datos de referencia al inicio del proyecto, no se establecieron metas en el marco lógico.
38. Sin embargo, después de 2012, con el establecimiento de una nueva administración nacional, el desempeño del Gobierno y el compromiso del Ministerio de Agricultura en relación con el proyecto se volvieron más firmes. El informe de auditoría externa se presentó al FIDA a tiempo y la labor de auditoría se ajustó a las Directrices del FIDA para la Auditoría de Proyectos. Además, el Ministerio de Agricultura asumió la responsabilidad de la gestión del sistema de SyE. Por consiguiente, se realizó el estudio de referencia en 2012 y un estudio final, al término del proyecto.
39. **Desempeño del FIDA.** El FIDA hizo todo lo posible por colaborar activamente con otros asociados para el desarrollo, como el Banco Mundial, la Agencia de los Estados Unidos para el Desarrollo Internacional y la Agencia Suiza para el Desarrollo y la Cooperación, con el fin de aprender de sus inversiones en el sector agrícola en Georgia. Sin embargo, debido a la falta de consultas activas con los donantes durante el diseño y en las primeras etapas de la ejecución, la cofinanciación prevista para el proyecto no se materializó y el FIDA tuvo que conceder un préstamo suplementario de USD 5 millones para subsanar ese déficit.
40. En cuanto al diseño del proyecto, el FIDA tomó la iniciativa de velar por que las responsabilidades relativas al mantenimiento de la infraestructura estuvieran establecidas desde el principio. Sin embargo, cabe preguntarse por qué no se evaluaron algunos de los supuestos utilizados en el diseño, en particular la estimación aparentemente ambiciosa del nivel de participación de las empresas comerciales de arrendamiento financiero y de las IMF en el componente de arrendamiento financiero rural. Además, puesto que en la fase de diseño del proyecto no se especificaron objetivamente los criterios de selección para las propuestas de arrendamiento financiero, su aprobación inicialmente se retrasó. Este fue un aspecto crucial, puesto que en la fase de diseño se había considerado

que la observancia de un estricto calendario en la tramitación de las solicitudes de financiación de las instituciones financieras participantes era de suma importancia para mantener el interés de estas instituciones en el proyecto.

41. El FIDA supervisó periódicamente el proyecto y los informes de supervisión eran generalmente muy informativos. La supervisión del FIDA facilitó la ejecución del proyecto, mediante cambios en las asignaciones financieras, así como la modificación de las disposiciones de ejecución y la mejora de las especificaciones de los criterios para las propuestas de arrendamiento financiero. Por lo general, los desembolsos se realizaron a tiempo y los planes operacionales anuales se aprobaron lo antes posible. En la evaluación se califica el desempeño del FIDA y del Gobierno de moderadamente satisfactorio (4).

## **E. Conclusiones**

42. La premisa en la que se basaba el proyecto era correcta, es decir, que los obstáculos infraestructurales estaban entorpeciendo la comercialización de la agricultura en Georgia. El proyecto ha reactivado el interés en la agricultura, alentando a otros organismos como el Banco Mundial a ampliar de escala los sistemas de riego que estaban desatendidos. Asimismo, el intento del proyecto de ser novedoso mediante la introducción de un producto financiero innovador en Georgia es encomiable.
43. Sin embargo, el proyecto no tuvo los efectos previstos en los beneficiarios, especialmente en su componente más importante: la rehabilitación del sistema de riego. El análisis del impacto mostró resultados estadísticamente insignificantes para algunas de las principales variables de interés. Entre las razones que explican estos resultados cabe destacar un diseño, al menos en parte, poco realista y los retrasos en la ejecución en algunas esferas: la mayor parte de los sistemas de riego se completaron solo cuando el proyecto estaba por finalizarse, y el arrendamiento financiero por medio de las IMF no llegó a materializarse. Sin embargo, los beneficiarios indirectos del arrendamiento financiero registraron una mejora en sus ingresos y activos, y también se generaron algunos puestos de trabajo en las agroempresas que recurrieron al arrendamiento financiero.
44. La integración de los componentes del proyecto no se realizó de manera de producir los resultados previstos en materia de desarrollo. La heterogeneidad de las intervenciones y la visible falta de sinergia entre ellas afectaron a la fuerza colectiva necesaria para lograr los resultados deseados en el ámbito del desarrollo.
45. La prioridad del proyecto de introducir servicios innovadores de financiación rural se basó en un estudio de viabilidad limitado, especialmente por lo que se refiere al arrendamiento financiero colectivo por medio de las IMF. Además, en la elaboración y la evaluación *ex ante* del proyecto no se consultó debidamente a los asociados para determinar las limitaciones del componente propuesto de arrendamiento financiero rural, y para definir las posibles soluciones.
46. El interés del proyecto por las vinculaciones regresivas era justificable, pero no se respaldó con una estrategia adecuada. Hubo una cierta discrepancia entre la estrategia de focalización para las vinculaciones regresivas y su aplicación. Por ejemplo, algunos de los arrendatarios recurrieron a la financiación para arrendar equipo que no tenía ningún efecto en los beneficiarios indirectos, en forma de incremento del empleo o de aumento de los suministros de los agricultores.
47. Una gran laguna del proyecto fue que no sincronizó la rehabilitación de los sistemas de riego con el fortalecimiento de la capacidad de las instituciones, la mejora de la distribución del agua en las explotaciones y el apoyo a la capacitación de los agricultores y a su movilización y organización en grupos oficiosos de usuarios de agua.

48. El empoderamiento de la mujer fue un objetivo importante, que se había destacado como criterio de focalización, pero que no se cumplió. El proyecto podría haber contribuido positivamente a reducir el desequilibrio de género existente y a mejorar el bajo nivel de empoderamiento de las mujeres en Georgia, pero no pudo hacerlo porque no se había formulado una estrategia de género. Sin embargo, en el proyecto se incluyó la creación de empleo para las mujeres como una de las condiciones para proporcionar arrendamiento financiero a las agroempresas.

## F. Recomendaciones

49. **Recomendación 1. Aplicar un enfoque holístico para la rehabilitación de la infraestructura cuando se intenta lograr un cambio mensurable en la vida de los agricultores.** En el diseño de los proyectos se debería incluir, como mínimo, la prestación de servicios de apoyo apropiados en materia de producción y comercialización agrícolas, sobre todo si el objetivo es avanzar hacia la comercialización. Asimismo, se recomienda **evaluar las deficiencias institucionales en el contexto concreto cuando se tiene por objetivo la sostenibilidad a largo plazo de la infraestructura.** La falta de armonización de una intervención en infraestructura con la movilización y organización de los beneficiarios en grupos de usuarios temporales o permanentes puede debilitar los beneficios a largo plazo previstos, especialmente cuando los departamentos gubernamentales carecen de la experiencia necesaria en la formación de grupos participativos.
50. **Recomendación 2. Se necesita un enfoque programático a largo plazo para las intervenciones relacionadas con la infraestructura.** Algunos retrasos en la puesta en marcha de los proyectos después de la entrada en vigor del préstamo son inevitables. En un marco temporal de proyecto, que suele ser de cinco años, la construcción de la infraestructura más importante se finalizará solo en los dos últimos años del proyecto, lo que deja poco tiempo para determinar los efectos y prestar servicios de apoyo permanente.
51. **Recomendación 3. Reducir al mínimo la brecha entre el potencial de riego creado y el utilizado, mediante la promoción de la gestión del medio ambiente y los recursos naturales.** La prestación de asistencia técnica, la capacitación y la sensibilización en materia de gestión de cuencas hidrográficas para responder a las necesidades de fomento de la capacidad de los encargados de la aplicación y el mantenimiento de los sistemas de riego, así como de los beneficiarios, pueden impulsar un uso más sostenible del agua.
52. **Recomendación 4. Cuando se introducen productos innovadores en el espacio financiero rural, hay que analizar tanto la oferta como la demanda para garantizar que los nuevos productos satisfagan las necesidades de todos los interesados.** En el proyecto podría haberse logrado una comprensión más completa de las necesidades, restricciones y directrices para el arrendamiento financiero a las IMF, si se hubiera examinado la medida en que estas instituciones respaldaban el diseño del proyecto. Asimismo, para un producto innovador, en el diseño debería evaluarse el nivel de riesgo aceptado por los asociados para emprender una actividad financiera innovadora en las zonas rurales (un entorno que puede ser arriesgado para los productos financieros). Por último, la estimación de la demanda de un producto innovador debería basarse en un riguroso análisis *ex ante* y en consultas adecuadas con los asociados, e incluso con los posibles beneficiarios.

# Georgia – Impact evaluation of the Agricultural Support Project

## Contents

<b>Executive Summary</b>	<b>ii</b>
<b>Currency equivalent, weights and measures</b>	<b>2</b>
<b>Abbreviations and acronyms</b>	<b>2</b>
<b>Map of the project area</b>	<b>3</b>
<b>I. Background, evaluation objectives, methodology and process</b>	<b>4</b>
<b>II. The project</b>	<b>10</b>
A. The context	10
B. Programme design and implementation arrangements	14
<b>III. Main Evaluation Findings</b>	<b>16</b>
A. Project performance and rural poverty impact	16
B. Other performance criteria	39
C. Overall Project Achievement	43
D. Performance of partners	44
E. Assessment of the quality of the Project Completion Report	46
<b>IV. Conclusions and recommendations</b>	<b>47</b>
A. Conclusions	47
B. Recommendations	48
<b>Annexes</b>	
<b>I. Basic project data</b>	<b>50</b>
<b>II. Definition and rating of the evaluation criteria used by IOE</b>	<b>51</b>
<b>III. Rating comparison<sup>a</sup></b>	<b>54</b>
<b>IV. Reconstructed Project Theory of Change</b>	<b>55</b>
<b>V. Project Log Frame</b>	<b>56</b>
<b>VI. Methodology used for undertaking the quantitative and qualitative analyses</b>	<b>58</b>
<b>VII. Geo-spatial analysis of project impact</b>	<b>65</b>
<b>VIII. Variable descriptions</b>	<b>68</b>
<b>IX. Match Balance statistics</b>	<b>76</b>
<b>X. Estimates of effects</b>	<b>103</b>
<b>XI. Bibliography</b>	<b>cvii</b>

## Currency equivalent, weights and measures

### Currency equivalent

Currency Unit	=	GEL Georgian Lari
US\$1.0	=	1.88 (2010)
		2.32 (2015)

### Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

## Abbreviations and acronyms

ADPCC	Agricultural Development Projects Coordination Centre
AMMAR	Agricultural Modernisation, Market Access and Resilience Project
ASP	Agricultural Support Project
AWPB	Annual Work Plan and Budget
BACI	Before/After Control/Impact
COSOP	Country Strategic Opportunities Paper
DID	Difference in Difference
DPIMD	Donor Projects Implementation and Monitoring Division
GEL	Georgian Lari (currency)
GILMD	Georgia Irrigation and Land Market Development Project
IFAD	International Fund for Agricultural Development
IOPID	International Organisation's Projects Implementation Department
IOE	Independent Office of Evaluation of IFAD
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MOA	Ministry of Agriculture
NDVI	Normalized Difference Vegetation Index
NGOs	Non-Governmental Organisations
PFI	Participating Financial Institution
PSM	Propensity Score Matching
RIMS	Results and Impact Monitoring System (IFAD)
SSRI	Small Scale Rural Infrastructure
TA	Technical Assistance
UASCG	United Amelioration System Company of Georgia
RDPMHA	Rural Development Programme for Mountainous and Highland Areas

# Map of the project area

## Georgia

### Agricultural Support Project

#### Impact evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 08-03-2017



# Georgia

## Agricultural Support Project (ASP)

### Impact Evaluation

#### I. Background, evaluation objectives, methodology and process

1. **Background.** In line with the IFAD Evaluation Policy and as decided by the Executive Board, the Independent Office of Evaluation of IFAD (IOE) undertakes Impact Evaluations (IE), one every year. In addition to contributing to the repository of impact evaluations, each successive IE harnesses internal learning by taking cognizance of the experience of its predecessor in its design.<sup>2</sup> In 2016-2017, the office undertook its fourth impact evaluation. The programme selected for the impact evaluation is the Agricultural Support Project (ASP) in Georgia. The project was selected using a comprehensive selectivity framework.<sup>3</sup>
2. **Objectives.** The overall goal of the IE for ASP is to assess whether the project worked or not, and for what reasons, and in doing so to provide policy-relevant information for the design of future projects. Its main objectives are:
  - i) To measure, and in the process, determine whether the project interventions had a welfare effect on individuals, households, and communities, and whether this effect can be attributed to the interventions in question. To this end, an attempt was made to evaluate all effects - positive or negative, direct or indirect, intended or unintended.
  - ii) To assess the innovative features of the project's design and provide the information needed to scale up successful project components and to inform the design of similar projects in future, thereby strengthening project effectiveness.
  - iii) To provide useful evidence for and to be used as a critical input in the Georgia country strategy and programme evaluation (CSPE) being currently undertaken by an IOE team.
3. **Process.** The process followed in this impact evaluation is outlined below.
 

Step 1: The process for undertaking the impact evaluation began with a preliminary assessment of the project (described below).

Step 2: Desk review of project documentation at IFAD headquarters and discussions with the project's Country Program Manager and (ex) Country Program Officer in Rome were followed by a scoping mission to Georgia. This entailed meeting with project Director and M&E specialist (the same Project Management Unit is involved in a current IFAD project).

Step 3: A competitive bidding process was launched in Georgia to select a company for undertaking the quantitative and qualitative studies for the IOE impact-related criteria, and CRRC, a prominent research agency of Georgia, was selected.

<sup>2</sup> This impact evaluation builds on IOE's previous experience with impact evaluations in Sri Lanka, India and Mozambique.

<sup>3</sup> Based largely on the selectivity framework, IOE undertakes impact evaluations of projects: (i) within three years of their completion date; (ii) that are not selected for impact evaluation by IFAD Management; (iii) that will also be included as part of the project portfolio analysis in forthcoming CSPEs, to enhance the latter's evidence base; (iv) that have innovative development approaches (e.g. institutional, social, technological) that merit deeper analysis and documentation; and (v) that offer enhanced opportunities for learning, on what works and what does not in promoting sustainable and inclusive rural transformation.

Step 4: Two missions were undertaken by IOE<sup>4</sup>, the first for overseeing the pilot testing of the survey and focus group discussion; and the second as the main mission for assessing the results of the main survey, and for collecting information related to other evaluation criteria used in this evaluation.

Step 5: The zero draft of the impact evaluation was internally peer-reviewed by IOE, subsequent to which the first draft will be shared with IFAD and with the Government. All relevant comments were addressed and a final report was prepared. A learning workshop will be held in Tbilisi to discuss the evaluation's main findings and recommendations with key stakeholders and IFAD staff.

4. *Preliminary evaluability assessment of the project.* In addition to the selectivity framework that assists in selecting projects for the IE, an evaluability assessment was undertaken with the aim to give priority to projects that have an adequate amount of usable self-evaluation data to ensure that impact evaluations by IOE can be done in an effective and efficient manner. Availability of data helps reduce the costs and time taken for IOE to undertake impact evaluations. An evaluability assessment was accordingly undertaken for ASP which showed the following.
5. The project Monitoring and Evaluation unit had the list of all villages where the project was implemented; list of project beneficiaries was not available since all households in the villages were considered to be targeted (assuming that 80 percent of all agriculture holdings in Georgia are less than 1 hectare). List of all enterprises targeted was available (leasing component). RIMS data were available for all years and for levels 1 (outputs) and 2 (outcome ratings).
6. The project had undertaken both baseline and endline studies. However, since the Monitoring and Evaluation system was established two years after the project commencement, the baseline was undertaken after project start. The baseline study was conducted in the project treatment area only (sample size of 900 households) and used two-stage stratified cluster sampling. The end-line was conducted using quasi-experimental method with a control/comparison group and using the difference-in-difference method (450 households in the treatment area and 450 households in the control area). Similar to the baseline survey, the end-line survey employed household survey as the data collection tool. Sampling weights were used to ensure representativeness. However, there were several shortcomings observed in the baseline and endline studies by this impact evaluation team. These shortcomings, that are outlined in Annex VI helped shape some aspects of the methodology of this evaluation.
7. **Methodology.** The principal aim of this evaluation was to assess the impact of the project on project beneficiaries. Following guidelines of the IOE Evaluation Manual *Second Edition* (2015), impact was evaluated using the four impact domains under rural poverty impact criterion: (i) household income and assets; (ii) human and social capital and empowerment; (iii) food security and agricultural productivity; (iv) institutions and policies. In addition, the other criteria evaluated included: relevance, effectiveness, efficiency and sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, environment and natural resources management, adaptation to climate change, overall project achievement and performance of partners (IFAD and Government). In line with the Evaluation Manual, the above criteria were rated on a scale from 1 to 6, with 6 representing the best and 1 the worst score.
8. The **intervention logic** of the project (or, its theory of change) was the point of departure for this IE (see annex IV). It describes the causal pathway from outputs to outcomes (short and medium-long term) and finally to impact. The project log frame (see annex V) formed the basis for the construction of the intervention logic.

---

<sup>4</sup> Hansdeep Khaira, lead evaluator for this evaluation, and Shijie Yang, Evaluation Analyst, formed part of both missions whilst Michael Macklin, a rural development expert, participated in the second mission as an international consultant.

However, the latter took into account some of the main changes that occurred during the project implementation and therefore, to this extent, it departs from the log frame that was developed at the appraisal stage and which was not modified to reflect the changes as they occurred.

9. The intervention logic shows the causal path for the four main types of interventions that were finally carried out: i) construction of drinking water scheme; ii) rehabilitation of bridges, iii) rehabilitation of irrigation canals and iv) rural leasing to agro-enterprises. As an example, financing for leasing was expected to result in increased investment by lessees (agro-enterprises) into machinery or equipment (output) which in turn would lead to increased demand for agricultural/livestock products (as raw materials) from farmers and for labour (immediate outcomes). As depicted in annex IV, the interventions would lead to a set of common outcomes albeit through distinct pathways. The overall impact or the goal of the project was expected to an increase in the general well-being of beneficiaries driven largely by increase in incomes and assets.
10. The following part of the section presents a condensed version of the methodology employed by the evaluation. The detailed methodology is presented in annex VI. The IE used a mix of both quantitative and qualitative methods in order to utilize the strengths, and overcome the shortcomings, of each of the two (method triangulation). The two methods can be carried out either contemporaneously or sequentially and in the case of this impact evaluation, these were undertaken in parallel, for reasons of cost and time efficiency.
11. The impact assessment used a quasi-experimental design in order to address the issue of endogeneity bias<sup>5</sup> and to attribute project results to the project interventions. Any identification of impact was achieved through a counterfactual, i.e. what would have happened to the treatment group in the absence of the treatment.
12. The core instrument for the evaluation was the household survey which was used to collect primary quantitative data. The survey was administered to 3190 households, with 1778 interviews in control households and 1412 in treatment households. The quantitative part of the evaluation was complemented by a set of qualitative tools, which provided an understanding of the causal mechanisms by which the intervention either achieved or failed to achieve its goals. Table 1 displays the quantitative and qualitative tools used in the evaluation.

Table 1

**Evaluation tools used for the impact evaluation**

<i>Quantitative tools</i>	<i>Purpose</i>
Structured impact survey	Administered to all the sampled households for the collection of primary quantitative data.
Focus Group Discussions	Conducted separately for women and men by project component and sub-component to triangulate with quantitative information.
Key Informant Interviews	Conducted with different project partners to identify project successes and failures particularly as relates to project performance and other performance criteria

<sup>5</sup> The endogeneity problem arises when there is correlation between the independent variables and the variable of interest i.e. the characteristics that determine selection of individuals into the treatment group also influence the outcomes of interest. This makes the selection into the treatment group a non-random phenomenon.

In depth interviews	Conducted separately for women and men by project component and sub-component to triangulate with quantitative information.
Normalised Difference Vegetation Index	Conducted using an approach similar to difference in difference method on samples of treated and non-treated areas

13. Sample size. Notably, from a statistical perspective, the ASP project activities treated clusters – individuals and households living in a specific area – rather than specific individuals and households. Hence, effective sample size was calculated taking into account the clustered nature of the treatments, rather than performing simple power calculations to determine the number of interviews required to achieve sufficient statistical power. Calculations resulted in effective sample sizes for the 3000 interviews which was considered the maximum possible given budgetary constraints at the outset of the project.<sup>6</sup>
14. Sampling strategy. The evaluation used a multi-stage, matched sampling methodology to identify the individuals to be interviewed for the household survey. First, clusters were sampled. Second, at the village level, random walk with a random starting point was used. Then, in irrigation and leasing communities a screener questionnaire was used. While these overarching strategies were implemented, a number of different strategies were employed in sampling for the different project components, which are described in greater depth below and in Annex VI.
15. Using genetic matching with a host of social economic parameters, 27 treatment clusters and 27 control clusters were selected. Within each cluster, a random walk method was used to sample individual household. In order to help address the deficiencies of random walk, random selection of starting points was made from a list of map identifiable points. Regarding sampling for leasing component, due to the absence of a list of indirect beneficiaries (the target population in the leasing component's case), the survey firm reconstructed the supply chains of a number of lessees in the wine industry, within which the sample was drawn. These individuals were identified through random walk and a screening questionnaire to ensure they have supplied grapes to the leasing companies.
16. Interview with respondents were carried out using face-to-face computer assisted personal interviewing (CAPI) on tablet computers. At the end of the interview, the results were sent to a server via mobile internet connection, allowing for fast and high quality data collection, with data entry occurring in real time. Using Google's Open Data Kit software suite, the survey firm CRRC-Georgia programmed questionnaires into the tablets.
17. **Quantitative data analysis methods**. The impact evaluation made use of difference in difference (DID) approach. In the present case, this means that incremental changes are measured using an approach where the outcome variable is the reported value of interest for 2016 subtracted from the value for 2012, which is based on recall, for both treatment and non-treatment groups. The resulting values for both the groups are then subtracted from each other to give the final outcome. Given that ASP did not make use of randomization, a two staged matching procedure was used to achieve balance on observable variables. First, treated communities were matched with non-treated communities on a number of

<sup>6</sup> In order to determine whether the above sample sizes would provide the evaluation team with sufficient power to pick up the expected effect size, standard power calculation formula for randomized control trials was used, since previous studies suggest that the statistical power of matching methods is close to that of randomized control trials. Effect sizes of 10 per cent, 20 per cent, and 30 per cent were assumed.

variables, as described above. Second, after data collection households were matched using multivariate matching with genetic weights. Finally, when feasible, a differences in differences approach was used, with incremental changes used as an outcome variable rather than only the 2016 outcome. The use of this strategy was expected to increase precision of estimates as well as increase robustness to confoundedness. Regression analyses were then used to estimate causal effects.

18. For DID analysis, matching of beneficiaries with control observations was carried out as a form of data pre-processing, with several matching options tested.<sup>7</sup> This evaluation has used the **genetic matching** method for attaining balance on covariates between treatment and control groups. Standard tests performed for both Propensity Score Matching (PSM) and genetic matching showed that PSM provides worse balance than genetic matching (see Annex IX). In addition, genetic matching produced an efficient and least biased estimate with qualitatively better matches i.e. for some key variables of outcome, PSM performed worse than genetic matching.<sup>8</sup>

#### **Box: Genetic Matching**

- The Genetic Matching (Genmatch) method uses a combination of PSM and Mahalanobis distance methods. It matches samples on their weighted Mahalanobis distances calculated from the distance matrix that includes propensity scores and other functions of the original covariates. Genmatch adopts an iterative approach of automatically checking and improving covariate balance measured by univariate paired t-tests and/or univariate Kolmogorov-Smirnov (KS) tests. In every iteration, weights used in the distance calculation are adjusted to eliminate significant results from the univariate balance tests from the end of the last iteration. The iterative process ends when all univariate balance tests no longer yield progress in increasing p-values. The aim is to maximise the p-value associated with the covariate which represents the greatest difference between the two samples.
- The main advantage of GenMatch is that it directly optimizes covariate balance. This avoids the manual process of checking covariate balance in the matched samples and then re-specifying the propensity score accordingly. By using an automated process to search the data for the best matches, GenMatch is able to obtain better levels of balance without requiring the analyst to correctly specify the propensity score. It makes use of the current advances in computational power.

19. Regressions appropriate to the outcome variable type were then used to estimate causal effects of treatments. Since the independence of observations could not be assumed, clustered standard errors were then calculated. Estimates are reported with the p value which resulted from taking into account clustered standard errors.
20. **Geo-spatial analysis.** This evaluation also made use of an innovative Earth Observation methodology in supporting the project impact evaluation, with a focus on the impact of irrigation rehabilitation on agricultural production, the second main component of the project. Given that the baseline for this impact evaluation was constructed around the recall method, the use of an additional method would help provide additional basis for the result validation. The methodology was derived from the before/after control/impact 'BACI' contrast.<sup>9</sup> The methodology consisted of a comparative method that analyzed the temporal variations (before

<sup>7</sup> See Ho, Daniel E., Kosuke Imai, Gary King, and Elizabeth A. Stuart. "Matching as Nonparametric Preprocessing for Reducing Model Dependence in Parametric Causal Inference." *Political Analysis* 15, no. 03 (2007): 199-236. doi:10.1093/pan/mpi013.

<sup>8</sup> For example, when matching the entire sample, propensity score matching lead to significant differences on the share of ethnic Azerbaijanis as well as whether the household irrigated land or not prior to treatment, a key outcome of interest.

<sup>9</sup> Presented in the research paper: *Remote sensing monitoring of land restoration interventions in semi-arid environments with a before-after control-impact statistical design*, Meroni et al. 2017.

and after the intervention) of the Normalized Difference Vegetation Index (NDVI)<sup>10</sup> of the project intervention areas with respect to control sites that were automatically and randomly selected from a set of candidate sites and that were similar to the intervention areas.

21. The rationale is that the project intervention, in terms of increased water availability for irrigation, would cause a different pattern of change in land (vegetation) cover from before to after the intervention in project treatment areas, when compared with similar but non-treated areas for the same period. This concept forms the basis of the before/after control/impact (BACI) sampling design applied in this analysis. The method output is an estimate of the magnitude and significance of the difference in greenness change between the intervention area and control areas. The detailed methodology and a discussion of results and lessons learned are presented in annex VII.
22. **Limitations.** The impact evaluation faced a number of challenges which in turn created limitations for the present study. First and foremost, inaccuracies in the records of location of beneficiaries. This happened to bridge, irrigation, and leasing activities.<sup>11</sup> These issues were only uncovered after survey fieldwork, and thus reduced the sample size of the survey. For example, for the leasing components, since not all companies were willing to provide information about their suppliers, it was only possible to assess the impact on indirect beneficiaries whom sold grapes to a company which was leased to and which the company was willing to provide a list of their suppliers for.
23. Several shortcomings were observed in the baseline and endline surveys undertaken by the project. These shortcomings were:
  - (i) The sample size not determined using power calculations;
  - (ii) The comparison group selected during the endline only.
  - (iii) The sample sizes for beneficiaries different in the baseline and endline surveys.
  - (iv) Techniques for matching observables or unobservable characteristics of respondents were not employed.
  - (v) Only direct beneficiaries of the leasing component (agro-enterprises) were surveyed; indirect beneficiaries such as those receiving employment, farmers supplying produce to direct beneficiaries, etc., were not surveyed.
  - (vi) A high level of non-response was noted for important variables such as income (more than 40 per cent).
24. Recall methods were used to recreate the baseline by this impact evaluation. Hence, all impact estimates must be interpreted with the caveat in mind.
25. **Some lessons learned from the methodology.** With regard to methodology for data analysis, although matching in various forms is widely used, the technique also has some limitations. The most obvious is that the pairing of households "with and without" programme can only be done based on observable characteristics. While multivariate matching with genetic weights minimizes bias on observables, it cannot control for unobserved confounding variables.
26. For most forms of quantitative impact evaluation, knowing where beneficiaries are located is critical. The present evaluation lost around 50 observations due to inaccurate lists of beneficiary location and experienced delays due to the lack of

<sup>10</sup> Normalized Difference Vegetation Index (NDVI) is an index of plant "greenness" or photosynthetic activity.

<sup>11</sup> One community that was in fact a beneficiary community was not listed for the irrigation sub-component. The direct beneficiary community of a cattle bridge was not listed, and instead a community of indirect beneficiaries was listed. The leasing component list of direct beneficiaries (companies) also included a non-beneficiary.

knowledge of where indirect beneficiaries are located. Hence, project units are recommended to: a) keep detailed and accurate lists of direct beneficiary communities, and where possible, individuals; b) keep more detailed accounting of indirect beneficiaries when they are the primary target group of a project.

27. Where projects interventions are disparate in terms of their nature and their reach, a decomposition of results into different interventions is a more telling and accurate representation of the project's effects as opposed to the overall project effects. There is also the fact that the average overall effects of the project for some of the main outcome variables can be biased by one intervention alone.
28. Some lessons learned in terms of using *geo-spatial analysis* are:
  - (i) In order to overcome the challenges associated with application of the methodology to a complex environment such as the intensively anthropized irrigated area, a well-designed field visit is essential to explain the confounding factors (e.g. crop rotation, crop change, field context etc.). The use of a structured questionnaire is suggested in order to capture the crop information in the study areas. In the future, it is strongly recommended that the survey firm collect household data with coordinates, which could then be utilised for cross-reference of the NDVI data.
  - (ii) Preparation is the key for implementing this kind of methodologies. For example, having accurate maps of command area of canals. This aspect can be improved by holding discussions with project staff to pre-assess the accuracy of treatment area maps.
  - (iii) For the selection of control groups, two strategies could be explored: i) using NDVI data as one of the parameters for control group selection in the household survey, and ii) using NDVI data to select a separate control group: such areas could be the ones with potential spill-over effects.

## II. The project

### A. The context

29. Georgia's economy expanded by 9.6 per cent annually, on average, during 2003–2007, owing to economic and institutional reforms and high foreign direct investment following 2003's Rose Revolution, (ADB, 2014). However, the armed conflict with Russia in 2008 brought about the de facto, but not de jure, loss of territory, displaced 200,000 people, and interrupted investment flows. From this, together with the influence of the global financial crisis, GDP growth contracted by 3.8 per cent in 2009. Although it picked up pace from 2010 onwards, the past few years have again seen a dip in economic growth. Georgia's gross domestic product (GDP) per capita rose from \$916 in 2003 to \$3,757 in 2015, a reflection of the long term negative population growth rate as well as economic growth. Georgia's growth performance didn't however generate commensurate employment opportunities and the official unemployment rate rose from 11 per cent in 2003 to 16.9 per cent in 2009 (ADB, 2014) with very limited wage growth. Unemployment in 2015 though stands at some 12 per cent.
30. High unemployment further contributed to the weak link between growth and poverty reduction, causing a stagnant poverty status across the country. For example, the percentage of the population living on less than \$2.00 a day at purchasing power parity decreased only marginally from 36.7 per cent in 2003 to 35.6 per cent in 2010, while the poverty headcount ratio at \$1.25 a day at purchasing power parity slightly increased from 17.7 per cent to 18.0 per cent over

the same period.<sup>12</sup> The dichotomy between increasing GDP growth and stagnant poverty reduction can be explained by the low net job creation during growth episodes and the employment limitations imposed by the relatively lower educational attainment of the poor. The Gini coefficient remained high at 0.42 in 2010, reflecting the concentration of income growth in urban areas and among the top 10 per cent of income earners (ADB, 2014). Georgians living in rural areas and engaging in smallholder agriculture have gained little. More than 50 percent of the population was employed in agriculture (mostly self-employed), which contributed to only 8.4 per cent of GDP.<sup>13</sup>

31. **Agricultural and rural development sector context:** Agriculture remains an important sector in Georgia given that over 50 percent of the population works in agriculture and contributes about 25 percent of exports. The dissolution of the Soviet era command economy and privatization of land led to land disaggregation. Georgia's current agriculture has been predominantly subsistence and semi-subsistence production, of which 88 per cent comprised less than 1 hectare and less than 1.5 cows (Design Report).<sup>14</sup> The agriculture sector is characterized by obsolete and insufficient machinery and equipment; derelict infrastructure; inadequate access to modern inputs; and limited access to markets due to variable quality of outputs and physical communication constraints. Overall, real GDP growth in agriculture during 1997 to 2007 has only been 2.5 per cent. Despite overall fast economic growth, this agriculture stagnation has necessarily impacted upon the rural economy as a whole, reflected in lack of demand for goods and services with a corresponding lack of diversification.
32. The urgent need to address these various problems provided the rationale for IFAD involvement in development assistance to Georgia. The relevant Government policy context for such assistance is laid out in the 2003-2015 Economic Development and Poverty Reduction Programme of Georgia (EDPRP) and the Ministry of Agriculture's 2009-2011 Agricultural Development Strategy (ADS).
33. *Rural leasing sector:* Financial leasing in Georgia started in 2001. By the time the project was designed, the industry was still young and relatively small, with the total outstanding portfolio of around US\$38 million, mainly operated by three main banks. Financial leasing as a financial sector instrument was relatively little known in Georgia.<sup>15</sup> Financial leasing arrangements require an appropriate legal environment to operate effectively and to grow in importance as an alternative financing instrument. At the project design stage, the legal environment for financial leasing in Georgia was defined as adequate but not perfect, particularly due to the concerns on the value added tax (VAT) in leasing contracts of both the leasing companies and MFIs (WP1 in Design Report, para.39).
34. The lack of appropriate agriculture-related machinery and processing equipment is an important obstacle to agricultural productivity and rural growth. In order to secure that the growth and modernization targets are achieved, Government recognized that it would be necessary to introduce significant changes in mechanisms for financing agriculture, particularly a sharp increase in credit provision through new, innovative methods.
35. *Irrigation system:* In 1988 around 386 000 ha were under irrigation. In 2005-2008 the area irrigated declined to be about 110 000 ha<sup>16</sup> (Design Report, para.49). The

<sup>12</sup> Sources: ADB; International Monetary Fund; Ministry of Environment and Natural Resources Protection of Georgia; Ministry of Finance of Georgia; National Bank of Georgia; National Statistics Office of Georgia; United Nations Development Programme. 2013; *Georgia Poverty Assessment*. Washington, DC; World Bank. 2011. *Georgia: Poverty Dynamics since the Rose Revolution*. Washington, DC; and World Bank. World Development Indicators Online. <http://data.worldbank.org/country/georgia>.

<sup>13</sup> [http://geostat.ge/index.php?action=page&p\\_id=428&lang=eng](http://geostat.ge/index.php?action=page&p_id=428&lang=eng).

<sup>14</sup> According to the most recent agricultural census, over three quarters (77 per cent) of farmers own one hectare or less of land (Geostat, 2014).

<sup>15</sup> Georgian Leasing Company, TBC Leasing, and Alliance Group Leasing.

<sup>16</sup> 100,000 ha area by gravity irrigation and 10,000 by pumping station irrigation.



unstable domestic environment, war, vandalism and theft, transition to a market economy and the loss of markets with traditional trading partners, all contributed to a decline of the irrigated and drained areas. Lack of maintenance and institutional weakness led to severe deterioration of irrigation infrastructure. Moreover, since most irrigation schemes served command areas covering one or more large-scale state farms, land privatization and resultant small plots coupled with high energy consumption of the old system made them inappropriate for the new farm structure and production system (Design Report, WP2).

36. **Project objectives:** The **overall goal** of the project was to increase incomes among rural people engaged in agricultural activities in Georgia. The project's **objectives** were: (i) to increase assets and incomes among actually and potentially economically active poor rural women and men willing to move towards commercially viable agricultural and associated rural enterprises; and (ii) to remove infrastructure bottlenecks that inhibit increasing the participation of economically active rural poor in enhanced commercialization of the rural economy (EB 2009/98/R.41/Rev.1, para.14).
37. **Project components:** The project had three components: (1) support for rural leasing; and (2) small-scale rural infrastructure (drinking water system, bridges and irrigation canals rehabilitation) and (3) financing was also provided to support project management and implementation.
38. *Component 1: Rural Leasing.* The Rural Leasing component included two sub-components; (i) capital to refinance leasing contracts of Participating Financial Institutions (PFI) and (ii) international technical assistance (TA), trainings and exchange visits. The component aimed at recapitalization through financial leasing and consequent modernization of Georgian agriculture, specifically among poor smallholders, small and medium sized agro-related enterprises.
39. *Component 2: Small Scale Rural Infrastructure.* Through the component, ASP was expected to award competitive contributory grants for investments in public infrastructure that would enable and enhance the rural population's investments and activities in on-farm and off-farm related business. Eligible investments were expected to include: (i) rural roads; (ii) bridges; (iii) community water supply; (iv) community natural gas supply; and (v) small scale irrigation schemes.
40. *Component 3: Project Management.* The third component consisted of financial support to the project management unit to look after the day-to-day activities related to project implementation.
41. **Project area:** Georgia has 71 municipalities which are *de facto* under central Government control. The ASP project was originally planned to be carried out throughout the country, however, during the Supplementary Financing Design Mission in 2012, it was agreed to consider future infrastructure proposals in only four targeted regions: Mtsheta-Mtianeti, Shida Kartli, Samtskhe-Javakheti and Kakheti in order to have the project implemented in a contiguous manner, rather than to disperse rehabilitation activities in unconnected areas. The poverty rate in these regions was also among the highest in Georgia with Shida Kartli at 51 per cent Mtskheta-Mtianeti at 49.3 per cent Kakheti at 35.3 per cent, and Samtskhe-Javakheti at 17.6 per cent according to 2.5/day poverty headcount.<sup>17</sup> They are mostly in the mountainous area with short agricultural season (FAO).<sup>18</sup>
42. These regions were also selected given their concentration of Internally Displaced Persons (IDP) from the 2008 conflict with Russia as well as high concentration of ethnic minorities, both of whom are socially and economically disadvantaged

<sup>17</sup> <http://pubdocs.worldbank.org/en/980951472223098077/Georgia-PPA-FY16-presentation-AUG2016-final.pdf>.

<sup>18</sup> FAO, Assessment of the Agriculture and Rural Development Sectors in the Eastern Partnership countries, from <http://www.fao.org/docrep/field/009/aq673e/aq673e.pdf>.

groups in Georgia. Project activities ultimately had direct beneficiaries in 13 municipalities across nine regions in Georgia (Government PCR, p.4).

43. **Target Population.** At design the targeting strategy of the project was that it would cover all of rural Georgia but with special emphasis on regions with high incidences of poor rural people combined with areas with a high productive potential in agriculture, including those affected by the 2008 conflict with Russia. In terms of its target groups, the project was expected to target agriculture-related producers and processors, particularly poor rural women and men, willing to move towards more commercial production. The rural leasing activities were supposed to outreach to **commercially-oriented and economically active poor**, with an upper limit for leasing companies of US\$300 000 per client and for microfinance institution up to US\$30 000. Infrastructure rehabilitation projects were targeting smallholders with less than one hectare of land.
44. More specifically, the infrastructure component was initially designed to target "farmers' interest groups, formal producers' associations, and local small and medium size entrepreneurs/processors." They would have opportunity to further improve their circumstances, either through capital investment or by taking advantage of jobs created by other, more commercially oriented farmers.
45. The project didn't have a direct approach to targeting women but specified a minimum target of 30 per cent for women in all categories of project investments at appraisal.
46. **Programme costs and financing.** At design, the expected total cost of ASP was US\$17.2 million. The sources of financing were IFAD, a loan of US\$8.5 million and a grant of US\$0.2 million (51 per cent); OPEC Fund for International Development, US\$5.0 million – to be confirmed (29 per cent); Government, US\$2.1 million (12 per cent); participating financial institutions, US\$0.5 million (3 per cent); and beneficiaries and clients, US\$0.9 million (5 per cent) (President report, para.25). Given that the co-financing did not materialize by another development organization, IFAD approved an additional amount of US\$5 million as a supplementary loan to fill the financing gap in December 2013. Ultimately, the project disbursed US\$12.8 million (Table 2A).

Table 2A

**Actual Expenditures (disbursements) by Component and Financier (US\$)**

<i>Component</i>	<i>Appraisal budget</i>		<i>Disbursed</i>	
	US\$	%	US\$	%
1. Rural Leasing	4,916,200	28.5	2,382,310	18.6
2 Small Scale Rural Infrastructure	11,000,000	63.8	9,730,247	75.9
3. Project Management	1,269,600	8.2	704,261	5.5
<b>Total</b>	<b>17,221,000</b>	<b>100</b>	<b>12,816,819</b>	<b>100</b>

Table 2B

**Break-up of Actual Expenditures by Source of Contribution (US\$)**

<i>Component</i>	<i>IFAD Loan</i>	<i>IFAD</i>		<i>PFI's Beneficiaries*</i>
		<i>Grant</i>	<i>Government</i>	

Rural Leasing	1,725,233	83,940	15,088	558,049	-
Small Scale Rural Infrastructure	7,832,735	40,269	1,398,401	-	458,841
Project Management	601,530	58,683	44,048	-	-
<b>TOTAL</b>	<b>10,159,499</b>	<b>182,892</b>	<b>1,457,537</b>	<b>558,049</b>	<b>458,841</b>

Source of data: Government PCR, verified by retrieving the data at the date of 23/04/2017 in the Government accounting system.

\* The evaluation found that the beneficiaries referred to here are actually the government bodies and semi-bodies such as the Amelioration Company and the municipality.

## B. Programme design and implementation arrangements

47. **Timeframe.** The project was designed to cover four years, to be implemented between 2010 and 2014. The initial IFAD loan (802-GE) and initial IFAD grant (1160-GE) were approved in December 2009. Project was declared effective on July 2010 but its activities only started in July 2011 due to changes in the administrative arrangements regarding project management within the Ministry of Agriculture, which then became the executing agency. The project was expected to be completed on 30<sup>th</sup> September, 2014 but was extended by one year to ensure completion of vital works and was formally closed on December 31, 2015.
48. **Changes during project life.** The overall performance of the project was impacted by the political changes in the country over the implementation period. These changes included shifting priorities related to the agriculture sector as well as specific implementation arrangements of the project which went through many changes causing uncertainty and delays in the implementation of project activities and amendments to financing agreement, as elucidated in the following paragraphs. These changes also impacted the original design in terms of the participation of MFIs, the types of infrastructure schemes which were finally selected and the institutional changes in the management of the irrigation sector in the country. The changes in the institutional landscape impacted the overall efficiency and effectiveness of the Project in several significant ways, particularly in terms of disbursements and targets achieved.
49. **Implementation arrangements.** Under the initial financing agreement, the Agricultural Development Projects Coordination Centre (ADPCC) of the Ministry of Agriculture (MOA) was expected to assume overall responsibility for day-to-day management of the ASP. The ADPCC was established and financed by the World Bank and had previously been responsible for implementing IFAD's projects in the country. A fully staffed team with 13 staff positions was budgeted to support the implementation of the programme. Additionally, a major part of project implementation was designed to be undertaken through contracted partners. However, in February 2011 the ADPCC was liquidated and the responsibility for the implementation of project activities was passed to the Donor Projects Implementation and Monitoring Division (DPIMD) within the External Relations Department of the Ministry of Agriculture. In order to ensure continuity, some staff of the ADPCC were contracted by the Ministry of Agriculture as consultants.
50. **Amendments to the financing agreement.** The IFAD loan (together with the grant) had been amended three times during the course of the project implementation. These amendments were the result of: (i) liquidation of ADPCC and assigning the International Organisation Projects Implementation Department<sup>19</sup> of the MOA as executive responsibility (12 July 2011); (ii) approval of a supplementary loan on hardened terms in an amount of SDR 3.25 million to provide additional financing to the project (25 February 2013); and (iii) extension of project completion date to be 30 June 2015 and reallocation of a total of SDR

<sup>19</sup> This was further named as Donor Projects Implementation and Monitoring Division (DPIMD).

310,000 (Loan 802) and SDR 325, 000 (Loan I-802A-GE) from Unallocated to Civil Works category (10 July 2014).

51. **Programme implementation progress.** The rural leasing operations started in February 2012, almost two years late, after the approval of the operations manual. Regarding the participation of PFIs, three Georgian leasing companies had indicated their interest in participating in the project during design. One (Alliance Leasing) was not considered because it was unlikely to pass the due diligence test due to losses in two of the last three financial years. The other (Georgia Leasing) was not interested in participating in the project due to its assessment of the risk in the rural leasing operations in the agriculture sector. TBC Leasing was the only one that participated and 15 enterprises were financed by them.
52. The original project design had foreseen the participation of MFIs. However, IFAD and the Government agreed in January 2012 to initially limit the programme to leasing companies, and reconsider the position of MFIs at a later stage due to the investigation launched by the Chamber of Control. When the MFIs' participation was finally solicited, they were unwilling to participate due a number of reasons. Consequently, no funding was disbursed for this aspect of the project.
53. The scope of the infrastructure component was reduced following the March 2012 supervision mission, during which the Government expressed its priority for the rehabilitation of existing small irrigation schemes. Then, following the Supplementary Financing Design Mission (June 2012), it was agreed to focus on irrigation schemes only in four targeted regions: Mtsheta-Mtianeti, Shida Kartli, Samtskhe-Javakheti and Kakheti.
54. By completion, the project had accomplished works on three types of rural infrastructure: rehabilitation of two deteriorated bridges designed to facilitate transport and communication of agricultural products and the movement of livestock to the summer pastures, building of one drinking water supply system to make better use of available water resources from four springs, and rehabilitation of six irrigation schemes (canals) aimed at covering a potential area of 11,042 hectares.
55. **Project monitoring and evaluation.** During the first years of the programme there did not seem to have been any systematic approach to M&E due to the absence of a Monitoring and Evaluation specialist. Thus, Progress and Impact reports were not prepared adequately. During IFAD's Supervision Mission in November 2012, the ASP Monitoring and Evaluation system was established, in line with IFAD guidelines and policies. A staff member from the MoA took responsibility for managing the M&E system and was oriented in the use of the RIMS system. The M&E Specialist regularly collected the necessary data related to the outputs/outcomes for both Small Scale Rural Infrastructure and Rural Leasing Components, as well as conducted field trips to project target areas.
56. Key informant interviews by this evaluation revealed that the outreach numbers reported in the PCR were not accurate in some respects. For instance, irrigation beneficiary households mentioned in the PCR (14,453) were potential number, based on potential command area, whilst the impact evaluation notes the actual number as far lower (3390). Similarly, the numbers for indirect beneficiaries provided in the PCR include those who were already employees and suppliers (farmers) before the project (1152 and 2645 respectively). The evaluation reports the *incremental* numbers i.e. those benefitting from project intervention only (612 employees, mostly seasonal, and 993 farmers). The project's outreach is detailed in Table 3 below.

Table 3

Data on number of beneficiaries by component type as stated in the PCR and as assessed by this evaluation

	<i>PCR data</i>	<i>IE evaluation</i>
<b>Rural Infrastructure</b>		
Irrigation	14453	3390*
Drinking Water	500	500
Bridges	540	540
Labour Employed during construction	300	300
<i>Total of rural infrastructure</i>	<i>15793</i>	<i>4730</i>
<b>Rural Leasing</b>		
Enterprise Owners	41	41
Employment Generation	1152	612**
Backward linkages (farmers)	2645	993**
<i>Total of rural leasing</i>	<i>3838</i>	<i>1646</i>

Note: \* denotes actual numbers; \*\* denotes incremental numbers.

### III. Main Evaluation Findings

#### A. Project performance and rural poverty impact Relevance

57. IOE defines relevance as the extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of programme design and coherence in achieving its objectives. Based on the above definition, this section of the report assesses relevance from several dimensions.
58. **Relevance of objectives.** The project aimed to: i) remove infrastructural bottlenecks that inhibit increasing participation of economically active rural poor in enhanced commercialization of the rural economy as well as ii) increase the assets and incomes among the actually and potentially economically active poor rural women and men willing to move towards commercially viable agriculture and other rural enterprises. Ostensibly, the first objective was to be achieved through the small scale rural infrastructure component and the second through the leasing component. These objectives were consistent with national policies, IFAD's strategies and the needs of the rural poor. However, whilst the underlying aim in both objectives seems to be a move towards commercialization, there are questions regarding the level of the two objectives. For instance, whilst the first objective seems like an immediate outcome i.e. removing bottlenecks, the second is more of a longer term objective i.e. involving increase in incomes and assets.
59. **Alignment with national policies.** ASP objectives were fully relevant and responsive to national policy priorities. At project outset, the 2003-2015 Economic Development and Poverty Reduction Programme of Georgia (EDPRP) specifically mentioned support for the establishment of leasing companies, which the leasing component of the project responded to and prioritized the development of infrastructure in rural areas, including irrigation rehabilitation, road and bridge

improvements. Similarly, ASP objectives were fully consistent with The Ministry of Agriculture Strategy of Agricultural Development in Georgia (2012-2022) and The Revised Strategy of 2015-20 under which the over-arching vision was to create an environment that will increase competitiveness in the agro-food sector, promote stable growth of high quality agricultural production, ensure food security and eliminate rural poverty through sustainable development of agriculture and rural areas.

60. **Coherence with other donor projects.** ASP rural poverty reduction objectives were also coherent with those of other projects in the country including an earlier World Bank Irrigation and Drainage Community Development Project that closed in June 2005 as well as to the current World Bank rural development priorities under the Georgia Irrigation and Land Market Development Project (GILMDP). Similarly ASP related well with current USAID interventions through the Restoring Efficiency to Agricultural Production Project that shares a relevant focus on the promotion of commercially viable agricultural and rural enterprises targeted at small-holder households.
61. **Relevance to the COSOP and IFAD Strategies.** ASP was also fully compliant with IFAD's corporate Strategic Framework and with the relevant 2004 country strategic opportunities paper (COSOP), which was in place at the time of project design. The COSOP aimed at improving the productive capacity of the rural poor, enhancing their access to product market, and increasing their share of market value of produce, empowering rural women, and conservation of natural resources. Small scale infrastructure projects were highly relevant to the productive capacity of the rural poor, enhancement of access to the product market, and conservation of natural resources, particularly through the irrigation sub-component of the project. The intentions of the rural leasing component's design were also geared towards achieving these goals.
62. **Relevance of approach.** The small-scale infrastructure component was relevant to the needs of the poor, with access to infrastructure considered a key issue faced for the overall development of the rural economy. At the time of project design, it was assessed that the country's irrigation system was in a state of disrepair and virtually no investments were made and no maintenance operations conducted since 1991. Most of the main canal performance was far below the initial design capacity (30 to 40 per cent) and the low efficiency of the system meant that farmers even close to the main canals barely received 50 per cent of the water requested whilst those at the tail end of the system suffered even more.
63. Similarly, at the time of design, rural financial operations in the country were failing to reach poor rural people. The need for fresh rural finance incentives, innovation and greater outreach was to be best met through financial leasing which offered simpler security arrangements, financing of a higher percentage of the capital cost of equipment than bank borrowing and faster processing, (PCR, page 10).
64. **Relevance of design.** The project was a two component intervention composed of five sub-components viz., irrigation schemes, drinking water pipe, bridges, leasing to farmer groups and leasing to agro-processor companies. Project design drew from past project experiences of over-complex design and infrastructure sustainability issues by assuring that responsibilities for infrastructural maintenance were established from the outset, namely municipalities (for the bridges) and the Georgian Amelioration Company for irrigation canals).<sup>20</sup>
65. The provision of reliable and timely irrigation water was of relevance, being a main pre-cursor to improved crop productivity, diversification and thus farm incomes.

---

<sup>20</sup> Rural Development Programme for Mountainous and Highland Areas Project Performance Assessment recommendations.

However, little emphasis seemed to have been placed on assessing the existence and capacity of water users' associations.<sup>21</sup> The rehabilitation of two bridges was aimed at increasing access of livestock to summer pastures, constrained, at the time of project design, by their unpassable condition that potentially caused risk of livestock deaths from falling over from the bridge. Similarly, the proposed design to promote private enterprise in the agricultural sector through lease financing, thereby increasing the number and volume of backward linkages to ASP target groups in terms of employment generation and in increased raw material demand and enhanced domestic and export market penetration appeared sound.

66. The relevance of these components notwithstanding, they were a discrete set of activities with little synergy amongst them. Further, the geographic areas of interventions of these sub-components were also different. The drinking water component that aimed at bringing potable water to beneficiary houses was clearly not related to either of the two project objectives. Finally, design of the proposed group leasing scenario did not adequately take into account the local context and the legal framework for leasing operation with MFIs. Notably, the IFAD Quality Enhancement (QE) and Quality Assurance (QA) Panel Review had suggested that the group leasing model was unlikely to be feasible and its targeting strategy was at the risk of serving medium and large scale agro-processing companies.<sup>22</sup> Similarly, the basis of estimating demand for rural leasing was not very clear - the project estimated demand based on some studies done several years ago and it is unclear how extrapolation to the current scenario was done and how sound this was (more discussion in the Effectiveness section).
67. The **logframe** developed by the project unit lacked the necessary structure and content. No outcomes are listed; the section on outputs is blank save for only indicators. No targets were provided against which to monitor outputs and final outcomes.
68. **Relevance of Targeting.** The project in general targeted those with the capacity to move towards commercialized agriculture. At design the targeting strategy of the Project with respect to Small Scale Infrastructure Investment (SSRI) was that it would cover all of rural Georgia but with special emphasis on regions with high incidences of poor rural people combined with areas with a high productive potential in agriculture resulting in a focus on eight disadvantaged regions. However, in 2012, the Government asked IFAD to consider infrastructure proposals in only four targeted regions only.<sup>23</sup> Thus the geographic spread of targeting was reduced but the overall number of beneficiaries (15,790) was retained.
69. Infrastructure rehabilitation intervention targeted smallholders with less than one hectare of land and also called for targeting of Internally Displaced Persons (IDPs) and female-headed households (30 per cent of beneficiaries to be women). However, it is unclear how the 30 per cent target was set and further, how this was to be achieved since no strategy was developed to mainstream gender in the project's targeting approach population.
70. In the case of rural leasing component the design set out guidelines for beneficiary targeting and analysis including measures limiting farm and loan sizes for leasing companies and MFIs.<sup>24</sup> Given previous positive experiences whereby MFIs had effectively established a large smallholder client base and a significant lending

<sup>21</sup> The project management's point of view was that in Georgia fostering collective action requires basing interventions on the free choice of individuals and enabling them to directly discover the need and benefit for collective action.

<sup>22</sup> There are also major concerns about the absence of a coherent targeting strategy and the likelihood that the project will end up supporting primarily investments in medium and large scale agro-processing companies and large farmers while providing only indirect benefits to the target group (QA minutes, 2009).

<sup>23</sup> These were Mtskheta-Mtianeti, Shida Kartli, Samtskhe-Javakheti and Kakheti.

<sup>24</sup> The smaller scale beneficiary farmers and enterprises would be targeted through imposition of lease ceilings of US\$300,000 for leasing companies and of US\$30,000 in the case of MFIs.

programme<sup>25</sup>, project design targeted existing MFI channels as an approach to reach large numbers of small holders.

71. To conclude, the design addressed the needs of the rural poor in Georgia, was relevant to national policy priorities and, and took into account the local context. It aimed at expanding the range of rural financial products through an innovative form of rural financing i.e. leasing. However, there were also some shortcomings. The design appeared as a collection of discrete interventions rather than one integrated set, there were some unrealistic and unsound assumptions in the design and no basis was found for the 30 per cent target set for women beneficiaries. *The overall relevance is therefore assessed as only moderately satisfactory (4).*

### **Effectiveness**

72. In assessing effectiveness, this evaluation aims to determine the extent to which project objectives were achieved. This is in line with the definition of effectiveness as provided by the IOE Evaluation Manual which states that it is "the extent to which the development intervention's objectives were achieved or are likely to be achieved taking into account their relative importance". Before doing this though, the evaluation provides an assessment of the effectiveness in the outreach and the project's targeted approach.
73. The findings in this section were determined based on the triangulation of several data and information sources that go beyond the careful review of project documents, data collected using the indicators in the RIMS and M&E data. These include quantitative and qualitative primary data collected by IOE during this impact evaluation, site visits and inspection of various project activities, and interviews with key informants including Government officials, project beneficiaries, institutions and IFAD's operational staff and others.
74. **Outreach.** The SSRI component comprised the rehabilitation of two bridges to facilitate safe livestock movement to summer pastures, one domestic water supply scheme and the rehabilitation of six irrigation schemes. As per the PCR, this component is reported as having reached a total of 15,790 rural households exceeding the appraisal estimate of 12,180. Irrigation rehabilitation provided by far the greatest contribution with a potential to reach 14,450 households and a potential command area of 11,000 ha. However, it should be noted that these are potentials not actuals. Delayed constructions, four schemes were not fully completed until 2015, and partial system rehabilitation at most sites resulted in late water delivery. In the 2015 season just 1,420 ha or 13 per cent of the potential command area had been registered for water supply by Amelioration Company and bought under irrigated cultivation by approximately 3,390 households or 24 per cent of expected beneficiaries (refer to Table 3 earlier).
75. Outreach of the rural leasing component was disappointing. At appraisal it was expected that approximately 470 direct and 14,200 indirect beneficiaries would be reached, a gross over-estimation since at completion just 15 enterprises had directly participated, employing 1152 persons of which only 612 represented an increase over baseline. Of the estimated 2645 backward linkage beneficiaries, only 993 corresponded to an increase. In summary, overall outreach effectiveness was partial in the case of SSRI and fell short for rural leasing.
76. **Targeting.** Although at design, regions and municipalities chosen for irrigation rehabilitation were targeted to be amongst the poorer, choice was somewhat restricted when project coverage was limited to just four regions. Scheme selection criteria established in the component operational manual were not rigorously adhered to. Irrigation rehabilitation was supposed to benefit all landowners in command areas. However, project documentation, key informant interviews with project staff and focus group discussions with beneficiaries reveal no efforts made

<sup>25</sup>Rural Development Programme Rural Credit Component PCR.



by the project to consciously prioritize women household heads. Only in the case of employment generation under lessee enterprises, mainly seasonal work in agro-processing, did women comprise over 50 per cent of the incremental workforce, according to project M&E data.

77. Effectiveness was adversely affected because design of the proposed group leasing scenario did not adequately take into account the local context and the legal framework for leasing operation with MFIs. Notably, the IFAD QE and QA Panel Review had suggested that the group leasing model was unlikely to be feasible and its targeting strategy was at the risk of serving medium and large scale agro-processing companies.<sup>26</sup> Unfortunately, this advice does not appear to have been heeded and ultimately all leases were to medium and large agro processing companies, including some of the biggest wine companies of Georgia, and none to farmer groups through MFIs (although, some employment generation in these companies appears to have occurred). This issue also stems from the lack of adequate design phase consultations with key stakeholders. During design, MFIs and three leasing companies expressed interest in the programme. However, ultimately the project could not find suitable MFIs to implement the project and only one leasing company participated. This stemmed from the financial institutions being unable to meet the minimum requirements for project participation as well as lack of interest.
78. In order to quantitatively evaluate the project's targeting approach, a probit model was used which derives from the analysis of primary data in the impact survey. The analysis offers an indication of the effectiveness of targeting approach by matching the treatment and comparison groups on a set of salient characteristics that influence the participation of households in the programme.
79. As shown in Table 4, irrigation users in 2012 (baseline year) and high value crop growers were significantly and positively associated with participation in the project, whilst participation of staple food growers, female-headed households and certain ethnicity and religion were negatively correlated at a significant level. Results of other variables were not significant. It can be surmised that the programme's targeting strategy cast in its ambit more of existing irrigation users and farmers growing high value crops whilst it spared staple food growers, who are mostly smallholders, and female-headed households, who are more disadvantaged sections of rural society.

---

<sup>26</sup> There are also major concerns about the absence of a coherent targeting strategy and the likelihood that the project will end up supporting primarily investments in medium and large scale agro-processing companies and large farmers while providing only indirect benefits to the target group (Quality Assurance minutes, 2009).

Table 4

**Probit estimates for participation in the programme**

	<i>Estimate</i>	<i>Std. Error</i>
(Intercept)	0.022	1.018
Household Size	-0.030	0.017
Average Age of Household Members	0.003	0.005
Average age of adults in household	-0.004	0.005
Age of Household Head	-0.003	0.002
Female headed household	-0.116*	0.047
Ethnic Armenian	-0.333	1.010
Ethnic Azerbaijani	0.543	1.076
Ethnic Georgian	-1.277	1.020
Russian ethnicity	-2.600*	1.152
Muslim	-1.287**	0.473
Primary education only	0.639	0.844
No formal education	1.487	0.893
Graduate degree	1.371	1.119
Land owned in 2012	0.000	0.000
Irrigation user as of 2012	0.531***	0.049
High value crop grower	0.233***	0.055
Staple food crop grower	-0.099*	0.050
Amount of land used for agricultural purposes in 2012	0.000	0.000

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05

81. **Effectiveness in meeting objectives. Objective 1.** *To increase assets and incomes among actually and potentially economically active rural men and women to move towards commercial agriculture and associated rural enterprises.* It was expected that this objective would be largely achieved through the recapitalization and consequent modernization of Georgian agriculture, specifically among poor smallholders and small and medium agro-related enterprises as a result of the introduction and expansion of rural leasing as a flexible and affordable financial instrument. A working paper<sup>27</sup> prepared by the project provided an estimate for the effective, bankable demand for agriculture-related leasing services in Georgia to be around US\$20 million to US\$30 million. This is based on extrapolation of results obtained from surveys by USAID and IFC in 2004 which attempted to calculate the bankable demand for leasing in Georgia.

<sup>27</sup> *Support for Rural Leasing*, Working Paper 1, Project Design Report, Georgia Agricultural Support Project (ASP).

It is not clear to this evaluation how the results were obtained in 2004 and how sound was the extrapolation on which the above figures were based.<sup>28</sup> Also, it is unclear what scales of agro-leasing these survey results are applied to; how relevant these findings are to small-holder farmers' needs; and whether the demand is from medium-large scale agro-processing companies or SMEs.

82. The most important focus of the capitalization goal was on smallholder farmers who would now be able to afford access to agricultural equipment through a group-based approach to leasing, thanks to the local MFIs who would receive financial support from IFAD. The rigid collateral requirements of commercial banks leave many farmers and other small rural entrepreneurs outside the ambit of banking and MFI financing. Although these are not outlined as risk and assumptions in the project log frame, it was expected that the success of this hinged on the crucial assumptions that: a) the farmers would organize themselves into groups and become group lessees<sup>29</sup> and, b) the MFIs would be attracted to this concept given the relatively less risk to be assumed for this type of rural financial product i.e. the leased product could be resituated in case of default in payment by the lessees. In reality, both these expectations were belied, adversely affecting the effectiveness of the project objective.
83. The project was unable to attract MFIs for several reasons, not least because financial leasing as a financial sector instrument is relatively unknown in Georgia and the legislation governing MFIs with respect to this instrument lacks clarity in terms of their remit.<sup>30</sup> In addition, MFIs were expected to pay Value Added Tax (18 per cent) upfront when purchasing equipment for onward leasing (to be later refunded by the Government), thus locking-in their funds. Also, the MFIs interviewed by the mission expressed issues that in case of default by lessees there were practical issues of where to keep the equipment that was recovered and their lack of knowledge of markets to sell the recovered (now second-hand) equipment. Finally, there were other competing interventions such as subsidies rental of farm equipment through government centres and through programmes of donor agencies such as USAID that also provided subsidies for the purchase or lease of machinery and which was a formidable source of competition with programmes that tried to work on term credit or leasing. As a result, the Technical Assistance (TA) activity for MFIs was not undertaken by the project.<sup>31</sup>
84. According to key informants interviewed by the evaluation, farmer groups have not been successful in Georgia after the fall of Soviet Union (although, producer associations for individual agricultural products exist). In addition, majority of the farmers are smallholders, holding on average 0.5 hectares of land. Interviews with farmers pointed to the fact that they were content doing subsistence farming on their small plots (partly because they have other sources of income viz., state pension and remittances and partly because of sub-efficient functioning markets). And those who used agricultural equipment preferred to hire the equipment from their neighbours as opposed to leasing; the latter as a concept was still new to them and one that they feared would end-up locking their funds.

<sup>28</sup> The IOE mission had attempted to obtain documents related to the two surveys both from World Bank and IFC, however, the staff interviewed were not able to locate them.

<sup>29</sup> Three to four farmers from the same location, who share a mutual trust with each other, would jointly procure farm machinery, such as a tractor. One of them would act as the lessee in the leasing contract, the others would guarantee the payments. The tractor would be jointly used and managed on their farms. In this way, the size of the capital investment would be cut to a third or a quarter of the whole price for an individual farmer.

<sup>30</sup> Of the seven licensed institutions operating standard microfinance in Georgia, three had expressed their interest to start agricultural micro-leasing with ASP support.

<sup>31</sup> An internationally recruited consultant provided training on the technologies of conducting leasing operations with small-scale rural producers and agro-processing companies. The project-anticipated (two) exposure visits for the key staff of the PFIs, one in the region and one in Western Europe, to learn directly of experiences of rural leasing, including the small-scale group-based rural leasing currently practiced in Armenia, did not materialise. The design also envisaged a co-operation with USAID in leasing-related training, but it failed to be materialized.

85. The other aspect to achieve the objective (apart from on-farm leasing) was based on the project using registered leasing companies of Georgia to finance rural enterprises' investment in sorting, grading and packaging; marketing of agricultural commodities and/or farm inputs; storage and cold storage; and agro processing. The objective would be achieved through employment opportunities and demand for services and inputs with both backward and forward linkages in the rural economy. The outreach of this was limited to only 15 enterprises that were existing clients of TBC Leasing, the only registered leasing company that participated in this activity. A majority of lessees were wine companies, and most were large companies, some of the biggest in their field, certainly not small or medium enterprises by a mile. Further, interviews with companies revealed that whilst the ASP financing was certainly helpful to them, some of them had planned to take the loan at standard rates anyway, even if the IFAD support had not materialized.
86. The PCR reports that enterprises have created more than 1152 jobs and established linkages with some 2,700 farmers and enterprises. However, results of focus group interviews with indirect beneficiaries suggested that whilst some lessees increased production, the backward linkages for others were not new but were established with already existing farmer suppliers. In addition, some of the lessees had their own farms where they undertook production (for instance, AMD Agro), implying that they did not create any backward linkages (in addition, no new employees were hired by this company after receipt of IFAD-funded leasing). One reason for companies preferring their own production was to assure themselves of predictable supplies (of primary products).
87. On the other hand, there was potential for further demand which many of the lessees, including the wine companies, hoped to tap into. For instance, leasing beneficiary wine maker KTW's projected demand is at least five times its current production. Those households growing grapes in Racha and other regions which specialize in this variety are expected to receive a much higher price which can significantly enhance their income from the crop. But this cannot be ascertained at the stage of this evaluation. The project has also provided funding for a few start-ups like the Imereti Greenery in Samtredia which set up a high-tech greenhouse project to meet the growing local consumer demand for fresh greens year round. The enterprise has employed 25 people currently and plans on hiring an additional 45 or more staff to its growing enterprise.
88. The effectiveness of the rural leasing component can be adjudged to be effective in attracting new investments in rural enterprises, although, the scale was much lower than envisaged and did not seem to have created new linkages but rather strengthened existing ones. On the other hand, the project's aspiration to introduce rural leasing (on-farm) through MFIs as an appropriate and effective financing mechanism to stimulate investment activity by smallholders was not based on adequate business case analysis.
89. **Objective 2.** *To remove infrastructural bottlenecks which inhibit participation of economically active rural poor in the rural economy.* This objective was to be met through the small scale infrastructure component that initially focused on road, bridge and irrigation rehabilitation but which was eventually restricted to the rehabilitation of irrigation schemes and bridges, and a change to drinking water supply. The two restored bridges, mainly for improved animal access to summer pastures, and one new domestic water supply scheme improved villages access to productive and social services, although the overall effect was modest with just 1,040 households having benefited.
90. The two rehabilitated bridges aimed to facilitate access to summer pastures for livestock and make it safer and convenient for livestock movement. The bridges are generally of good quality and were in good condition, and found to be used by

communities for their livestock.<sup>32</sup> The rehabilitation of drinking water point attained its objective of bringing piped water to the doorstep of beneficiaries who earlier had to rely either on surface water or transport it in their vehicles from the nearest water point.

91. Assured availability of water for irrigation has been a large impediment for Georgian farmers, who depend on a large part on rainfall which can be erratic.<sup>33</sup> The fall of the Soviet Union, civil strife and corruption, had all led to a neglect of agriculture resulting in the derelict state of irrigation canals and consequently the fall in area irrigated from 386,000 ha. in 1988 to some 100,000 ha. in 2008. The project offers prospects for improving incomes and greater participation in the rural economy for a potential 14,500 ASP beneficiaries.
92. However, less than 15 per cent of the total command area set as a target by the project was being cultivated at project completion. This is because this was *potential* area to be cultivated after all on-farm irrigation facilities would be undertaken. Even for farmland which is actually receiving water due to the project's intervention, some are owned by families who have long migrated. Where farmers are present and are cultivating, most are subsistence and prefer to stay this way partly due to lack of markets after the fall of the Soviet Union. Field investigations also indicated that reasons for the slow smallholder uptake of newly available irrigation included: lack of access to financial services to fund cultivation and input costs for irrigated planting; an aging rural population with lack of incentives for youth to return to sub-economic farm units and in-complete land registration constraining land consolidation.<sup>34</sup>
93. Because rehabilitation works were mainly restricted to headworks, main and partial primary canal rehabilitations, with secondary and tertiary systems remaining un-lined and with little attention given to improve on-farm water management practices, water leakage and poor water use efficiency remains an issue. Some of the farmers interviewed informed that in July-August, when the crop water requirements are at their peak, and precipitation is at its lowest monthly level, there is either no water or a very low level runs in the rehabilitated canals. Although improvements have been made to improve water delivery the full benefit of incremental water supply has still to be realized. Furthermore, despite MTR and supervision recommendations to improve water regulation and volumetric delivery, little control on individual water extraction is currently exercised.
94. On the positive side, the project brought convenience and an element of predictability to the doorsteps of beneficiaries. Field visits did confirm the improvement in production for some medium to large farms and there are some farmers who switched to high value added crops once the irrigation work was completed. However, the mission notes that since the schemes were mainly rehabilitated as late as in 2015, the extent and pace of the intervention is not measurable in its entirety at this stage.
95. The full effectiveness of rehabilitation can only be realized if beneficiary farmers are in a position to make complete use of incremental water supplies to improve crop and livestock productivities and to diversify into higher value crop or livestock activities. In the Georgian context, this requires appropriate access to finance,

---

<sup>32</sup> This information was received from the survey company selected by IOE (CRRC) and who conducted interviews of bridge beneficiaries.

<sup>33</sup> For instance, the average amount of rainfall that occurs during the growing season in eastern and southern parts is significantly less than the amount of water required for good crop production. In addition, the effective rainfall is considered to be not more than 50 per cent of the total rainfall that occurs during the irrigation season (especially in the foothills and mountain regions), because the topography is rolling, and the rainfall does not come at regular and optimum intervals.

<sup>34</sup> According to project authorities, some of the farmlands in the project command areas are being used to set up factories and private enterprises which will also affect the amount of land available for cultivation. Similarly, the project management believes that some part of the land which is being irrigated does not show in the contractual records of the Amelioration Company.

improved farm input supply and access to technological support. ASP took a single factor approach i.e. rehabilitation of irrigation canals only without consideration of key follow up crop and livestock production support services. However, it is noteworthy that this is being rectified under the ongoing IFAD-supported AMMAR project that includes rehabilitation of secondary and tertiary systems and provision of extension and technology support.

96. Overall assessment. *Given very mixed component performance effectiveness is assessed as moderately unsatisfactory (3).* Objective 1 was only partially achieved, due to the non-materialization of the leasing sub-component related to MFIs. The low offtake by enterprises (only 15 in number) and the fact that they were mostly big companies, not small or medium, and that these enterprises reinforced some of the existing backward linkages but did not create noteworthy new ones, was also a factor that thwarted the full achievement of the objective. The project, as part of fulfilling objective 2, helped remove some of the impediments to rural growth viz., access to pasture for livestock and water for irrigation. The former was achieved. However clearly, the targets set for irrigation related activity were over-ambitious and were not achieved. Given that irrigation schemes were rehabilitated towards the end of the planned project duration, it is difficult to assess increases in farm productivity at this stage. In addition to this, given various impediments facing smallholders it is not possible to estimate whether and how long it will take to achieve full achievement of this objective, but clearly, it will be a gradual process.

### **Efficiency**

97. The assessment of efficiency attempts to examine how economically resources and inputs are converted into results. Given the lack of reliable data to conduct cost benefit analysis at programme completion, this evaluation used several proxy indicators to make an assessment of programme efficiency.
98. **Economic and Financial Perspectives.** Incremental benefits were largely expected to be derived through increased crop productivity and diversification to higher value products resulting from improved irrigation of smallholder farms. Benefits were also to accrue through reduced transportation costs and post-harvest losses due to road rehabilitation; and reduction in post-losses due through improved mechanization, however there is no evidence of this having happened. Economic analysis at design was based on three financial models; a farmer group leasing machinery to cultivate 20 ha of their own land and 200 ha through contracting; leasing of tractor and trailer for a 3 ha apple orchard; and expansion of a small scale milk processing plant. None of these models was replicated under the project.
99. The economic analysis in the PCR reported an Economic Internal Rate of Return (EIRR) of 20 per cent with a net present value (NPV) of US\$164 million based on the incremental income flows from increased access to irrigation, bridge, and leasing activities over a 20-year period, not including the project implementation period. However, the calculation isn't reliable due to the absence of quality impact data and ill-founded assumptions. Specifically, the NPV was actually reported as GEL 164 million in the endline survey report, equivalent to US\$67 million based on zero maintenance and operation costs of the infrastructures for 20 years period with full usage of the rehabilitated command area, which are untenable. Additionally, the EIRR was estimated based on a total of 11,040 ha and 15,790 beneficiaries. However, as stated in the Effectiveness in outreach paragraph, given that the full irrigation command potential of 11,040 ha has not yet materialized with just 3,400 ha of irrigable area actually cultivated at project completion, the anticipated accrual of benefits will be reduced and delayed. Whilst it has not been possible to assess the impact this will have on the EIRR it will clearly be less than expected.

100. At project completion limited incremental benefits had accrued due to the delayed completion of irrigation schemes, slow take up of newly available irrigable lands by landowners, and inability of many small farmers to afford critical factors of production to take advantage of new irrigation potentials, thus only limited increase in productivity and diversification has accrued to date. In the case of the leasing component which largely failed to reach target beneficiaries anticipated benefits have not materialized.
101. **Effectiveness gap.** With only one year between loan signing and effectiveness this process was managed efficiently. Implementation was subsequently delayed by at least one year due to changes in project management within the Ministry of Agriculture leading to staff re-assignments and recruitment of new staff. Delays in the preparation and approval of the component operational manuals, protracted negotiations with potential partner MFIs and delays due to the dearth of competent irrigation design, construction and tender management engineers, delayed the irrigation scheme tendering and approval by up to two years.
102. The above led to delay in completion of some irrigation schemes and a need to extend the loan closing date by one year. Despite the extension, project funds were not fully disbursed, with the overall **disbursement rate** reaching 76 per cent of funds committed at project appraisal. The infrastructure component disbursed 92 per cent of the originally planned funds. The exclusive focus of the project on the rehabilitation of irrigation schemes late into the project cycle propelled the overall disbursement rate.
103. The actual cost ratio of project management was just 6 per cent of total disbursements, lower than comparable projects, and indicative of commendable efficiency by the PMU. An analysis of irrigation rehabilitation costs indicated that on average the irrigation rehabilitation costs were GEL 1980 per ha under ASP, in the range GEL 1244 to GEL 2713 depending whether headwork construction was involved. This is in line with the World Bank's estimated rehabilitation costs of GEL 2150 per hectare.
104. The project initially covered all poor regions of rural Georgia but such a dispersed geographic coverage stretched management capacities and efficiency. However this was addressed to some extent in June 2012 when it was agreed to limit ASP future works to irrigation rehabilitation in four targeted regions.
105. The PCR does not state the cost per beneficiary. This evaluation has therefore calculated it here, using the revised beneficiary numbers (as depicted in Table 3 earlier). Taking the actual project costs (amount disbursed), the cost per beneficiary for the *leasing* component works out to US\$362 (cost as per PCR beneficiary numbers is US\$155). For the *small scale infrastructure* component (irrigation schemes, bridges and drinking water), this cost is US\$514 (as opposed to US\$154 obtained using PCR beneficiary number). Although similar IFAD-supported projects for leasing could not be found, costs per beneficiary for an IFAD-supported project, the Rural Development Project for the North-West in Azerbaijan, that was implemented in the same Division (NEN) and with productive infrastructure rehabilitation also being one of the components, was US\$301.
106. Whilst project management cost ratio is relatively low compared with other comparable projects, the economic and financial return of the project was significantly over-estimated in the PCR given the more realistic lower outreach number and the delayed materialization of the expected benefits in the infrastructure component. These were also reflected in the higher than anticipated cost per beneficiary. The lower disbursements, two-thirds of the original funds earmarked, even with one year extension indicated an inferior efficiency level. *Overall efficiency is therefore assessed as moderately unsatisfactory (3).*

### **Rural Poverty impact**

107. IOE defines impact as the changes that have occurred – as perceived at the time of evaluation – in the lives of rural people (whether positive or negative, direct or indirect, intended or unintended) as a result of IFAD-funded interventions. In order to measure the changes and improvements in the quality of life of the population in the programme areas, the evaluation carried out a quantitative and qualitative assessment focusing on the four impact domains described in the IOE evaluation manual, as appropriate to the present project. These include: (i) household income and assets; (ii) food security and agricultural productivity; (iii) human and social capital and empowerment; and (iv) institutions and policies.
108. Before presenting the results, highlighting some key points related to the rural poverty impact are in order. One, the quantitative results presented below are computed mostly using a difference in difference (DID) approach where the outcome variable is the reported value of interest for 2016 subtracted from the recalled value for 2012.<sup>35</sup> In instances where the difference in difference approach is not possible due to data availability or given the nature of variable, for e.g. dietary diversity and food spending (where the accuracy of recall responses for baseline year is impossible to guarantee), a simple with-without comparison of the endline results between treatment and comparison group is presented. Before-after tests, which test for a change between 2016 and 2012 for individuals only in the treated group, are only used in one case (increase in livestock) in order to better understand results of the difference in difference.
109. Two, given that the four main project intervention types (irrigation rehabilitation, bridge rehabilitation, construction of drinking water system and lease-financing) were disparate - in terms of their nature, type of beneficiaries targeted and location – results are presented for individual intervention type. The evaluation team therefore strongly believes that this decomposition of results as opposed to the overall project results is a more telling representation of the project's effects. There is also the fact that the average overall effects of the project for some of the main outcome variables are mainly influenced by one intervention, viz., leasing, as is evident later in this section. The overall effects are presented in annex X.
110. Three, the project management unit had undertaken an endline impact evaluation survey. The results obtained therefrom are presented and discussed only where key outcome variables measured by the project-commissioned survey and IOE-conducted survey can be compared.
111. Four, whilst interpreting the impact evaluation results, it is key to take cognizance of the context in which the ASP project took place. Following the 2008 August war, development aid flew into most of the country with at least US\$2 billion spent, with more aid in subsequent years. Aid money generally has been concentrated in many of the areas which the ASP project took place, and particularly in the ethnic minority and conflict affected areas where the infrastructure component took place. Since 2013, the current Government has also carried out a significant number of programmes aimed at developing agriculture including a programme that provided free vouchers for purchase of fertilizers and free ploughing service for land using mechanized implements, which coincided with the implementation period of the ASP project. Given that many of the communities in the evaluation's infrastructure component control group also benefited from development programmes, with-without comparisons in regard to the infrastructure component are likely to measure impact *relative to* other development projects which took place in control communities.

---

<sup>35</sup> Given a two-period setting where  $t=0$  before the program and  $t=1$  after program implementation, letting  $Y_t^T$  and  $Y_t^C$  be the respective outcomes for a program treated and non-treated units in time  $t$ , the DID method will estimate the average program impact as follows:  

$$DID = E(Y_1^T - Y_0^T | T=1) - E(Y_1^C - Y_0^C | T=0)$$
where  $T=1$  denotes treatment or the presence of the program and  $T=0$  denotes untreated areas.



### Household income and net assets.

112. In line with the IFAD Evaluation Manual, the evaluation in this section assessed household income as the flow of economic benefits accruing to a household including increased incomes from agricultural and non-agricultural sources as well as increased assets.
113. Household income: The survey measured household income along a number of dimensions, including *agricultural income* for households and *non-agricultural incomes* for individuals within the household from self-employment (including business ownership) and employment. Results for change in household's *physical assets*, as a proxy for income, are also shown. In addition, the data also allow for the testing of whether ASP interventions helped families move from the bottom quartile of the income distribution as defined by 2012 incomes adjusted for inflation. The findings for agricultural and non-agricultural incomes are shown at the outset, in Table 5, and the ensuing paragraphs then discuss these results in greater detail, including through the lens of the casual pathway that helps provide perspective to the individual interventions.
114. *Agricultural income*: The DID analysis shows no statistically significant changes in agricultural incomes for irrigation, bridge, and drinking water communities between treated and untreated communities but only for the leasing community (Table 5). In other words, there is a high likelihood (based on conventional thresholds) that the average increase or decrease in incomes of treated households as compared to the selected untreated households is attributable to random chance and not to project interventions, except in regards to the leasing component.<sup>36</sup>

Table 5

#### Changes in agricultural and non-agricultural incomes: DID effects (in local currency)

<i>Intervention type/Variable</i>	<i>Agricultural Income</i>	<i>Non-Agricultural Income</i>
	135.69	81.51
Irrigation community effects	(172.08)	(298.01)
	-547.67	15.675
Bridge community effects	( 496.06)	(1329.203)
Drinking water community effects	-113.023 (109.399)	-619.89 (1093.55)
	4173.01	972.54
Leasing community effects	(1358.51)**	(716.37)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05 (p value indicates the probability of observing a difference if no difference exists). Estimates are presented with clustered standard errors in parentheses.

115. The *causal pathway* for the irrigation intervention was that availability of regular irrigated water would lead to increased farm productivity through crop yield increases and to diversification of cropping patterns and crop technologies. These in turn would result in higher household income and consumption. There are two possible explanations for the irrigation related results obtained from the impact survey. First, it is likely that the effect of any changes in farm productivity due to the availability of irrigated water, and the ensuing changes if any in income, are yet to materialize (given that most irrigation works were completed quite recently). This especially applies in cases where farmers have switched from crop to fruit

<sup>36</sup> On the other hand, the results of the project-conducted impact evaluation study show the growth rate of household income to be two percent in favor of beneficiaries using the DID approach.

trees, which can take at least five years to bear fruit and generate income. A second factor is the lack of adequate water supply in the main watering season *and* the absence of on-farm irrigation due to the project's focus mainly on primary and secondary canals.

116. The *causal pathway* for bridge community benefits was that through increasing livestock numbers by decreasing losses from animals falling off of dilapidated bridges and easing access to pasture lands, more livestock related output would result. This evaluation though considers the logical benefit from the bridges to be the increase in cows and calf numbers (the latter, as a result of a higher calving percentage due to an increased plane of nutrition resulting from assured access to summer pastures). The DID analysis suggests an increase of 0.07 calves on average ( $p < 0.05$ ) in favour of beneficiaries (Table 6) but no significant change in the case of cow numbers.<sup>37</sup>
117. Whilst it is tempting to conclude that the project intervention led to an *increase* in calf numbers, it is important to combine this result with the before-after results in order to get a better perspective (i.e. number of cattle that the beneficiaries had in 2012 versus the number they had in 2016). The latter shows no statistically significant change i.e. the calf numbers did not change in beneficiary communities after project intervention. Combining the findings from both results shows that either: a) there was no change in the beneficiary group, but in the counterfactual group the number of calves *declined*, or, b) calf numbers declined in both treatment and control villages but more so in the control group.
118. However, given that the increase in livestock (calves) number was very marginal, it is likely that this is also reflected in the no significant increase in agricultural income registered by bridge communities (in Table 5 above).

Table 6

**Changes in livestock numbers for bridge communities (in units): DID effects**

<i>Variable</i>	<i>Cows</i>	<i>Calves</i>
Bridge community effects	-0.34218 (0.38466)	0.071 (0.034)*

\*\*\* $p < 0.001$ ; \*\* $p < 0.01$ ; \* $p < 0.05$

Estimates are presented with clustered standard errors in parentheses.

119. The *causal pathway* for drinking water sub-component of the infrastructure component aimed to increase access to drinking water. Although its explicit aim was not to increase incomes, the evaluation hypothesized that savings in time to fetch water<sup>38</sup> would lead to more time freed-up for other possible activities, including, for gainful remuneration. The results in Table 5 showed no significant change in incomes. On the other hand, results show a 3-minute saving in water fetching for the drinking water communities compared with matched control groups, but it is not statistically significant (Table 7). In addition, results show that the drinking water communities were 8.76 times more likely to have a drinking water system go into their household than the control group (Table 7). This suggests that the drinking water treatment communities indeed gained access to in-house water systems. Although not stated as an explicit goal of the project, the evaluation also attempted to assess any health related impacts for drinking water community thanks to availability of drinking water (as opposed to using surface water). In-depth interviews did not reveal any particular improvement in health for beneficiaries in terms of visits paid to health clinics before and after project intervention.

<sup>37</sup> The results shown by the impact evaluation by the project unit on the other hand show changes in cow numbers to be in favour of the treatment group with the growth rate of the number of cows about five percent higher than the control group.

<sup>38</sup> The participants of focus group discussion revealed that all members of the family, male and female, contributed to collection of water for the household.

Table 7  
**Changes in drinking water community (DID effects)**

<i>Variable</i>	<i>Drinking water system (exponentiated likelihood ratio)</i>	<i>Time to fetch drinking water (minutes)</i>
Drinking water community effects	8.76 (0.63) <sup>***</sup>	3.29 (2.41)

<sup>\*\*\*</sup>p<0.001; <sup>\*\*</sup>p<0.01; <sup>\*</sup>p<0.05

Estimates are presented with clustered standard errors in parentheses.

120. Finally, the *causal pathway* for the part of the leasing component related to IFAD-financed loans to rural enterprises (agro-processors) to lease equipment leading to increased capacities that would then create backward linkages for indirect beneficiaries in the form of increased employment (in lessee-run operations) and increased supply of inputs (primary products) from farmers. Results of the household survey presented in Table 5 earlier show that the interviewed indirect beneficiaries i.e. grape growers did experience an average increase in incomes, with point estimate (average) of GEL 4173<sup>39</sup>, (p<0.01); the 95 per cent confidence interval of this estimate, though, suggest a large range of GEL 1510 to GEL 6835 impact.<sup>40</sup> Taking this minimum value of GEL 1510 suggests a 14 per cent increase in total incomes from baseline. If the effect is converted into constant 2012 local currency terms, the minimum increase in real terms is 10 per cent (point estimate GEL 3900; interval: GEL 1172-6628). However, in the absence of any target set by the project in this regard, it is difficult to comment on this result. This is in line with what this evaluation had considered as the likely effect size of the project.<sup>41</sup>
121. Focus group discussions suggest that grape farmers generally reported increased grape production in recent years. The reasons for increase in grape production *inter alia* include those related to politics and markets. Participants of the focus group discussion mentioned that under the previous Government (prior to 2012), conditions were not very conducive for agriculture and hence farmers were discouraged from selling. The other reason is that the frontiers of markets for Georgian wines have been expanding with the product now having permeated into countries such as China with a huge potential. It also has to be admitted that IFAD's leasing finance was only used for very limited operation for most of the large-scale enterprises.
122. *Non-agricultural incomes*: In order to test for impact on non-agricultural incomes, a variable was created composed of incomes from employment and self-employment outside of working on one's own land, including from working in one's own business and on others' agricultural land. Incomes from rent, remittances, gifts, and government transfers were not included since ASP interventions were not expected to increase these types of non-agricultural income. Statistical analysis presented in Table 5 earlier suggests that the project did not have any significant impact on non-agricultural incomes, as envisaged in the project log frame.
123. *Moving out of poverty*: Ultimately, IFAD aims to help the rural poor to move out of poverty. One way of testing whether the project achieved this goal is to test whether households in treated communities were more likely to move out of the lowest quarter of the income distribution in 2012. A logistic regression was used to test whether individuals in treatment communities were more likely to move out of

<sup>39</sup> If outlier observations are controlled for, the average effect size is 3235 GEL (p<0.001).

<sup>40</sup> These are calculated using the clustered standard errors also presented in Table 5 and the commonly used measure of 1.96 standard deviation from the mean.

<sup>41</sup> No targets had been set by the project in this regard. The 10 per cent effect size was based on other.

the bottom quartile in 2012 terms than in control communities using total income from both agriculture and non-agriculture, adjusted by inflation rates.

124. The results of the DID analysis are presented in Table 8 by way of probability statistics (both in likelihood terms and log-likelihood terms). The results from likelihood ratio suggest that indirect beneficiaries of the leasing component were 205 per cent ( $p < 0.05$ ) as likely to move out of the bottom quartile of the 2012 income distribution. No significant effects were found on this indicator from other two project activities. In other words, there is a very high likelihood that the poorest 25 per cent amongst indirect beneficiaries of leasing component in 2012 would have improved their incomes; but not the beneficiaries of other sub-components.

Table 8  
**DID effects of moving about baseline bottom quartile for different communities**

<i>Intervention type/Variable</i>	<i>Likelihood ratio</i>	<i>og-likelihood ratio</i>
Irrigation community effects	0.7408182	-0.300 (0.368)
Bridge community effects	6.746339	1.909 (0.779)
Drinking water community effects	1.683711	0.521 (0.638)
Leasing community effects	2.050328	0.718 (0.363)*

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05

Estimates are presented with clustered standard errors in parentheses. These apply to both types of ratios presented.

125. *Physical assets*: Another indicator of economic impact is the assets that households own. In order to assess whether the project increased a household's physical assets, principal components analysis<sup>42</sup> was carried out to create an asset index.<sup>43</sup> The principal component which was most highly correlated with the sum of assets purchased after 2012 was then extracted and regression analysis was used to test whether the project had an impact on household assets.
126. The results suggest that the indirect beneficiaries of the leasing component increased their assets following treatment. The first principal component was strongly negatively correlated with the sum of items a household purchased after 2012 ( $r=-.938$ ). Hence, a decline on this indicator suggests an increase in assets. Regression suggests that leasing beneficiaries experienced a decline on this indicator of 0.18 ( $p<0.05$ ). This suggests an increase in assets for indirect beneficiaries of the leasing component. Thus, in the case of indirect beneficiaries of leasing component, both agricultural incomes and assets are likely to have increased. No significant effect was found in irrigation communities or drinking water communities on household assets.

Table 9  
**With-without effects on physical asset wealth<sup>44</sup>**

<i>Intervention type/Variable</i>	<i>Principal component of physical asset wealth</i>
Irrigation community effects	-0.106 (0.132)
Bridge community effects	-0.249 (0.113)
Drinking water community effects	-0.135 (0.118)
Leasing community effects	-0.180 (0.081)*

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05

Estimates are presented with clustered standard errors in parentheses.

<sup>42</sup> Principal component analysis is a technique to convert a set of correlated variables into a smaller set of non-correlated ones.

<sup>43</sup> These assets include: Internet; Refrigerator; Washing machine; TV; Personal Computer /Laptop; Motor cycle/Quadrocycle; Vehicle; Micro Bus; Tractor (including moto blocks); Gas /Electric oven; Mobile phone without internet access; Mobile phone with internet access; Air Conditioner; Satellite Dish; Electric/Gas Heater.

<sup>44</sup>This estimate is not based a difference in differences approach, but rather on whether individuals were able to buy assets after 2012.

127. In conclusion for the household income and assets section, the DID analysis provides positive results in relation to agricultural incomes only among the leasing component's indirect beneficiaries. The leasing components also had larger chances of moving out of the bottom quartile of the income distribution.

### **Food security and agricultural productivity**

128. The assessment of food security and agricultural productivity entails the assessment of changes in food security related to dietary diversity and spending on food as well as changes in agricultural productivity, which are measured in terms of yields. Yields aside, if individuals cultivate a greater amount of land or are able to increase the amount of land they irrigate, this suggests the potential for increased agricultural production. A move towards high value crops could also suggest increased commercialization and thus increased productivity. These values are also tested within this section.
129. **Food security:** The evaluation used dietary diversity as well as spending on food as indicators of food security. These measures were selected given that traditional survey questions about missed meals and the hungry season in Georgia are less applicable to the Georgian context and subject to relatively large social desirability bias. In contrast, dietary diversity is both a valid measure of food security<sup>45</sup> as well as prone to less social desirability bias.
130. *Dietary Diversity:* Dietary diversity represents a measure of household access to a variety of foods as well as shows whether the household can achieve sufficient nutritional intake. As noted above, dietary diversity is a strong measure of food security. To measure it, a standardized United Nations Food and Agricultural Organization (FAO) questionnaire was administered to respondents, with 16 categories of food. After data collection, the questions were recoded into a 12 point scale as suggested by FAO. No significant impact was established in any community (Table 10). For instance, the results of analysis estimate that the dietary diversity is 0.18083 points higher on a 12 point scale in irrigation communities. However, the effect was *not* significant. Hence, we find no effect on dietary diversity in the irrigation communities.
131. *Spending on food:* Increased spending on food may suggest that beneficiaries have greater food security, as they are able to spend more on food. But no significant effect was found in spending on food items in 2016 between treatment and comparison groups. Thus, for instance, even though results show that treated irrigation communities could have spent 135 per cent more on food than untreated irrigation communities, from a statistical viewpoint, taking the p value into consideration, the result is zero i.e. no change.

---

<sup>45</sup> Kennedy, Gina, Terri Ballard, and MarieClaude Dop. Guidelines for Measuring Household and Individual Dietary Diversity. Technical paper. FAO.

Table 10  
**With-without effects on food security (endline year difference between treatment and comparison groups)<sup>46</sup>**

<i>Intervention type/Variable</i>	<i>Dietary diversity</i>	<i>Likelihood ratio</i>	<i>Food spending</i>
			Log-likelihood ratio
Irrigation community effects	0.18083 (0.35659)	1.354998	0.3038 (0.2423)
Bridge community effects	-0.90698 (0.55833)	1.060987	0.0592 (1.5728)
Drinking water community effects	0.33981 (0.18404)	2.235802	0.8046 (0.5989)
Leasing community effects	-0.06400 (0.26545)	1.249946	0.2231 (0.1806)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05; p<0.1

Estimates are presented with clustered standard errors in parentheses.

132. **Agricultural Yields:** Within the ASP project, if the irrigation subcomponent was effective, we would expect to see a significant increase in agricultural yields, while in other project components there is no reason to expect an increase in yields stemming from the ASP project intervention. Hence, analysis was carried out on yields (kg/Ha) in irrigation communities for potatoes, corn, onions, beans, apples, grapes, tomatoes and cucumbers, and plums and apricots. These crops were selected given that there was a sufficiently large part of the sample which grew these crops in both 2012 and 2016 for inferential statistics to be carried out. The DID analyses show no significant changes in yields.
133. Although the irrigation component attempted to improve the irrigation system, the changes appear to have not been enough to help the farmers in the communities. Focus group participants frequently complained about the lack of regular water available for irrigation. This is a likely cause of the lack of increase in yields. However, the field observations of the project's agricultural expert suggest that farmers are attempting to make use of the system to increase yields, which may bear fruit in the long term.
134. Irrigated land and land cultivated: The results of the DID analysis (Table 11) suggest that in irrigation communities no additional land was brought under cultivation by beneficiary households (the increase of 1253 square meters is not statistically significant). However, average size of irrigated land per household did increase by 1,495 square meters (p<0.05), or approximately 0.15 hectares. The PCR reports the difference between the change rates of areas of land provided with irrigation to be five percent in favour of the treatment group.
135. *Results obtained from NDVI analysis:* The results obtained from the geo-spatial analysis show that a statistically significant negative BACI contrast (i.e. improvement in NDVI of treatment areas with respect to control areas after the intervention) was detected in 7 out of 14 samples; however, only four have a significant 0.05 P-value. Focusing on the sites for which a significant BACI effect was detected, the average relative contrast is -1.24 per cent. Considering the NDVI as a rough approximation of the fractional vegetation cover, these numbers translate into an improvement of 1.24 per cent in the vegetation development for treated areas with respect to the control areas. This result can be linked to the above outcome from the survey that showed some increase in irrigated land.

<sup>46</sup> Neither of these estimates are based on differences in differences approaches. Rather they are based on endline estimates, i.e. difference between treatment and comparison groups, because neither variable could be reliably measured using recall for 2012.

136. **Crop diversification:** Diversifying from food crops (staples) to high value added crops which would primarily be grown for market would be a sign of marketization among the rural poor. However, since farmers in Georgia regularly try out different crops, a simple indicator of whether a farmer changed crops is not possible. Hence, the amount of land dedicated to food crops and amount of land dedicated to high value added crops was tested. DID analysis in Table 11 shows no significant impact from project activities.

Table 11

**DID effects on land (change in amount of land in square meters) (for irrigation community only)**

<i>Variable</i>	<i>Estimate</i>
	1494.75
Irrigated land	(606.62)*
	1253.06
Cultivated land	(827.08)
	883.51
Food crop land	(654.12)
	669.20955
High value added crop land	(757.38493)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05; p<0.1

Estimates are presented with clustered standard errors in parentheses.

137. In conclusion, the project appears to have had little to no effect on food security. The project does not appear to have had a positive impact on dietary diversity. In irrigation communities yields did not increase, with the likely cause being a lack of sufficient water in the irrigation system. The amount of land irrigated did increase, however.

### **Human and social capital and empowerment**

138. Human and social capital and empowerment entails assessment of the changes that have occurred in the empowerment of individuals, quality of grass-roots organizations and institutions, and the poor's individual and collective capacity. In contrast to many IFAD projects, ASP had limited goals in relation to helping build rural institutions through project activities. This impact evaluation considers the following main domains where human and social capital and empowerment could reasonably be related to the project: an increased say in the development process for the beneficiaries, improvements in intra-community relations and improved health outcomes in drinking water communities.
139. *Participation of the poor in development:* IFAD aims to increase the poor's ability to engage in the development process. In this regard, the project organized meetings in infrastructure communities to consult with and confirm that the proposed project would suit community needs. However, the results of focus groups and in depth interviews often suggest that community members were not adequately consulted at the design phase of the project in the irrigation and drinking water communities. It is unclear whether a selection criteria was used for enlisting beneficiary participation to ensure a truly participatory approach to consultation.
140. In bridge communities, interviewees report that they were consulted and that their recommendations were taken into account. In drinking water communities, focus group participants were aware that some consultations took place, although they were not consulted. In irrigation communities, no focus group participant was aware of anyone being consulted about the design. While interviews with key informants suggest that community design meetings did take place, it appears that



they did not reach an adequate number of community members particularly in irrigation and drinking water communities.<sup>47</sup>

141. While not certain, it is distinctly possible that some issues could have been avoided had a greater deal of outreach to community taken place. Practical issues aside, the lack of a more systematic outreach suggests a missed opportunity for the development of human and social capital as relates to the rural poor's involvement in the development of their communities, one of IFAD's goals.
142. *Water conflicts.* Conflicts over irrigation water are quite common in Georgia. As focus group participants reported, these conflicts are usually due to the small amounts of water available during the peak usage season. While one focus group composed of women suggested that the conflicts have declined since the rehabilitation of the irrigation system, the male focus group participants suggested that conflicts have not gotten better. Water conflicts were also prevalent in the drinking water communities prior to project implementation.
143. *Health outcomes:* Good health being an important component of human capital, the impact evaluation hypothesised that improved water supply and a better source of drinking water brought to beneficiaries' houses through the project's intervention could reasonably be expected to have an impact on their health through a possible decrease in water borne illnesses. As a result, in-depth interviews conducted with beneficiaries tested this hypothesis. In Zhoskha, in depth interviews suggested that community members find the new water to be unclean; hence many do not drink it. In contrast, in the other drinking water community, Chrebalo, an in depth interview suggested they do drink the water. However, water borne illness does not appear to have been a concern.
144. To conclude, the project did consult some community members in the design of the project but not adequately enough; as a result, there was little awareness of community members being consulted at least amongst project beneficiaries that were interviewed. While conflicts over drinking water may have dissipated, views were mixed on whether the project impacted irrigation water related conflicts. Although improved health outcomes might be expected from the drinking water community, these issues do not appear to have been present in the drinking water communities, and the quality of water in at least one of the communities appears insufficient to help with water borne illness.

### **Institutions and policies.**

145. This domain assesses the changes in the quality and performance of institutions, policies, and the regulatory framework that influence the lives of the poor. At the project's design phase three primary goals were set out for institutions and policies: (i) consolidation of the Agricultural Development Projects Coordination Centre (ADPCC) of the Ministry of Agriculture in its role as the institutional focal point for agricultural development in Georgia; (ii) creation of a leasing sector directed to sustainable rural economic growth and poverty reduction; and (iii) beneficiary groups/organizations (Design Report).
146. At project outset, the ADPCC was responsible for international aid projects related to agriculture in Georgia. However, the Centre was liquidated following project start up. Hence, while the project did not achieve this goal, the reasons for doing so were beyond the control of the project team.
147. The project's impact to be realised through changes in the pro-poor orientation of private sector organizations, mainly through creating a leasing sector directed to

---

<sup>47</sup> The lack of outreach is reflected in some of the design of infrastructure issues reported in a number of communities. For instance, in communities which received rehabilitated water systems, an interviewee noted that the location of the pipes was less than ideal and that they are often covered in garbage due to their location, creating maintenance issues. When the pipes need to be cleaned or repaired, water also flowed onto the roads, damaging them according to interviewees.

sustainable rural economic growth and poverty reduction, was not successful. In terms of private sector organizations, although ASP intended on creating a market for leasing products for MFIs, this clearly did not work out. On the other hand, the project's engagement with TBC Leasing, a private sector entity, was a noteworthy feature and has spurred the company's interest in rural sector leasing.

148. The third goal aimed to help beneficiary groups and organizations. From project documentation, no evidence can be extracted. Notably, water users' associations could have been an ideal group to develop for the irrigation component, especially given that water related conflicts are common in Georgia. However, the survey suggests no increase in water users' association memberships, with only 11 respondents reporting membership in 2016. Clearly, the project did not encourage water user association development.
149. A before after test of whether individuals reported paying for irrigation water in 2012 and 2016 suggests a statistically significant increase ( $p < 0.001$ ) in the proportion of individuals paying for irrigation water. This suggests that IFAD may have contributed to the increase in the number of individuals paying for irrigation water, an important outcome towards sustainability of the Amelioration company. However, other factors such as the restructuring of the Amelioration Company also likely contributed to the increase in irrigation water payments.
150. In conclusion, the project did not achieve the institutional and policy related goals it set out to at the design phase of the project, with the potential exception of possibly contributing to the sustainability of the Amelioration Company. The lack of success is clearest when considering the leasing sector, at least insofar as creating a sector that can sustain poverty reduction is concerned.

### **Overall assessment of impact on rural poverty**

151. In a broader and more integrated sense, the impact evaluation concludes that the overall rural poverty impact of ASP is *moderately unsatisfactory* (3). Whilst the project achieved positive outcomes for indirect beneficiaries of the agro-enterprise leasing component, no change was observed for several outcomes of interest for other intervention. The project's QE panel report had observed that the impact of the project on the poorer strata of the rural population either through direct participation in project activities or through the generation of employment opportunities in the agriculture sector may be limited; the results of impact evaluation seem to resonate with this observation. It can be argued that given delays in irrigation scheme rehabilitation and the modest uptake by farm households of irrigation at the time of this impact evaluation, it could be a case of unfinished business and that results should be more visible over the due course of time. However, the reality also is that the project had expected results at the end of its implementation, and that is what this evaluation is assessing.

**Key summary points**

- Overall, there is a high likelihood (based on conventional thresholds) that the average increase or decrease in incomes of treated households as compared to the selected untreated households is attributable to random chance and not to project interventions, except in regards to the leasing component.
- Improvements to the irrigation system appear to have not been enough to help the farmers in the communities improve agricultural yields.
- The project's main success within the irrigation sub-domain is the increase in some amount of irrigated land. However, compared to the original target, only 13 per cent of the total command area of the rehabilitated irrigation schemes was irrigated.
- Results of the NDVI analysis also point to some increase in irrigated land, albeit on a very small scale.
- Indirect beneficiaries of the leasing component had reasonable increases in agricultural incomes; assets too seem to have increased.
- The bridge component appears to have reduced some cattle loss but it is very minor.
- No changes were observed in the food security status of the beneficiaries.
- In terms of empowerment through beneficiary participation in project, results are mixed, with some communities consulted whilst others not.
- In terms of grass-root institutions, the project did not create or support beneficiary associations.

**Sustainability of benefits**

152. IOE defines sustainability as "the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the programmes' life.
153. A cursory inspection of the rehabilitated irrigation schemes during field visits by IOE mission showed them to be of generally good quality. Further, the infrastructural sustainability risks have been mitigated to some degree by responsible departments contributing 5 per cent of total infrastructural costs to a central fund as an indication of their commitment to the works created under ASP. In that regard relevant municipalities have accepted responsibility for care and maintenance of bridges and the water supply scheme and Amelioration Company for rehabilitated irrigation. Furthermore, the AMMAR project will complete and strengthen the ASP, Dzevera scheme facilitating its sustainability.
154. The long term sustainability of infrastructure will however depend to a large degree on a communal sense of ownership which is yet to be engendered. Amelioration Company is responsible for the maintenance of all main, primary and secondary canals without beneficiary involvement and with little evidence of farmer involvement in improving the tertiary on-farm systems themselves. It could be argued that there are similar other cases in Georgia. For instance, the evaluation cites an analogous case of livestock support whereby Government continues to provide resources for animal disease control beyond project closure but lacks political will to ensure that smallholder farmers pay the full cost of ECF vaccinations to ensure sustainable delivery of the service. The sustained maintenance of irrigation schemes will also depend on a fair and well organized distribution of water amongst users and on good water management efficiency on farm. In the absence of effective water user associations this is difficult to achieve.
155. The World Bank's GILMD project will introduce institutional reforms within Amelioration Company to promote water users' participation that should also improve sustainability of completed ASP schemes. The Amelioration Company also confirmed their intentions to promote water user associations and to review current water tariffs. However, since little progress had been made in the introduction of

these institutional reforms at the time of this evaluation there is no evidence yet based on which the evaluation can state whether they will successfully allay all sustainability concerns. This impact evaluation regards the success of these reforms as an important issue impinging on the future sustainability of this major component that accounted for some 75 per cent of total project expenditures. Given the current water charge tariff of 75 GEL per ha, compared to an estimated actual cost of 250 GEL, irrigation operations and maintenance will remain heavily reliant on Government subsidy of the Amelioration Company operations and thus subject to financial risk.

156. Sustainability of the leasing component is in a sense secure as all funds invested were distributed to 15 existing and well-established medium and large-sized private enterprises after thorough vetting and diligence testing by Tbilisi Leasing Company. All appear to be prospering and expanding operations and in this scenario it is reasonable to assume that their demand for additional labor and raw material supplies is also likely to grow sustaining the modest backward linkages developed under ASP.
157. Whilst participatory water management and water users' associations have still to evolve provisions under ongoing projects are in place to address this issue and furthermore the Government and the Amelioration Company have undertaken to foster cooperative and group development and to review current un-sustainable water charges.
158. Because responsible organizations have accepted operations and maintenance responsibility for infrastructure from project outset, *sustainability is assessed as moderately satisfactory (4)*.

## **B. Other performance criteria**

### **Innovation**

159. IOE defines innovation as the extent to which IFAD development interventions have introduced innovative approaches to rural poverty reduction.
160. Innovative aspects proposed at project design included: the development of rural leasing especially through farmer groups; institutional innovations to promote participation of water users in irrigation scheme design and water management and introduction of measures to improve water charge recovery and more water efficient delivery to users.
161. The rural leasing proposal was the most innovative feature of ASP. Although Georgia has had some experience with leasing, and although Government, farmers and agro-processors recognize that there is an urgent need to introduce innovative practices to achieve productivity increases, this financing instrument had hardly been employed in the agricultural sector. Carefully and flexibly managed leasing could have offered an option to foster greater inclusion of poorer clients, not least because it removed the collateral constraints of conventional credit.
162. Similarly, based on the successful experience of IFAD's past operation in rural finance<sup>48</sup>, the anticipation by the project that leasing operations would be channeled through established leasing companies and especially successful micro-finance institutions that were well established in the sector and with a large client base was an optimistic assumption. Unfortunately, there was a lack of sufficient and robust analysis at the time of the design of the MFI-related leasing product and weak support before implementation which culminated in the failure of its implementation. Innovations need to be prepared and nurtured carefully. On the

---

<sup>48</sup> Under an earlier IFAD project Rural Development Programme, a rural credit had been significantly strengthened through MFIs whereby 10,000 clients were lent a total US\$10.6 million, with repayments exceeding 90 per cent, though group lending was not attempted.

other hand, leasing to agro-processors was more successful (although the uptake was not as high as anticipated).

163. Institutional innovations to promote participation of water users in irrigation scheme design and water management and introduction of measures to improve water charge recovery however did not occur. There was virtually no discernible water users' participation in scheme design or management, or of a greater sense of system ownership amongst water users.
164. In conclusion, the project attempted to use innovation as part of its interventions. However, there was lack of sufficient analysis (the likely constraints for MFIs and the competition, especially from the rental market for farm equipment) whilst the concept was novel insofar as expanding the range of choices for financial products available to project beneficiaries was concerned. *This evaluation rates innovation as moderately unsatisfactory (3).*

### **Scaling up**

165. IOE defines this as the extent to which IFAD development interventions are likely to be replicated and scaled up by the Government authorities, donor organizations, the private sector and other agencies.
166. As only one leasing company and no MFIs were involved in ASP leasing activities and as all beneficiary leases were medium to large private enterprises, mainly involved in agro-processing and who could equally well have accessed business finance through the established commercial banking sector, at this stage there are no prospects for significant scaling up of rural agricultural leasing. Furthermore, current legal, regulatory and frameworks and tax implications preclude participation of MFIs; although some are reportedly interested to adopt leasing instruments if they were suitably reformed. As there is no apparent inclination on the part of Government to reform leasing regulations acceptable to MFIs there appears very little potential for scaling up this activity in Georgia.
167. In contrast the experience of ASP with irrigation rehabilitation has benefited the design and the development of the World Bank Georgia Irrigation and Land Management Development Project (GILMD) that was approved in 2015. The institutional and management arrangements tested and implemented for irrigation command area re-construction under ASP, and through the project's small scale infrastructure implementation manual, has helped establish the operational modalities for the design of the GILMD.
168. In summary, ASP's experience with irrigation has already had scaling up impacts in both World Bank and subsequent IFAD project designs, whereas the leasing component has had none, and scaling up is thus assessed as *moderately satisfactory (4).*

### **Gender equality and women's empowerment**

169. IFAD's women's empowerment objectives include: (1) expanding women's access to and control over fundamental assets – capital, land, knowledge and technologies; (2) strengthening women's agencies – their decision-making role in community affairs and representation in local institutions; and (3) improving women's well-being and easing their workloads by facilitating access to basic rural services and infrastructures. In this section, an evaluation of the ASP programme's achievement on gender related objectives is provided.
170. In the Georgian context, gender in agriculture is an important aspect of the rural landscape. In terms of gender equality, the country is ranked 90th out of 144 countries in the Global Gender Gap (GGG) index due to a widening economic participation and economic opportunity gap. Women's economic opportunities outside the agricultural sector are limited, with 56.5% of employed women working in agriculture, compared to a regional average of 16% in Europe and Central Asia.

Poverty appears to have fallen less among people living in woman-headed households than among people living in man-headed households. Thus, there was a potential opportunity for the project to address some of these gender-based imbalances in its intervention areas.

171. *Gender targeting*: At the outset, the project had set a 30% minimum number of beneficiaries to be women. It is unclear though how this would be achieved since there was no explicit gender strategy. For instance, in the infrastructure component, rehabilitation of existing irrigation schemes meant that no explicit effort could be made to ensure that schemes targeted women; farmer households that were in the command area of the schemes would benefit, regardless of whether or not they were women-headed. The leasing component also appeared to be less successful in this regard; no gender targeting was done in terms of setting a minimum target for rural enterprises to be headed by women. In terms of employment, in-depth interviews with companies suggested that some of them did hire women to work.
172. *Women's voices being heard in development*: The focus group discussions carried out with women suggested that none of them nor anyone they knew had been consulted in regards to the project design. While key informant interviews suggest that project outreach events in communities indeed did take place, these efforts appear to have been unsuccessful. Considering that community members in general were not reached out to, it is unlikely that women's voices were adequately heard in the decision making process.
173. *Rural Poverty Impact on female-headed households*: As far as project impact goes, the DID analysis of female-headed households suggests no significant impact on any of the outcome variables of interest such as income, food security, moving out of poverty and asset index (see annex X). Thus, female-headed households were not better off than the comparison group for these variables.
174. *Gender dynamics*: IFAD-supported projects aim to increase women's access to and control over fundamental assets and their role in decision-making. To measure whether the project had succeeded in achieving this, the survey included questions on whether men, women, or both men and women have a say in:
  - i) Decisions related to asset purchases;
  - ii) Decisions related to what agricultural products are produced;
  - iii) Decisions related to which agricultural products will be sold or given away;
  - iv) Decisions related to planting and taking care of the land.
175. The evaluation undertook a with-without analysis of all of the above indicators. In addition, since the survey's design also allowed for before-after analysis of gender dynamics, this is presented in relations to planting and taking care of the land. Since ASP did not include any gender specific project components or activities which would plausibly lead to increases on these or other gender-related indicators, the analysis was carried out on the entire sample.
176. The results of with-without analysis suggest no significant changes in women's role in the decisions about buying assets, choosing which agricultural products are grown/harvested/ produced, deciding which agricultural products will be sold or given away, or in how the land will be planted and taken care of. The situation before-after also did not change. Focus group discussions noted that whilst women were sometimes consulted in these matters, decisions were taken by men.
177. *Women's work burden*: One of the fundamental aims of IFAD projects' focus on gender is to ease women's work burden as a means to improve their well-being. Within ASP, the drinking water component led to construction of in-house drinking water pipelines. The with-without analysis suggests no significant change in the share of households reporting that women are primarily responsible for fetching water for the household. This is likely because households which received water

often reported that before project intervention, everyone equally, males and females alike, went to gather water. On the other hand, the interviews noted that many women in the villages use the piped water for running their washing machines and for other cleaning tasks. Hence, this intervention likely had a positive impact.

178. Thus, of the areas that this evaluation considers key to evaluating gender equality and women's empowerment, and which were consequently evaluated through the household survey and focus group discussion, none showed noteworthy outcomes. The results are a reflection of the fact that although the project adopted a target for women beneficiaries, the modalities for ensuring women's participation and representation in local groups and organizations were not outlined. Similarly, there was no gender-related consideration in the definition of the criteria for selecting infrastructure proposals given that women could have an interest in improved infrastructure insofar as it leads to better access to social services and time-saving, thereby helping them reduce domestic and childcare responsibilities. The schemes were decided based on the priority for rehabilitating the irrigation infrastructure without much reference to the nature of the target group benefitting. Similarly, the beneficiaries of the rural leasing activities were selected based on demand for leasing products which were targeted at the small and medium enterprises. None of the owners of the enterprises were women although women were employed with some of the enterprises. Given the particular context of Georgia, where gender equality and women's empowerment require serious attention, the project failed to make a notable contribution. *The project is rated as unsatisfactory (2) on this criterion.*

### **Environment and natural resources management**

179. This impact domain involves assessing the extent to which the programme contributed to changes in the protection, rehabilitation or depletion of natural resources and the environment. The key natural resource at play in the project was water, which had clear implications for the environment. This is because, about 50 per cent of arable lands and 30 per cent of the grazing areas in Georgia are exposed to water and wind erosion. In addition, significant areas are subject to salinization and required drainage facilities.<sup>49</sup>
180. The ASP investments in infrastructure did not cause any environmental degradation. The rehabilitated irrigation schemes were already existing schemes. As part of rehabilitation, some of the schemes were cleaned where earlier there was water clogging. The availability of a supplemental source of irrigation is going to help the smallholder farmers better cope with the risks of low rain fall and deal with the uncertain weather patterns.
181. Financing of the agriculture sector through rural leasing is unlikely to have any negative impact on the environment. This is premised on the assumption that, according to the PCR, all new constructions either in food processing, wine making, poultry production or greenhouse construction are required to get the requisite environmental clearance from the local authorities.
182. However, the project design *per se* appears to have paid little attention to environmental and natural resources management. The cooperation between IFAD and the Amelioration Company could have laid the groundwork for better use of natural resources especially related to watershed management. The Government's extension services could have been employed for this purpose. Given that little evidence suggests that this relationship was used to promote environmental and natural resource sustainability, it represents a missed opportunity.
183. Further, the rehabilitation of canals likely reduced the wastage of water, but did not eliminate it. Results of FGDs and PPE mission's interviews with farmers

<sup>49</sup> ASP Final Project Design Report, Working Paper 2: Small Scale Rural Infrastructure.

(beneficiaries) suggest that leakage remained a problem. This, in conjunction with the lack of water use management is amongst the reasons why water availability is reduced in some rehabilitated canals during June and July which is the peak period before harvest and when most rehabilitated canals run dry.

184. The project can be considered moderately unsatisfactory (3) in this impact domain. Insufficient focus on this domain represents a missed opportunity.

### **Adaptation to climate change**

185. Georgia is quite fragile towards natural disasters caused by climate change. In the last decade, Georgian mountainous regions, such as Mtskheta-Mtianeti, Racha-Lechkhumi, Achara and Guria, have been affected by natural disasters.<sup>50</sup> With the country experiencing warmer days and nights, more variable precipitation, and more frequent and intense climate events, there is clearly a need to reduce the risks to agriculture so as to make the sector more resilient. The investments made by the project ensured the rehabilitation of irrigation canals in order to provide water to smallholders, although a more reliable water supply would have ensured better adaptation to the ill effects of climate change.
186. Adaptation to climate change was not explicitly part of the project design: it did not envision any climate mitigation or adaptation measures. However, given the variability in precipitation levels experienced by Georgia, an important aspect of adaptation to climate change should have been the emphasis on better management of irrigation water by beneficiaries. This represents a missed opportunity, especially since an earlier IFAD project, the Rural Development Programme for Mountainous and Highland Areas (RDPMHA), had taken adaptation to climate change into consideration in its design. This impact evaluation rates adaptation to climate change as *moderately unsatisfactory* (3), one below the rating provided in the PCR.

## **C. Overall Project Achievement**

187. The project's achievement can be described as mixed. Some of the original objectives and activities were modified whilst some of the original ones were not achieved. The activity of rehabilitating irrigation canals was undertaken as per plan and was successful in bringing irrigation water to the beneficiaries, although, the regularity of water supply remained an issue. Insofar as longer term development goal of increased incomes is concerned, the fact that the irrigation schemes were rehabilitated relatively late into programme implementation could have affected the lack of noticeable results at the time of this evaluation. Construction of bridges facilitated safe movement of livestock to summer pastures whilst drinking water pipes brought water to the homes of the intended beneficiaries.
188. The project reached out to rural enterprises with loans for financing their leasing needs dispensed through a leasing company, with direct beneficiaries expressing satisfaction of the project's intervention. The biggest setback though was under-achievement with regard to the leasing component, specifically related to MFIs. The MFIs did not come on board, for reasons outlined in this report, considerably reducing the outreach and the effectiveness of the leasing component. Attention was paid to gender at design stage through gender-specific targets but the lack of a gender strategy meant that no overt attempts were made to bring women into the fold of the project.
189. In conclusion, looking at the results as they stand today, the lack of the project's achievements in some respects, and its under-achievements in others, outweigh its achievements, and the evaluation rates overall project achievement as *moderately unsatisfactory* (3).

---

<sup>50</sup> Between 1995 and 2011 the total amount of damage occurred in consequence of geological and hydro-meteorological natural disasters amounted to GEL 2,338 million, according to the National Environmental Agency of the Ministry of Environment Protection of Georgia (source: *Georgia Today*, 16 July 2015).



## **D. Performance of partners**

### **Government of Georgia**

190. The Ministry of Agriculture's decision to liquidate the Agricultural Development Project Coordination Centre (ADPCC), which had responsibility for the overall management and implementation of previous IFAD and World Bank co-financed projects, in order to mainstream project implementation within the Ministry<sup>51</sup> led to a virtual paralysis of project implementation (based on the stipulation under Georgian law that entities under liquidation are not allowed to enter into new contractual arrangements). Thereafter the International Organisations Projects Implementation Department (IOPID) assumed responsibility for ASP implementation until the establishment of the Donor Projects Implementation and Monitoring Division (DPIMD) within the External Relations Department of the Ministry.
191. These frequent changes led to a difficult transition for the project management unit due to loss of their earlier autonomy which had to be circumscribed in order to be mainstreamed within the overall systems of the Government of Georgia. Besides, as a result of the liquidation, a number of ADPCC/IOPID staff of relevance to ASP management and implementation, including one of the two former ADPCC Civil Engineers and both ADPCC Procurement Specialists, left the ADPCC either during or after the liquidation.
192. To compound problems mentioned above with regard to the liquidation decree, considerable delay on part of the Government to approve the Operation Manual for Rural Leasing further affected all activities planned for 2011 as follows. First, the process of selecting the consultants for the due diligence of leasing companies and new MFIs to join the scheme was stopped as the Operations Manual was not approved and the ADPCC liquidation issue emerged. Second, the recruitment of consultants for the development of the new MIS software for the RDP and ASP-related refinancing operations was stopped when the liquidation of the ADPCC was announced. Third, it was agreed that as the workload was increasing, a third officer would be recruited to administer the RDP/ASP refinancing operations with commercial banks, MFIs and leasing companies. The recruitment process was also stopped when the ADPCC liquidation decree was issued.
193. In addition, the decision of the Government to focus ASP investments on the irrigation sector late into the project implementation phase, given its priority to rehabilitate the irrigation infrastructure in the country, was a political one. Also, the Government wished to implement the infrastructure projects in a contiguous manner, rather than to disperse rehabilitation activities in unconnected areas. All this impacted the earlier approach of an active engagement of the beneficiary households and enterprises in the process of scheme identification, design and supervision. The schemes were identified by the Amelioration Company, brought in to identify the irrigation schemes, and the extent of beneficiary participation in the identification of schemes was not always made clear. Several supervision missions noted the lack of beneficiary participation and recommended greater interaction with potential beneficiaries in scheme selection, design and operation.<sup>52</sup> Farmers that formed part of this evaluation's Focus Group Discussions, and of interviews conducted by the IOE mission, were not consulted in these meetings.
194. After 2012, with a new national Government in place, the performance of the Government and the engagement of the Ministry of Agriculture with ASP became more consistent, due to the changes in Government policies, which considered agriculture as a priority sector. Amongst the other positives was the timely

<sup>51</sup> According to IFAD's Country Program Issues Sheet (CPIS) 2016, Mainstreaming the functions of the ADPCC into the regular civil service of the MoA was in line with the Paris Declaration on Aid Effectiveness.

<sup>52</sup> Although, the project staff had organized validation workshops with beneficiaries, municipalities, regional branches of the UASCG and informal water users prior to start of the construction works in most of the schemes.

submission of the External Audit report to IFAD. Audit work throughout the project's life followed IFAD's Project Audit Guidelines.

195. The Monitoring and Evaluation system was established after two years of the project start. As a result, initially, Progress and Impact reports were not prepared adequately (PCR). However, in 2012, a staff member from the Ministry of Agriculture took responsibility for managing the M&E system and was oriented in the use of the RIMS system. Consequently, the baseline survey was carried out in 2012 and the endline on project completion. Although the lack of baseline at project start meant that no targets were set in the project log frame, the endline survey made good effort to assess project attribution by including both treated and untreated areas. RIMS reporting was on time and the project collected output data, included sex-disaggregated, on a regular basis. One of the issues with the data though was that system mainly reported on physical progress (Supervision Mission, 2015). The project aimed at increasing incomes of beneficiaries; however, in the log frame it is not mentioned of how many and by how much. One reason could be lack of baseline study at time of project start (before date of effectiveness). Until the supervision mission in 2012, the number of smallholder families that were expected to benefit from the two project components were not projected due to the fact that all the rural leasing and the specific irrigation schemes had been identified.
196. Amongst the positive features is the fact that in addition to the PCR prepared jointly with IFAD, the Government also prepared its own implementation report at the close of project which contained additional information (and which the Evaluation mission found useful for its work). Moreover, in some part, the Government of Georgia putting in strong leadership in the Amelioration Company, which is completely restructuring the organization and putting in place a system to deal with the key constraints, is also its acknowledgment to IFAD supervision and follow-up missions. These missions drew attention to the necessity for strengthening the capacity of the institutions in charge of operation and maintenance and consultation and participation of water users in the process of design, construction and scheme maintenance.
197. The Government's decision related to re-organization of the PMU, the delay in approval of the implementation manual and the selection of irrigation schemes lacking a systematic approach to participatory methods of scheme selection are aspects that were less than satisfactory. However, after 2012, the Government's active engagement and support to the project, and the fact that the continuity of the PMU was maintained with key staff who had experience of IFAD projects, are aspects that shed a better light on Government's commitment. On balance, this evaluation rates Government performance for the project as *moderately satisfactory* (4).

## **IFAD**

198. On its part, efforts were made by IFAD to actively collaborate with other development partners. The project had a natural advantage in collaborating with other donor agencies such as World Bank given that the project management of ASP was also responsible for the World Bank projects. Initially it was foreseen that USAID would collaborate with ASP in the rural leasing component by organizing capacity building opportunities for micro finance institutions. Since no microfinance institution was engaged in the leasing activities, the collaboration with USAID was dropped. Meetings were also held with Swiss Development Cooperation to learn from their investments in the agriculture sector in Georgia. On the other hand, the lack of active consultation with donors during the design and at the early stages of implementation meant that the co-financing envisaged for the project did not materialize, and IFAD had to provide a supplementary loan of US\$5 million to make up the shortfall. Insofar as NGOs are concerned, the Technical Assistance

component was not used effectively to engage with the MFIs in increasing their level of interest or capacity in leasing operations.

199. In terms of the project design, IFAD's initiative in drawing from past project experiences to avoid over-complex design and infrastructure sustainability issues by ensuring that responsibilities for infrastructure maintenance were established from the outset and a two component project was developed is acknowledged by this impact evaluation. However, the lack of assessment regarding some of the design assumptions can be questioned, in particular, the apparently ambitious estimate of the level of participation of both commercial leasing companies and MFIs within the rural leasing component. In addition, the want of objective specifications of the selection criteria for the leasing proposals at project design led initially to a delay in their approval. This was crucial since at project design, adherence to a strict time schedule in processing financing applications from PFIs had been considered to be paramount for maintaining their interest in the ASP.
200. IFAD regularly supervised the ASP with the supervision reports generally being very informative. Supervision by IFAD facilitated project implementation through changes in the financial allocation as well as modification of the implementation arrangements and better specification of the criteria for leasing proposals. During the MTR, certain critical adjustments were made to streamlining the implementation of infrastructure rehabilitation and leasing activities, for instance, on the recommendation of one of the supervision missions, the project eventually adopted a scoring matrix to help facilitate decision making by a better assessment of the extent to which the proposed leasing projects met the IFAD objectives in terms of employment generation, creation of backward linkages to the smallholder and participation of women. However, the remaining implementation period was not enough to realize these changes fully.
201. The disbursements were generally made on time and approvals for the AWPB were given as soon as possible. To avoid delays in the start-up of rural leasing operations, IFAD ensured that the preparations for implementation started well before ASP effectiveness and with IFAD's technical support fielded early 2010, the draft Operations Manual and Subsidiary Loan Agreements for leasing companies and MFIs were drafted.
202. Although IFAD has good experience with small scale infrastructure interventions, its experience with agricultural leasing has an extremely limited base. Given this fact and that leasing was an innovation for IFAD in the Georgian context, the organization could have done more to understand the ground realities (for instance, anticipating the hesitancy on part of the MFIs to participate). The project Concept Note had mentioned that ASP will support the establishment of the legal framework for leasing arrangements, which did not materialize. The evaluation rates IFAD's performance as *moderately satisfactory* (4).

### **E. Assessment of the quality of the Project Completion Report Scope**

203. The PCR is on the whole well written, although it is devoid of a bibliography which makes it difficult to verify figures and statements made. All sections mentioned in the PCR guidelines have been adhered to. In terms of length, the PCR main body, at 25 pages is within the stipulated PCR guidelines of 19 – 26 pages. The scope of the report is largely comprehensive. The rating for scope of PCR is given as 5 (satisfactory).

#### **Quality**

204. The PCR was prepared based on desk review of programme documentation, specific technical studies carried out during its preparation, RIMS data, impact evaluation study and consultation with programme stakeholders during workshop. It is on the whole lucid, although in some parts, the text appears repetitive.

Similarly, although the PCRs provide a fairly good picture of project's achievements, the presentation is more output than outcome oriented. The stakeholder workshop did not include any beneficiaries and hence the key findings emanating therefrom, and used by the PCR, are not based on views of beneficiaries.

205. Some annexes are not referred to sufficiently in the main body of the document to capture their significance. Some statements made in the PCR were found to be incorrect. For instance, the PCR states that IFAD made several attempts to strengthen the institutional capacity in the irrigation sector, helping the Amelioration Company test different models of user participation and cost recovery. This could not be confirmed as per key informant interviews by the IOE mission. Finally, there is an overall lack of deeper analysis of results (for instance, what explains the low participation of women, in the section on effectiveness there is no discussion around results of bridges and drinking water sub-components). The rating is given as moderately satisfactory (4).

### Lessons

206. The PCR presents component-wise lessons learnt which is an informative way of presenting, and enumerates a wide variety of lessons. These are pertinent and valid, and some resonate well with this Evaluation's own findings and analysis. The section presents aspects that were overlooked in the design phase and which were learnt during implementation. The PCR speaks about aspects that didn't go well and how these could be done differently. Whilst this is useful, including also perhaps some points on which project activities contributed most significantly to achieving set objectives and why is usually a good practice especially in regard to informing future operations in the country. Unfortunately, the section is silent with regard to gender, participatory approach of the project and the need to have M&E system up and running at project start. However, this notwithstanding, the Evaluation finds the lessons learnt to be thought-provoking and assigns a rating of satisfactory (5).

### Candour

207. The PCR assumes a candid demeanor. It provides a frank assessment of both positive and less positive aspects of the project design and implementation, even though the general impression is of a report that veers more towards critical analysis. However, there is a discernible disconnect between some of the ratings and related narratives. The rating is moderately satisfactory (4).

## IV. Conclusions and recommendations

### A. Conclusions

208. **The project's premise was correct – that infrastructure bottlenecks were holding back the commercialization of agriculture in Georgia.** The vast majority of farmers in Georgia practice subsistence farming and the current state of rural infrastructure in one of the several constraints that impairs their ability to attain a level of commercialization. **The project's attempt to be novel by introducing an innovative form of financial product in the Georgian context is well acknowledged.** Making farm equipment more easily accessible to farmers would have been a logical step towards promoting commercialization. **The project has triggered some revitalised interest in agriculture, encouraging other agencies such as World Bank to scale up the neglected irrigation schemes.**
209. **The project did not achieve the expected impact on beneficiaries of its biggest component.** Impact analysis of the small scale infrastructure component where majority of the project funds were directed showed statistically insignificant results for several key variables of interest. Leasing component's indirect beneficiaries on the other hand showed positive results. A partially unrealistic design and late implementation were some of the reasons for the results. Most

irrigation schemes were completed only towards the end of the project and leasing through MFIs did not occur.

210. **The project components were not integrated in a manner that would have produced the expected development results.** There were in total five sub-components and they were implemented in disparate geographic areas and they targeted different types of beneficiaries: farmers, agro-processing companies, employees of these companies, livestock owners and some communities in general (drinking water). A lack of synergy amongst them meant that their collective force required for achieving the desired development results was affected.
211. **The project's thrust of introducing innovative rural finance services was based on limited business case analysis.** The assumption implicit in the design – that there would be MFIs interested in leasing to groups of farmers and that they would have the necessary wherewithal and the capacity to do so – was not entirely valid. In addition, project preparation and appraisal failed to consult adequately with partners to determine the constraints and remedies involved in a proposed rural leasing component, and especially to enable the key involvement of MFIs in reaching target beneficiaries through group lending.
212. **The project had a justified concern for backward linkages but did not back it with an adequate strategy.** There was mismatch between the targeting strategy for backward linkages and its implementation. Some of the equipment leased was directed towards increasing production on the large companies' own lands and not towards sourcing from farmers. In addition, some of the lessees used financing to lease the kind of equipment that did not have any effect on indirect beneficiaries: in the form of increased employment or augmenting supplies from farmers.
213. **A big gap in the project was not synchronising the rehabilitation of irrigation schemes with the strengthening of the capacity of institutions** in charge of operation and maintenance and with the improvement of on-farm water distribution including the needed additional investments in the rehabilitation of secondary and tertiary irrigation systems, training support to farmers and their mobilization and organization into informal water user groups. Moreover, efforts to involve water users in the distribution and management of water were missing; little sense of user ownership has been engendered nor have water user groups been formed. Furthermore, the current heavily subsidized water charge of 75 GEL per hectare compared to a real cost of GEL 250 is certainly unsustainable, especially as the irrigated area and financial liability increases.
214. **Women's empowerment was an important goal but this was missed,** though this had been emphasized as a criterion for targeting. The project could have contributed positively towards improving the existing gender imbalance and low level of women's empowerment in Georgia but was unable to do so because no gender strategy was formulated. Although, the project had included as one of the leasing terms that lessee agro-enterprises create employment for women.

## **B. Recommendations**

215. **Recommendation 1: Apply a holistic approach to infrastructure rehabilitation when attempting to achieve a measurable change in the lives of farmers.** Simply rehabilitating infrastructure may not necessarily change the economic condition of beneficiaries. At a minimum, providing appropriate support services in agricultural production and marketing should be built into the project design, especially if the aim is to move to commercialization. Similarly, **it is recommended to assess the institutional voids of the particular context when aiming for long-term sustainability of infrastructure.** The institutional demands of the project need to be matched to local institutional capacity. The lack of harmonization of an infrastructure intervention with the mobilization and organization of beneficiaries into temporary or permanent users' groups can

weaken the anticipated longer-term benefits, especially where Government departments lack the necessary experience in participatory group formation. Experienced NGOs can be hired to assist in this process.

216. **Recommendation 2: Apply a longer term programmatic approach for infrastructure related interventions.** Some project start up delays after loan effectiveness are inevitable, and within a normal project five-year time-frame, substantial infrastructural construction will only be completed during the last two project years leaving little time to discern effects and to provide continued support services.
217. **Recommendation 3: Minimize the gap between the irrigation potential created and that utilized by promoting environment and natural resource management.** Providing technical assistance, training and awareness-raising in watershed management to support the capacity needs of those charged with implementing and maintaining irrigation schemes, and those of the beneficiaries, can provide the impetus for a more sustainable use of water.
218. **Recommendation 4: When introducing innovative products in the rural financial space, undertake analysis of both the demand and the supply sides to ensure that new products meet the needs of all concerned.** The project could have addressed the issue of operational modalities not being conducive to the legal and regulatory environment through gaining a more complete understanding of the requirements, restrictions and guidelines for leasing to MFIs, examining the extent to which they supported the project design. Similarly, for an innovative product, the design should evaluate the partners' risk appetite for taking up an innovative financial offering in rural areas, with this being a context that can be risky for financial products. Finally, estimation of demand for an innovative product should be based on rigorous ex-ante analysis and adequate consultations with partners and even with likely beneficiaries.

## Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region	NEN	Total project costs	17.2		12.76	
Country	Georgia	IFAD loan and grant and percentage of total	13.5 (loan) <sup>c</sup> 0.2 (grant)	80%	10.34	81%
Loan number	802	Borrower	2.1	12%	1.46	11.5%
Financing type <sup>a</sup>	IFAD loan and grant, Government, Beneficiaries	Cofinancier 1				
Date of loan signature	8 July 2010	Beneficiaries	0.9	5%	0.46	3.6%
Date of effectiveness	8 July, 2010	Other sources:	0.5	3%	0.5	3.9%
Loan amendments <sup>b</sup>	None	Number of beneficiaries: (if appropriate, specify if direct or indirect)	15793 (SSRI) 3838 (Leasing)		4730 (SSRI) 1646 (Leasing)	
Loan closure extensions	i) 10 months up to June, 2015; ii) 3 months up to September 2015	Loan closing date	31 March 2015		31 December 2015	
Country programme managers	Henning Pedersen Lorenzo Coppola Dina Saleh	Mid-term review			7 June 2013	
Regional director(s)	Khalida Bouzar	IFAD loan disbursement at project completion (%)			76% (loan) 97% (grant)	
		Date of project completion report			31 December 2015	

Source: GRIPS, IFAD Flexcube system, PCR.

<sup>a</sup>There are four types of lending terms: (i) special loans on highly concessional terms, free of interest but bearing a service charge of three fourths of 1 per cent (0.75%) per annum and having a maturity period of 40 years, including a grace period of 10 years; (ii) loans on hardened terms, bearing a service charge of three fourths of 1 per cent (0.75%) per annum and having a maturity period of 20 years, including a grace period of 10 years; (iii) loans on intermediate terms, with a rate of interest per annum equivalent to 50 per cent of the variable reference interest rate and a maturity period of 20 years, including a grace period of five years; (iv) loans on ordinary terms, with a rate of interest per annum equivalent to 100 per cent (100%) of the variable reference interest rate, and a maturity period of 15-18 years, including a grace period of three years.

<sup>b</sup> However, a supplementary loan agreement was executed which provided additional financing of US\$ 5 million in view of the lack of a co-financier envisaged at appraisal.

<sup>c</sup> Includes the supplementary loan of US\$5 million.

## Definition and rating of the evaluation criteria used by IOE

<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
<b>Rural poverty impact</b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.	X	Yes
	<i>Four impact domains</i>		
	<ul style="list-style-type: none"> <li>Household income and net assets: Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value. The analysis must include an assessment of trends in equality over time.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Human and social capital and empowerment: Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, the poor's individual and collective capacity, and in particular, the extent to which specific groups such as youth are included or excluded from the development process.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Food security and agricultural productivity: Changes in food security relate to availability, stability, affordability and access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields; nutrition relates to the nutritional value of food and child malnutrition.</li> </ul>		No
	<ul style="list-style-type: none"> <li>Institutions and policies: The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.</li> </ul>		No
<b>Project performance</b>	Project performance is an average of the ratings for relevance, effectiveness, efficiency and sustainability of benefits.	X	Yes
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design and coherence in achieving its objectives. An assessment should also be made of whether objectives and design address inequality, for example, by assessing the relevance of targeting strategies adopted.	X	Yes
Effectiveness	The extent to which the development intervention's objectives were achieved, or are	X	Yes



<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
Efficiency	expected to be achieved, taking into account their relative importance. A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.	X	Yes
Sustainability of benefits	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.	X	Yes
<b>Other performance criteria</b>			
Gender equality and women's empowerment	The extent to which IFAD interventions have contributed to better gender equality and women's empowerment, for example, in terms of women's access to and ownership of assets, resources and services; participation in decision making; work load balance and impact on women's incomes, nutrition and livelihoods.	X	Yes
Innovation and scaling up	The extent to which IFAD development interventions: (i) have introduced innovative approaches to rural poverty reduction; and (ii) have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and others agencies.	X	Yes
Environment and natural resources management	The extent to which IFAD development interventions contribute to resilient livelihoods and ecosystems. The focus is on the use and management of the natural environment, including natural resources defined as raw materials used for socio-economic and cultural purposes, and ecosystems and biodiversity - with the goods and services they provide.	X	Yes
Adaptation to climate change	The contribution of the project to reducing the negative impacts of climate change through dedicated adaptation or risk reduction measures	X	Yes
<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
<b>Overall project achievement</b>	This provides an overarching assessment of the intervention, drawing upon the analysis and	X	Yes

<i>Criteria</i>	<i>Definition *</i>	<i>Mandatory</i>	<i>To be rated</i>
	ratings for rural poverty impact, relevance, effectiveness, efficiency, sustainability of benefits, gender equality and women's empowerment, innovation and scaling up, as well as environment and natural resources management, and adaptation to climate change.		
<b>Performance of partners</b>			
• IFAD	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.	X	Yes
• Government		X	Yes

\* These definitions build on the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results-Based Management; the Methodological Framework for Project Evaluation agreed with the Evaluation Committee in September 2003; the first edition of the Evaluation Manual discussed with the Evaluation Committee in December 2008; and further discussions with the Evaluation Committee in November 2010 on IOEs' evaluation criteria and key questions.

## Rating comparison<sup>a</sup>

<i>Criteria</i>	<i>Programme Management Department (PMD) rating</i>	<i>Project Performance Evaluation rating</i>	<i>Rating disconnect</i>
<b>Rural poverty impact</b>	5	3	-2
<b>Project performance</b>			
Relevance	4	4	0
Effectiveness	4	3	-1
Efficiency	4	3	-1
Sustainability of benefits	5	4	-1
<b>Project performance<sup>b</sup></b>	4.25	3.5	-0.75
<b>Other performance criteria</b>			
Gender equality and women's empowerment	3	2	-1
Innovation	4	3	-1
Scaling up	5	4	-1
Environment and natural resources management	5	3	-2
Adaptation to climate change	5	3	-2
<b>Overall project achievement<sup>c</sup></b>	<b>5</b>	<b>3</b>	<b>-2</b>
<b>Performance of partners<sup>d</sup></b>			
IFAD	5	4	-1
Government	5	4	-1
<b>Average net disconnect</b>			<b>-1.17</b>

<sup>a</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b</sup> Arithmetic average of ratings for relevance, effectiveness, efficiency and sustainability of benefits.

<sup>c</sup> This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, sustainability of benefits, rural poverty impact, gender, innovation and scaling up, environment and natural resources management, and adaptation to climate change.

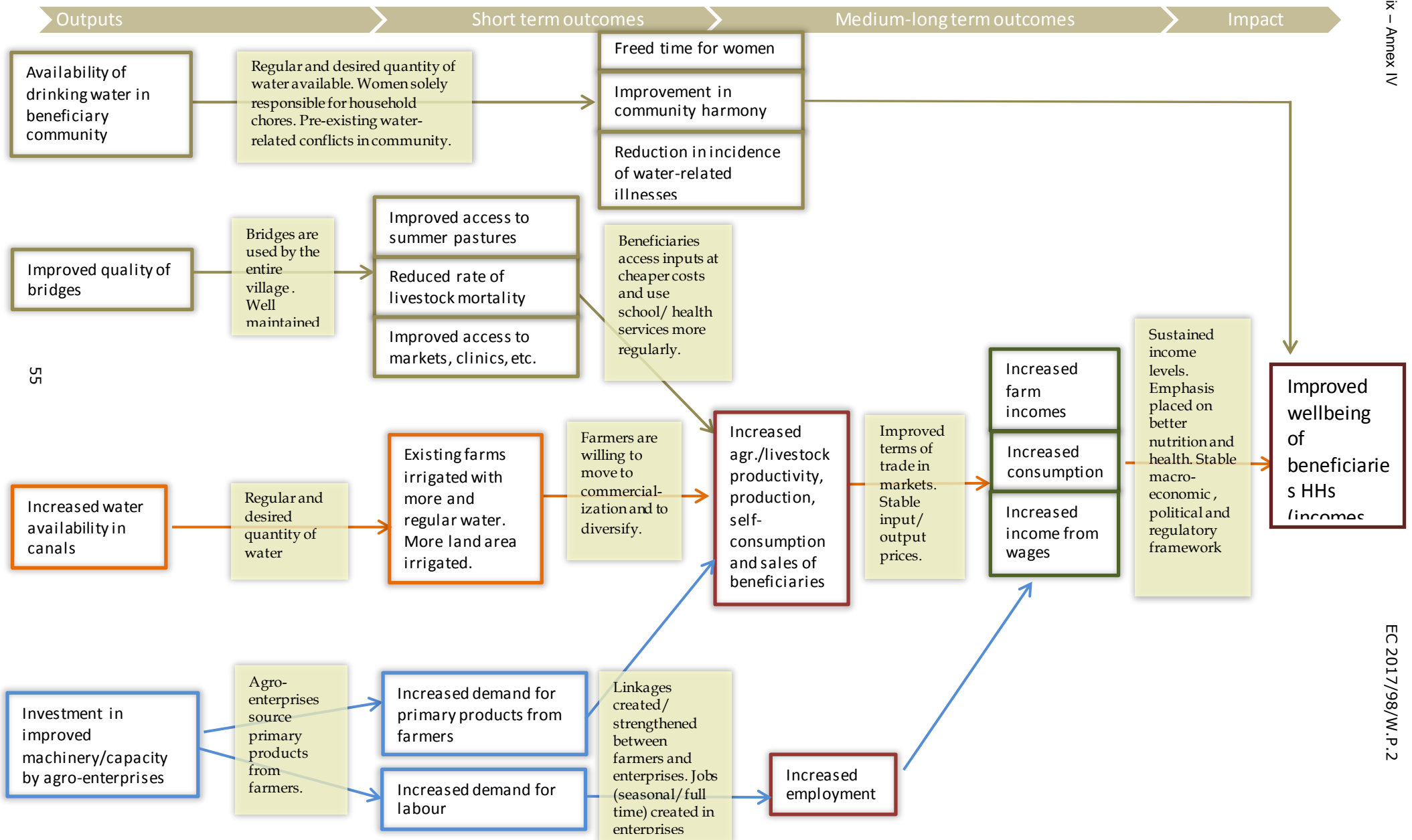
<sup>d</sup> The rating for partners' performance is not a component of the overall project achievement rating.

### Ratings of the Project Completion Report quality

	<i>PMD rating</i>	<i>IOE rating</i>	<i>Net disconnect</i>
Scope	5	5	0
Quality (methods, data, participatory process)	5	4	-1
Lessons	5	5	0
Candour	5	4	-1

Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.a. = not applicable.

# Reconstructed Project Theory of Change



## Project Log Frame

Narrative Summary	Impact/Result Indicators	Means of Verification	Assumptions/Risks
<p><b>Goal</b></p> <p>The Project goal is to reduce rural poverty in Georgia</p>	<p><b>Impact Indicators</b></p> <ul style="list-style-type: none"> <li>Reduction in % of rural people living on US\$2/day.</li> <li>Increase in rural household capital assets.</li> <li>Reduction in chronic malnutrition among children below 5 years of age.</li> </ul>	<p>DS and LSMS data. Ministry of Health, WHO and World Vision malnutrition surveys. Project M&amp;E database. Mid-term and Completion Assessments.</p>	<p>Political Stability. Macro-economic environment remains conducive to investment, private sector development, and trade. Corruption is contained and its impact on commerce reduced.</p>
<p><b>Purpose/Objective</b></p> <p>The Project's objectives are: (i) to increase assets and incomes among actually and potentially economically active poor rural women and men willing to move towards commercially viable agricultural and associated rural enterprises; and (ii) to remove infrastructure bottlenecks which inhibit increasing participation of economically active rural poor in enhanced commercialization of the rural economy.</p>	<p><b>Result Indicators</b></p> <ul style="list-style-type: none"> <li>Value of incremental revenue of primary producers.</li> <li>Increase in incomes of agro-related employees.</li> <li>Number of on and off farm new jobs created per US\$1 000 investment through leasing contracts and improved infrastructure.</li> <li>Increase in public and private commercial investments.</li> <li>Increase in volume, value, quality and diversity of agro-related trading.</li> </ul>	<p>Mid-term and Completion Assessments. Beneficiaries Assessments. Ad hoc Case Studies. ADPCC and PFI records. Other Government agriculture/trade Data.</p>	<p>Absence of large external economic shocks. No deterioration in internal trade regulations and procedures. Government commitment and understanding of the project. Development and diversification of domestic and international markets</p>
<p><b>Outputs from Components</b></p> <p><b>Support for Rural Leasing</b></p> <p>The recapitalisation and consequent modernisation of Georgian agriculture, specifically among poor smallholders and small and medium agro-related enterprises as a result of the introduction and expansion of rural leasing as a flexible and affordable financial instrument.</p>	<p><b>Result Indicators</b></p> <ul style="list-style-type: none"> <li>Type, number and value of leasing contracts.</li> <li>Number and type of PFIs.</li> <li>Production/productivity gains among lessees.</li> <li>Income and capital asset gains among lessees.</li> </ul>	<p>Mid-term and Completion Assessments. Ad hoc Case Studies. ADPCC and PFI records. Export/import Statistics.</p>	<p>No major adverse developments in financial sector stability in Georgia. External markets for Georgian agro-products diversified or reopened after the 2008 conflict and import substitution policies in place.</p>

Narrative Summary	Impact/Result Indicators	Means of Verification	Assumptions/Risks
<b>Outputs from Components</b>	<b>2nd level Result Indicators</b>		
<b>Small-scale Rural Infrastructure (SSRI)</b>	<ul style="list-style-type: none"> <li>• Area of rehabilitated or established irrigated land.</li> <li>• Water delivered compared to water requested.</li> <li>• Km of rural roads rehabilitated.</li> <li>• Number and type of other ASP-supported infrastructure.</li> <li>• Number of functioning infrastructures after 3 years.</li> <li>• Number and type of created or expanded businesses as a result of developed infrastructure.</li> <li>• Incremental annual value of revenue of farmers/ enterprises served by infrastructure at establishment and after 3 years.</li> <li>• Value of villagers contribution in support to infrastructure projects.</li> <li>• Number of beneficiaries by type of rehabilitated/ developed infrastructure.</li> </ul>	Contractors reports. Mid-term and completion assessment. Case studies. PIU/ADPCC field visits and records. Business plans and subsequent records. Beneficiary focus group discussions.	Transparent criteria applied for awarding of contracts. Interest of Government and potential contracted processors to participate in the project.
<b>Project Implementation</b>			
Project effectively and efficiently managed	<ul style="list-style-type: none"> <li>• Project physical and financial progress against Final Design and AWPB targets.</li> <li>• Timely progress and financial reports submitted.</li> <li>• Acceptable audits, procurement and financial reports.</li> </ul>	ADPCC Reports. AWPB. Supervision missions. IFAD follow-up missions.	Efficient staff in ADPCC. Procurement undertaken in a transparent and competent way.
<b>Inputs (US\$ million)</b>	<b>Financing (US\$ million)</b>	<b>Timing</b>	
Support to Rural Leasing 4.9	The Government 2.1	Final Design Mission: June/July 2009	
Small Scale Rural Infrastructure 11.0	IFAD 8.7	Government Review of Final Design Report Aug/Sept 2009	
Project Implementation 1.3	Clients/Beneficiaries 1.4	Loan negotiations: Oct. 2009	
<b>Total 17.2</b>	Co-financier (TBD) 5.0	IFAD Executive Board: Dec. 2009	
	<b>Total 17.2</b>		

## Methodology used for undertaking the quantitative and qualitative analyses

1. **Mixed-methods approach.** The IE used a mix of both quantitative and qualitative methods in order to utilize the strengths, and overcome the shortcomings, of each of the two. These mixed methods are based on the principle of *method triangulation* i.e. the use of multiple methods to study a single problem or programme, such as interviews, observations, questionnaires or written secondary sources. The two methods can be carried out either contemporaneously or sequentially. In the case of this impact evaluation, these were undertaken in parallel, for reasons of cost and time efficiency.
2. Since the study is ex post, a panel is not possible, and since selection into the project could have been determined by unobservables, the problem of selection bias could remain. To overcome this, the evaluation relied on programme theory, as described earlier, to build an argument by plausible association, and relevant quantitative and qualitative methods, are described below. These methods were used to answer the key evaluation questions for the evaluation criteria and which form part of the evaluation framework.
3. The impact assessment used a quasi-experimental design in order to address the issue of endogeneity bias and to better attribute project results to the project interventions. Any identification of impact was achieved through a "counterfactual," i.e. what would have happened to a treatment group in the absence of the treatment.
4. Table 1 displays the quantitative and qualitative tools used in the evaluation. The core instrument for the evaluation was the household survey which was used to collect primary quantitative data. The survey was administered to 3190 households, with 1778 interviews in control households and 1412 in treatment households.

Table 1  
Evaluation tools

<i>Quantitative tools Purpose</i>	
Structured impact survey	Administered to all the sampled households for the collection of primary quantitative data.
Focus Group Discussions	Conducted separately for women and men by project component and sub-component to triangulate with quantitative information.
Key Informant Interviews	Conducted with different project partners to identify project successes and failures particularly as relates to project performance and other performance criteria
In depth interviews	Conducted separately for women and men by project component and sub-component to triangulate with quantitative information.

5. The quantitative part of the evaluation was complemented by a set of qualitative tools, which provided an understanding of the causal mechanisms by which the intervention either achieved or failed to achieve its goals. Table 2 provides the type and number of qualitative interviews conducted.

Table 2  
Qualitative data collection

<i>Key respondent</i>	<i>Tool to be administered</i>	<i>Quantity</i>
Companies receiving lease	In Depth Interview Guide	11
Indirect beneficiaries of leasing	Focus Group Discussion	1
Bridge community members	In Depth Interview Guide	2
ASP Project Staff, other donors, policy	In Depth Interview Guide	10
Drinking water community members	In Depth Interview Guide	2
Irrigation community members	Focus Group Discussion	3

6. The survey contained two strata. In the leasing component, 1061 interviews were carried out with 686 control observations and 375 treatment observations. In the infrastructure component, 2177 interviews were carried out, with 1140 control observations and 1037 treatment observations. Response rate came to 69 per cent in the infrastructure component and 41 per cent in the leasing component, including non-response due to non-eligibility.
7. Sample size. When determining sample size, the primary consideration is statistical power. Notably, from a statistical perspective, the ASP project activities treated clusters – individuals and households living in a specific area – rather than specific individuals and households. Hence, it is necessary to calculate effective sample size, taking into account the clustered nature of the treatments, rather than performing simple power calculations to determine the number of interviews required to achieve sufficient statistical power. For the present section, we base our calculations on the household income variable in the baseline survey ASP carried out, which is the variable likely to have the greatest amount of variance, and thus be most difficult to pick up impact on due to the nature of statistical power.
8. Effective sample size, which is calculated when treatments are cluster level, is determined by the following formula:

$$\text{effective } N = \frac{N}{1 + (n_j - 1)ICC}$$

N is the number of observations,  $n_j$  is the number of observations per cluster, and ICC is intracluster correlation. ICC is calculated using the following formula:

$$ICC \equiv \frac{\text{variance between clusters in } y}{\text{total variance in } y} \equiv \frac{\sigma_j^2}{\sigma_j^2 + \sigma_i^2}$$

9. Calculations of ICC the IOE team performed with the baseline and endline surveys IFAD carried out suggest an ICC between 0.0076 (baseline) and 0.024 (2012 recall data). Given that there were significant amounts of missing data in the 2015 survey, a more conservative ICC of 0.05 was also used when calculating ESS. These calculations result in the following effective sample sizes for the 3000 interviews which was considered the maximum possible given budgetary constraints at the outset of the project.



Table 3  
Effective sample size

<i>Intracluster Correlation</i>	<i>Effective Sample Size</i>
0.0076	2335.162
0.024	1579.715
0.05	1044.177

10. In order to determine whether the above sample sizes would provide the evaluation team with sufficient power to pick up the expected effect size, we used the standard power calculation formula for randomized control trials, since previous studies suggest that the statistical power of matching methods is close to that of randomized control trials.<sup>53</sup> The formula is as follows:

$$n_B = \left(1 + \frac{1}{k}\right) \left(\sigma \frac{Z_{1-\alpha/2} + Z_{1-\beta}}{\mu_A - \mu_B}\right)^2$$

11. When calculating power, assumptions of standard error levels of alpha=0.05, beta=0.20, and a ratio of 1.4 observations in the control to treatment groups were used. The group means and standard deviations are taken from the 2015 endline survey IFAD carried out on total household income.
12. The endline survey suggested a 2 per cent effect size on household incomes. While the ability to pick up this small of an effect size would be desirable, it is largely impractical as the table below suggests it would require more observations than were treated according to project documentation. Instead, we assume effect sizes of 10 per cent, 20 per cent, and 30 per cent. Given that the project has been completed for a full year, thus giving time for effects to increase and that other studies in the region have shown effect sizes as large as 30 per cent, the larger effect sizes are both reasonable and practical. The table below presents required sample sizes for a 2 per cent, 10 per cent, 20 per cent, and 30 per cent effect sizes.

Table 4  
Sample size needed to detect a given effect size

<i>Effect size</i>	<i>Sample size</i>
2%	35296
10%	1412
20%	353
30%	157

13. The above table suggests that the 3000 person sample is sufficient to pick up a 10 per cent effect size under the observed ICCs and a 20 per cent and 30 per cent effect size under much higher ICCs than observed in the baseline and endline surveys.

<sup>53</sup> See Sin-Ho Jung, Shein-Chung Chow & Eric M. Chi (2007) A Note on Sample Size Calculation Based on Propensity Analysis in Nonrandomized Trials, Journal of Biopharmaceutical Statistics, 17:1, 35-41, DOI: 10.1080/10543400601044790.

14. **Sampling strategy.** The evaluation used a multi-stage, matched sampling methodology to identify the individuals to be interviewed for the household survey. First, clusters were sampled. Second, at the village level, random walk with a random starting point was used. Then, in irrigation and leasing communities a screener questionnaire was used. While these overarching strategies were implemented, a number of different strategies were employed in sampling for the different project components, which are described in greater depth below.
15. Sampling clusters for the infrastructure component. A matched sampling strategy was used for the sampling of clusters in the infrastructure component. As a sampling frame, the list of all predominantly rural electoral precincts in Georgia was used. Based on a list of where project activities took place obtained from the IFAD country office, clusters were marked as treated or potential controls. Next, natural difference in vegetation index (NDVI), gender composition of the adult population, population size, Koppen Climate Classification, settlement type, predominant language spoken (a proxy for ethnicity in Georgia), among a number of other variables were organized in the sampling frame. A genetic matching algorithm was used to calculate weights for each covariate and a matching algorithm was then used to identify the most similar communities to the treated communities in 2012, prior to treatment. In total, 27 treatment clusters<sup>54</sup> and 27 control clusters were selected.
16. Sampling individuals: To sample individuals in treated communities, the random walk method was used and interviews were conducted with the self-identified most informed member of the household. Although random walk is less than ideal in many cases, because interviewers are often reluctant to visit remote households and simulations show that every household does not have an equal probability of being sampled in some cases, it is the best available solution for sampling in Georgia. This stems from the lack of practicable alternative sampling methods.
17. Ideally, the survey would use simple random sampling of households. However, the National Statistics Office does not release a full list of individuals or households in the country due to data protection legislation which is interpreted to include individuals' addresses. Alternative sampling frames such as the list of electricity customers, while largely complete, are not publicly available in Georgia as they are in Armenia. This means that a simple random sample of households is not possible.
18. Another possible sampling methodology would be to take satellite imagery of each cluster, super-impose a grid on it, and then randomly select quadrants. There are three primary issues with this methodology. First and foremost, it is not always possible to identify whether a building is a household or a barn, storage facility, business, or other building from a satellite image. Thus, sampling frames include non-households with this methodology when used in Georgia. Second, this methodology runs into the same issues that arise with random walk as well as additional ones when it comes to interviewer management. With this methodology, interviewers are given maps and GPS and then instructed to find the household. The lack of addresses in rural areas of Georgia means that they are not able to simply go to an address. Given the margin of error on the GPS on available tablet computers, they may be unable to accurately identify a household. In some cases, this may lead to interviewers engaging the wrong household. Third, in addition to these practical issues, there are also significant financial costs associated with the gridded sampling strategy, because it requires the mapping and gridding of every cluster. This requires a significant amount of work from a geographer and sampling specialist not planned for at the proposal phase of the project.
19. Another potential sampling methodology is the use of community mapping. In community mapping, an interviewer goes to the head of a community and maps

---

<sup>54</sup> Although project documentation shows a higher number of treatment villages, in some cases multiple treatment villages were contained within a single cluster.

out the households in the communities. However, this strategy is not feasible in Georgia for a number of reasons. First, the size of rural communities varies from roughly 30 households to several hundred. In the smaller areas, it would be feasible for a community leader to be talked to, however, in the larger communities, knowing several hundred households would be unlikely, leading to problematic sampling frames. Second, in many Georgian communities, there will not be any individual who can be clearly identified as a community leader, besides potentially the head of a village council. Heads of village councils are politicians, and may have their position due to political connections rather than thorough knowledge of their communities. Notably, community mapping would have also incurred additional project costs and led to delays in fieldwork.

20. Given that the above sampling strategies are inappropriate for the Georgian context, a random walk was used. In order to help address the deficiencies of random walk, random selection of starting points was made from a list of map identifiable points.
21. During the random walk, in irrigation sub-component clusters, a screening question was applied in order to identify programme beneficiaries. The screener questionnaire was used based on the experience of the pilot survey, during which a random walk only found one irrigation user. Screener questionnaires were not used in either of the other infrastructure cluster types, because the treatments were more reasonably cluster-level (i.e. a bridge is expected to be used by all members of the community and the enhanced drinking water supply was also expected to be used by all members of the community).
22. Sampling for the leasing component: At the outset of evaluation, the above strategy was planned for use in both the leasing and infrastructure components. However, after coming to understand that there was no accurate list of where indirect beneficiaries lived or a list of indirect beneficiaries (the target population in the leasing component's case), an updated strategy was necessary. Hence, CRRC reconstructed the supply chains of a number of leases in the wine industry. The wine businesses were selected since 1) a plurality of businesses that received leases were wine producers 2) the wine businesses were the most willing to provide lists of their suppliers 3) grape production is often geographically clustered and control observations could be drawn from the same communities. For control observations, clusters were the same as those of treated individuals. Since leasing is not expected to be a cluster-level treatment for indirect beneficiaries in relatively diffuse supply chains individuals were selected from the same communities.
23. Based on the lists of suppliers the wine companies provided, CRRC contacted every grape grower on the list and interviewed all that agreed to be interviewed. To form a control group, in the same communities, interviews were carried out with grape growers who sold grapes or made wine and did not sell them to any of the companies which received leases. These individuals were identified through random walk and a screening questionnaire. In cases when the random walk uncovered individuals who sold grapes to the lease companies, they were interviewed as part of the treatment group.
24. **Quantitative data analysis methods.** The impact evaluation mainly made use of difference in difference approach (DID) analysis. DID essentially compares treatment and comparison groups in terms of outcome changes over time (2016 in this case) relative to the outcomes observed for a pre-intervention baseline (2012 in this case). That is, given a two-period setting where  $t = 0$  before the programme and  $t = 1$  after programme implementation, letting  $Y_t^T$  and  $Y_t^C$  be the respective outcomes for a programme treated and non-treated units in time  $t$ , the DID method will estimate the average programme impact as follows:

$$DID = E(Y_1^T - Y_0^T | T=1) - E(Y_1^C - Y_0^C | T=0)$$

where  $T_1 = 1$  denotes treatment or the presence of the programme and  $T_1 = 0$  denotes untreated areas.

25. In the DID analysis, the driving idea is to use counterfactual logic to understand what would have happened in the communities which received interventions had the intervention not taken place. Given that ASP did not make use of randomization, a two staged matching procedure was used to achieve balance on observable variables. First, treated communities were matched with non-treated communities on a number of variables, as described above. Second, after data collection households were matched using multivariate matching with genetic weights. Finally, when feasible, a differences in differences approach was used, with incremental changes used as an outcome variable rather than only the 2016 outcome. The use of this strategy is expected to increase precision of estimates as well as increase robustness to confoundedness. Regression analyses were then used to estimate causal effects.
26. For with without analysis, matching of beneficiaries with control observations was carried out as a form of data pre-processing, with several matching options tested.<sup>55</sup> In all cases, matching started with propensity score calculation. Propensity scores were calculated based on socio-demographic variables but also on a number of baseline characteristics relevant to the nature of the project's interventions including:
  - (i) Whether the household was headed by a male or female;
  - (ii) Average age of the household;
  - (iii) Age of the household head;
  - (iv) Number of household members;
  - (v) Education type (no primary education, primary education, incomplete secondary education, secondary education, secondary technical education, higher education, incomplete higher education, graduate degree);
  - (vi) Ethnicity (Georgian, Armenian, Azerbaijani, other Caucasian ethnicity, Russian);
  - (vii) Religion (Armenian Apostolic Christian, Georgian Orthodox Christian, Catholic, Other type of Christianity, Muslim);
  - (viii) Land ownership in 2012;
  - (ix) High value crop growing;
  - (x) Staple crop growing;
  - (xi) Irrigation user in 2012;
  - (xii) Land owned and used for agriculture in 2012.
27. For religion, education type, and ethnicity, dummy variables were used in the matching algorithm. In total, including all dummy variables, 29 variables were used for matching each sample.<sup>56</sup>
28. After calculating propensity scores, genetic matching was carried out. Genetic matching is a generalization of propensity score and mahalanobis distance

<sup>55</sup> See Ho, Daniel E., Kosuke Imai, Gary King, and Elizabeth A. Stuart. "Matching as Nonparametric Preprocessing for Reducing Model Dependence in Parametric Causal Inference." *Political Analysis* 15, no. 03 (2007): 199-236. doi:10.1093/pan/mpi013.

<sup>56</sup> These include the entire project, leasing component beneficiaries, infrastructure component beneficiaries, drinking water sub-component beneficiaries, irrigation rehabilitation sub-component beneficiaries, bridge rehabilitation sub-component beneficiaries, and female headed households in all project components.

matching.<sup>57</sup> In genetic matching, weights are calculated for each covariate. The use of such weights optimizes balance on covariates in the matched sample. This is important as the purpose of matching is to attain balance on covariates between treatment and control groups. Generally speaking, only genetic matching and coarsened exact matching are designed for balance optimization. In contrast, propensity score matching does not optimize balance, and leading methodologists suggest that propensity scores alone should not be used for matching.<sup>58</sup> In contrast to genetic matching, coarsened exact matching usually results in larger losses of statistical power, dropping observations from both the treatment and control groups. Moreover, coarsened exact matching is only appropriate in specific circumstances. Hence, genetic matching was selected as the matching method for the evaluation. Notably, case studies as well as simulations support the contention that genetic matching generally outperforms propensity score matching.<sup>59</sup>

29. Although genetic matching generally outperforms propensity score matching, to test whether it did in the present case, match balance was tested for the samples matched on propensity scores. The genetic matching process led to greater balance on covariates. In cases where balance was not achieved on observables with the full dataset, calipers were applied to increase balance between treatment and control groups. In matching, calipers set a maximum distance allowed between two observations which are matched with each other. For instance, if a control observation had a propensity score of 0.8 and another individual had a propensity score of 0.5, they could be matched if the caliper was set at 0.5, because the difference between them (0.3), is less than 0.5. However, if the caliper was set to 0.2 then, these individuals would not be matched, because the distance between them is larger than 0.2. In essence, calipers set a limit to how different the observations in treatment and control groups can be. At the same time, they often reduce the sample size of the matched dataset, meaning less statistical power. Hence, calipers were used only insofar as statistical power remained sufficient.
30. Regressions appropriate to the outcome variable type were then used to estimate causal effects of treatments. Since the independence of observations could not be assumed, clustered standard errors were then calculated. Estimates are reported with the p value which resulted from taking into account clustered standard errors.

---

<sup>57</sup> See Diamond and Sekhon, 2013:

[http://www.mitpressjournals.org/doi/abs/10.1162/REST\\_a\\_00318#.WRWeQoiGPDc](http://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00318#.WRWeQoiGPDc).

<sup>58</sup> Gary King and Richard Nielsen. Working Paper. "Why Propensity Scores Should Not Be Used for Matching". Copy at <http://j.mp/2ovYGsW>.

<sup>59</sup> <http://worldcomp-proceedings.com/proc/p2011/BIC3060.pdf>.

## Geo-spatial analysis of project impact

1. **Methodology.** The present pilot study applied an innovative Earth Observation methodology in supporting the project impact evaluation in Georgia, with a focus on the impact of irrigation rehabilitation on agricultural production. The methodology is derived from the before/after control/impact 'BACI' contrast.<sup>60</sup>
2. The methodology consists of a comparative method that analyses the temporal variations (before and after the intervention) of the NDVI<sup>61</sup> of the intervention area with respect to multiple control sites that are automatically and randomly selected from a set of candidates that are similar to the intervention area. The rationale is that the intervention will cause a different pattern of change from before to after the intervention compared with similar areas not affected by project interventions. This concept forms the basis of the before/after control/impact (BACI) sampling design applied in this analysis. The method output is an estimate of the magnitude and significance of the difference in greenness change between the intervention area and control areas.
3. With respect to the project intervention site (PRJ), a control area (CA) should have the following characteristics:
  - i) similar land cover;
  - ii) relatively close in space in order to reduce difference due to external factors (climate, soil, agronomy, etc.);
  - iii) not subjected to intervention during the whole before–after period being analysed;
  - iv) randomly selected.
4. The analysis has been performed on freely available satellite images: 250-m NASA MODIS NDVI product (8 days) from 2003 to 2016. The methodology was completely automatized by developing an algorithm in open source statistical software R (R Development CoreTeam, 2016). The variable considered is the maximum seasonal value of smoothed NDVI. The study areas are the five irrigation schemes where project intervention took place i.e. schemes that were rehabilitated by the project viz., Does-Grakali, Lami-Misaktsieli, Karagaji, Metehki, Dzevera-Shertuli.
5. The first step consisted in analysing 14 years dataset and calculating the multi-annual vegetation development profile on which to run an unsupervised classification (KMeans cluster analysis) allowing to determine the period of vegetation growth and classify the area according to different vegetation development patterns. Only the cluster classes present in the area of intervention (similar land cover and vegetation development patterns) were considered eligible for the analysis. The period of vegetation growth roughly ranges from April to September, with maximum development reached in early July.
6. The second step consisted in assessing the similarity between pixel in the CA and in the PRJ. Similarity was defined as the complement of the Root Mean Squared Error (RMSE) between the fractional compositions and one, i.e. similarity  $s = 1 - \text{RMSE}$ . Values close to one thus indicate nearly identical overall composition of a CA and the PRJ. Then the pixel population of potential CA were subsampled by discarding those with a similarity smaller than 0.9. At this point, a sample of potential CA that fulfilled conditions i to iii was collected.
7. In the next step, 50 CAs were randomly extracted and then the NDVI was computed for all valid pixels belonging to the PRJ and CA for the period before and

<sup>60</sup> Presented in the research paper: *Remote sensing monitoring of land restoration interventions in semi-arid environments with a before–after control-impact statistical design*, Meroni et al. 2017.

<sup>61</sup> Normalized Difference Vegetation Index (NDVI) is an index of plant "greenness" or photosynthetic activity

after the intervention. The 20 CAs with higher RMSE were considered for the calculation of the BACI contrast. Finally, in the last step, the impact of the intervention was evaluated by the interaction of the period and the site class (the so-called BACI effect) representing the differential change between PRJ and CA compared before and after the intervention.

8. The before and after time-frame considered in the analysis is different for each irrigation scheme based on the year of project intervention finalisation. A three year period was considered for the period before intervention.
9. The (null) hypothesis of no change was rejected at the conventional 5 per cent significance level. The BACI analysis provides two important statistics: the significance level (P-value) of the BACI effect test and the BACI contrast. The BACI contrast is calculated as the difference (CA vs. PRJ) between the mean differences (after vs. before):

$$\text{BACI contrast} = ( \mu\text{CAa} - \mu\text{Cab} ) - ( \mu\text{PRJa} - \mu\text{PRJb} )$$

where  $\mu$  is the site-specific spatial mean of the variable selected to represent the impact (here NDVI); CAa, PRJa stand for control area and project area 'after', respectively; CAb and PRJb stand for control area and project area 'before', respectively.

10. By convention, a negative BACI contrast indicates that the variable has increased more (or decreased less) in the intervention site with respect to controls in the time period ranging from before to after the implementation of the project. The BACI contrast is expressed in the same units of the variable of interest, here NDVI. In order to highlight the magnitude of the contrast with respect to the initial conditions, it was normalised by the mean of the NDVI of the impact area before the intervention took place and express it as a percentage. This derived variable is referred to as "relative contrast".
11. For each of the rehabilitated perimeters (PRJ) the analysis has been carried out on the entire area of intervention and on some sub-samples according to three different field sizes assumed as small (< 2ha), medium (2-10ha) large (> 10ha).
12. **Results.** The Results of the BACI analysis using MODIS NDVI are reported in table below.

**BACI results on MODIS (250 mt) maximum NDVI (Apr-Sep)**

<i>Perimeter name</i>	<i>Zone</i>	<i>BACI index (contrast)</i>	<i>Relative contrast %</i>	<i>P-value</i>	<i>Before and After Time-frame</i>
Does-Grakali	full area	-0.0052	-0.73	0.008006 1	2011-13vs2014- 16
Does-Grakali	medium fields	-0.0155	-2.16	0.000282 0	2011-13vs2014- 16
Does-Grakali	small fields	-0.0067	-0.89	0.206613 0	2011-13vs2014- 16
Lami-Misaktsieli	full area	0.0024	0.34	0.000015 0	2011-13vs2014- 16
Lami-Misaktsieli	large fields	-0.035	-4.9	0.089251 0	2011-13vs2014- 16
Lami-Misaktsieli	medium fields	0.0203	2.89	0.000047 0	2011-13vs2014- 16
Lami-Misaktsieli	small fields	0.0036	0.48	0.000471 0	2011-13vs2014- 16
Karagaji	full area	0.0216	2.98	0.000109 0	2012-14vs2015- 16
Karagaji	small fields	-0.0031	-0.41	0.005853 0	2012-14vs2015- 16
Metehki	full area	0.0065	0.85	0.208225 0	2012-14vs2015- 16
Metehki	small fields	-0.0113	-1.45	0.000111 0	2012-14vs2015- 16
Dzevera-Shertuli	full area	0.0043	0.61	0.014528 0	2013-15vs2016
Dzevera-Shertuli	medium fields	0.0595	9.24	0.392554 0	2013-15vs2016
Dzevera-Shertuli	small fields	-0.0044	-0.63	0.014005 0	2013-15vs2016

13. Results show a significantly negative BACI contrast (i.e. improvement in NDVI with respect to CA after the intervention) was detected in 7 out of 14 samples respectively but only 4 have a significant 0.05 P-value.
14. Focussing on the sites for which a significant BACI effect was detected, the average relative contrast is -1.24%. Considering NDVI as a rough approximation of the fractional vegetation cover, these numbers translate into a limited improvement in the vegetation development with respect to the controls.



## Variable descriptions

This annex presents descriptions of the variables used in the impact evaluation and provides the mean and standard deviation of each statistic for each matched sample.

Table 1

### Descriptions of the variables

Variable name	Description	Survey question(s)
<b>Household Agricultural Income</b>	This variable is self-reported household income from agricultural activity, not including labor for other individuals in the agricultural sector. Heads of household were requested to report the amount their household took in from a number of sources. If the respondent did not report agricultural income a 0 was recorded. If the respondent reported that they did not know or refused to answer, then the observation was dropped for analysis. The differences in differences number was used for the outcome variable, which entailed subtracting the 2012 value from the 2016 value.	9,10, 18,19
<b>Household Non-Agricultural Income</b>	This variable is the sum of all incomes in the household from employment, including self-employment and money taken in from a business.	2,3,4,5,6,7,8,11, 12,13,14,15,16, 17
<b>Inflation adjusted bottom quartile of household income</b>	This variable is the sum of the above two variables (household agricultural income and household non-agricultural income) adjusted for inflation. Between 2012 and 2016 consumer price inflation was 11.5%. The 2012 value was transformed into 2016 constant Georgian Lari. After the transformation of the variable into 2016 Georgian lari, the cut-off for the 2012 bottom quartile was calculated. Next, the number of individuals who moved out of the 2012 inflation adjusted bottom quartile by 2016 was calculated. Finally, a resulting dummy variable was used in logistic regression to test for an effect.	2,3,4,5,6,7,8,9,1 0,11,12,13,14,1 5,16,17,18,19
<b>Physical Assets Principal Component</b>	The physical assets principal component was calculated using the questions about whether individuals owned a given object and had purchased it after 2012. The principal component was calculated using the 16 objects that were asked about using dummy variables that had one if the individual purchased the object after 2012, and 0 marked if the individual purchased the asset before 2016. The principal component that had the highest correlation with the sum of assets was selected for analysis in order to ensure that the latent variable extracted corresponded to the physical assets. In all cases besides the bridge component, this was the first principal component. In bridge communities, this was the second principal component.	31a,b,c,d,e,f,g,h, I,j,k,l,m,n
<b>Cows</b>	This variable is the difference in number of cows that the household owned between 2012 and 2016.	93c,94c, 99c,100c
<b>Calves</b>	This variable is the difference in number of calves that the household owned between 2012 and 2016.	93d,94d, 99d,100d
<b>Drinking water system type</b>	This variable is marked as a one if the household changed their main source of water from one outside the house to one inside the house between 2012 and 2016.	22, 25, 26
<b>Time to fetch drinking water</b>	This variable measures the amount of time it took for individuals to fetch water and return home with the water. If individuals had a water system that piped water directly into their home, then the variable was marked as 0.	23, 25, 27
<b>Dietary Diversity</b>	This variable was recorded on a 16 point scale and taken from the FAO's standard dietary diversity questionnaire. It is a measure of the dietary diversity of a household, the day before the survey. A 12 point scale was used collapsing the different foods into a number of dummies (e.g. meats).	123a,b,c,d,e,f,g, h,I,j,k,l,m,n,o,p

Variable name	Description	Survey question(s)
<b>Spending on food</b>	This variable is an ordinal variable, containing categories of spending from no expenditures to over GEL 2000. The question was asked about food spending the month prior to the survey.	119
<b>Yields</b>	This variable is the difference in agricultural yields between 2012 and 2016. Yields were only calculated if the individual grew a crop in both 2012 and 2016. Yields were calculated as the number of kilograms grown per hectare of land for each crop. Crop yields were calculated for potatoes, corn, onions, beans, apples, grapes, tomatoes and cucumbers, and plums and apricots based on the recommendation of the agriculture specialist working with the project team.	65,66,67, 73,74,75
<b>Irrigated land</b>	This variable is the difference in the amount of irrigated land between 2012 and 2016.	50,60
<b>Cultivated land</b>	This variable is the difference between 2016 and 2012 in the total amount of land that the household grew crops on including land that was leased, rented, or borrowed.	35, 36,42,43
<b>Food crop land</b>	This variable is a variable with how much land the farmer is using for food crops in 2016 compared with 2012. Food crops constitute grains, corn, and beans.	65,73
<b>High value added crop land</b>	This variable is how much land the household uses for high value added crops in 2016 compared with 2012. High value crops constitute tomatoes, cucumbers, onions, apples, plums, apricots, and grapes.	65,73
<b>Payment for irrigation water</b>	This variable did not use the difference in difference approach, because impact was expected at the national level rather than only within irrigation communities. It is a dummy with 1 equal to paid for irrigation water and 0 did not pay for irrigation water. The question was only asked to individuals who used irrigation water from an irrigation system.	52, 61
<b>Women's role in decisions related to asset purchases</b>	This variable is a dummy with mainly the women of the household and both the women and men of the household response options marked as 1 and other response options marked as 0. It was only measured for 2016.	32
<b>Women's role in decisions related to what agricultural products are produced;</b>	This variable is a dummy with mainly the women of the household and both the women and men of the household response options marked as 1 and other response options marked as 0.	117
<b>Women's role in decisions related to which agricultural products will be sold or given away;</b>	This variable is a dummy with mainly the women of the household and both the women and men of the household response options marked as 1 and other response options marked as 0. It was only measured for 2016.	118
<b>Women's role in decisions related to planting and taking care of the land.</b>	This variable is a dummy with mainly the women of the household and both the women and men of the household response options marked as 1 and other response options marked as 0. It was only measured for both 2016 and 2012 and a difference in difference approach was used in estimation.	39,46

The table below presents the mean and standard deviation for the matched sample used for analysis of the impact of the irrigation subcomponent for each of the variables presented in the analysis in the main body of the report as well as its components (i.e. the 2012 and 2016 data).

Table 2  
Irrigation matched sample descriptive statistics

Variable	treatment group		control group	
	Mean	Standard Deviation	Mean	Standard Deviation
Household Agricultural Income (change)	251.1132	2757.713	115.4249	1076.367
Household Agricultural Income 2016	1194.165	4960.528	878.524	2290.675
Household Agricultural Income 2012	800.5789	2926.483	764.1235	1881.465
Household Non-Agricultural Income (Change)	1759.879	4429.038	1678.369	3741.28
Household Non-Agricultural Income 2016	4851.143	5294.932	4637.651	6597.437
Household Non-Agricultural Income 2012	3234.563	4589.265	3054.569	4512.113
% above 2012 inflation adjusted bottom quartile in 2016	86%	0.3491078	84%	0.3639224
Average number of assets purchased after 2012	3.668689	2.795708	3.350728	2.709427
Dietary Diversity	7.673544	2.21647	7.492718	1.935144
Spending on food last month (% reporting GEL 250 or less)	60%	0.4896158	68%	0.467629
Irrigated land change	1774.389	8149.747	279.6405	1881.187
Irrigated land 2016	4875.461	8840.054	2841.756	4719.943
Irrigated land 2012	3143.383	5906.145	1891.759	3013.076
Cultivated land change	1009.331	29862.29	-243.732	6410.58
Cultivated land 2016	10840.54	38631.75	7100.508	11786.07
Cultivated land 2012	9337.462	39320.92	6746.671	11320.31
Food crop land change	1034.869	25348.761	151.3602	2559.291
Food crop land 2016	3481.521	24932.537	1486.037	4800.821
Food crop land 2012	2317.172	24589.631	1201.108	4953.519
High value added crop land	668.8663	19806.498	-0.34324	1937.103
High value added crop land 2016	1709.351	18177.464	679.0692	1848.574

<b>High value added crop land 2012</b>	1079.189	7720.853	686.0684	1863.569
<b>Payment for irrigation water change (change)</b>	33%	0.6132688	3%	0.2854268

The table below presents the mean and standard deviation for the matched sample used for analysis of the impact of the bridge subcomponent for each of the variables presented in the analysis in the main body of the report as well as its components (i.e. the 2012 and 2016 data).

Table 3  
**Bridge component matched sample descriptive statistics**

Variable	Treatment group		Control group	
	Mean	Standard Deviation	Mean	Standard Deviation
<b>Household Agricultural Income (change)</b>	-230.769	2107.026	316.9014	1016.013
<b>Household Agricultural Income 2016</b>	475	1558.765	2676.744	1624.277
<b>Household Agricultural Income 2012</b>	589.7436	2425.17	2270.423	1410.004
<b>Household Non-Agricultural Income (Change)</b>	2668.373	5908.986	2652.698	3608.002
<b>Household Non-Agricultural Income 2016</b>	6088.193	6634.253	6168.571	4802.142
<b>Household Non-Agricultural Income 2012</b>	3462.882	5557.825	3515.873	3164.583
<b>% above 2012 inflation adjusted bottom quartile in 2016</b>	78%	0.4174918	100%	0
<b>Average number of assets purchased after 2012</b>	3.94186	2.397816	3.348837	1.78073
<b>Cows (change)</b>	0.352941	3.191155	0.695122	1.411496
<b>Cows 2016</b>	2.647059	4.385327	1.034884	1.893939
<b>Cows 2012</b>	2.294118	4.358417	0.146342	0.5240382
<b>Calves (change)</b>	0.071429	1.454413	0	0
<b>Calves 2016</b>	0.905882	2.085229	0	0

<b>Calves 2012</b>	0.797619	2.525913	0	0
<b>Dietary Diversity</b>	8.197674	2.184543	9.104651	1.389279
<b>Spending on food last month (% reporting GEL 250 or less)</b>	35%	0.4796781	10%	0.3078988

The table below presents the mean and standard deviation for the matched sample used for analysis of the impact of the drinking water subcomponent for each of the variables presented in the analysis in the main body of the report as well as its components (i.e. the 2012 and 2016 data).

Table 4  
**Drinking water matched sample descriptive statistics**

Variable	treatment group		control group	
	Mean	Standard Deviation	Mean	Standard Deviation
<b>Household Agricultural Income (change)</b>	-35.579	597.1577	77.44444	885.8685
<b>Household Agricultural Income 2016</b>	113.4021	605.9821	434.0206	1694.2849
<b>Household Agricultural Income 2012</b>	306.0417	1796.045	382.5556	1031.778
<b>Household Non-Agricultural Income (Change)</b>	2615.638	3913.479	3235.529	6181.628
<b>Household Non-Agricultural Income 2016</b>	7205.693	5315.313	6064.522	8566.078
<b>Household Non-Agricultural Income 2012</b>	4923.389	4164.402	4363.231	5894.514
<b>% above 2012 inflation adjusted bottom quartile in 2016</b>	95%	0.2276679	67%	0.4731602
<b>Average number of assets purchased after 2012</b>	2.601942	1.996761	1.834951	2.288492
<b>Drinking water system type change (% in household)</b>	26%	0.4419468	4%	0.1941462

<b>Drinking water system type 2016 (% in household)</b>	53%	0.5012833	27%	0.4470859
<b>Drinking water system type 2012 (% in household)</b>	27%	0.4470859	23%	0.4248156
<b>Time to fetch drinking water</b>	-0.4902	-3.8823529	1.13229	12.42506
<b>Time to fetch drinking water 2016</b>	1.372549	2.420709	9.411765	13.532032
<b>Time to fetch drinking water 2012</b>	0.883495	2.276482	5.529412	7.569749
<b>Dietary Diversity</b>	7.446602	1.672899	7.106796	1.644436
<b>Spending on food last month (% reporting GEL 250 or less)</b>	0.637255	0.4831664	0.796117	0.4048535

The table below presents the mean and standard deviation for the matched sample used for analysis of the impact of the leasing component for each of the variables presented in the analysis in the main body of the report as well as its components (i.e. the 2012 and 2016 data).

Table 5  
Leasing matched sample descriptive statistics

Variable	treatment group		control group	
	Mean	Standard Deviation	Mean	Standard Deviation
<b>Household Agricultural Income (change)</b>	4618.074	19584.861	445.0645	4534.998
<b>Household Agricultural Income 2016</b>	9966.568	19964.591	4191.306	5614.864
<b>Household Agricultural Income 2012</b>	6015.986	11465.041	3499.527	5284.385
<b>Household Non-Agricultural Income (Change)</b>	2493.276	7837.628	1520.738	4495.695
<b>Household Non-Agricultural Income 2016</b>	6329.71	10072.387	5888.326	5510.428
<b>Household Non-Agricultural Income 2012</b>	4078.887	5702.757	4545.314	5461.976

<b>% above 2012 inflation adjusted bottom quartile in 2016</b>	87%	0.3387378	82%	0.3871935
<b>Average number of assets purchased after 2012</b>	4.541333	2.615825	3.869333	2.521881
<b>Dietary Diversity</b>	8.408	2.037467	8.472	2.240521
<b>Spending on food last month (% reporting GEL 250 or less)</b>	43%	0.4952049	46%	0.4988731

The table below presents the mean and standard deviation for the matched sample used for analysis of the impact on female headed households for each of the variables tested for impact as well as their components (i.e. the 2012 and 2016 data).

Table 6  
Female headed household matched sample descriptive statistics

Variable	treatment group		control group	
	Mean	Standard Deviation	Mean	Standard Deviation
<b>Household Agricultural Income (change)</b>	-47.2222	1362.9124	26.46341	741.1242
<b>Household Agricultural Income 2016</b>	408.5185	1212.489	455.2632	1008.171
<b>Household Agricultural Income 2012</b>	417.973	1538.4701	346.747	573.8937
<b>Household Non-Agricultural Income (Change)</b>	753.3898	2363.665	1145.064	2137.494
<b>Household Non-Agricultural Income 2016</b>	3279.433	3293.84	3308.231	2686.262
<b>Household Non-Agricultural Income 2012</b>	2660.258	3632.79	2121.8	1856.961
<b>% above 2012 inflation adjusted bottom quartile in 2016</b>	87%	0.3390495	84%	0.3734378

<b>Average number of assets purchased after 2012</b>	1.606061	1.80033	1.656566	1.922804
<b>Dietary Diversity</b>	6.858586	2.276813	6.606061	1.88884
<b>Spending on food last month (% reporting GEL 250 or less)</b>	0.88172	0.3246892	0.886598	0.3187308



## Match Balance statistics

This section presents the balance between treatment and control groups for each group analysis that was carried out. In total, six different groups were analyzed separately:

1. Irrigation
2. Drinking water
3. Bridge
4. Leasing
5. Female headed households
6. All surveyed households

Three tables are presented for each of the above groups. They correspond to:

1. Balance before matching;
2. Balance after matching using propensity score matching;
3. Balance after matching using genetic matching.

In each table six statistics are presented including:

1. Mean of treated group
2. Mean of control group
3. Mean standard difference
4. Kolmogorov-Smirnov bootstrapped p-values
5. T-test p-value
6. Maximum empirical quintile difference

These statistics provide information about whether significant differences remain between treatment and control groups as well as the size of those differences. A seventh statistic presented for each group is the number of significant t-test p-values. This provides a general sense of the improvement gained from matching. In general, the overarching pattern is that while propensity score matching improves match balance, genetic matching provides even greater balance between treatment and control groups.

### A. Irrigation

In irrigation communities, before matching, a total of seven significant t-test p-values were present prior to matching. Propensity score matching led to four significant differences on the variables matched on. Genetic matching resulted in zero significant differences after matching, without the use of calipers.

**Table 1: Irrigation community balance between treatment and control groups before matching**

Irrigation communities balance before matching						
Variable	Mean treated before matching	Mean control before matching	Mean std. diff. before matching	ks-test bootstrapped p-val before matching	t-test p-val before matching	Max eQQ diff. before matching

<b>Number of people in household</b>	3.86	4.01	-7.71	0.0976	0.10212	2
<b>Average age of household</b>	44.934	44.454	2.9886	0.2944	0.52671	6
<b>Average age of adults in household</b>	49.968	50.205	-1.8842	0.601	0.69094	6
<b>Age of self-identified household head</b>	55.019	55.29	-1.9587	0.1284	0.68787	6
<b>Female self-identified most informed of household affairs</b>	0.57524	0.55403	4.2889	NA	0.35391	1
<b>Armenian</b>	0.25607	0.24359	2.8572	NA	0.53295	1
<b>Azerbaijani</b>	0.0024272	0.12821	-255.46	NA	< 2.22E-16	1
<b>Georgian</b>	0.72816	0.60897	26.771	NA	3.0183E-08	1
<b>Other Caucasian Ethnicity</b>	0.0084951	0.0045788	4.2647	NA	0.30242	1
<b>Russian</b>	0.0012136	0.010073	-25.432	NA	0.0066161	1
<b>Other ethnicity</b>	0.0024272	0.003663	-2.51	NA	0.62217	1
<b>No formal education</b>	0.0012136	0.003663	-7.0311	NA	0.26461	1
<b>Primary education only</b>	0.01699	0.033883	-13.063	NA	0.017322	1
<b>Incomplete secondary education</b>	0.075243	0.13462	-22.495	NA	0.000018557	1
<b>Completed secondary education</b>	0.45024	0.4185	6.3767	NA	0.16561	1
<b>Secondary technical education</b>	0.30825	0.25916	10.625	NA	0.018698	1
<b>Incomplete Higher Education</b>	0.0097087	0.0091575	0.90191	NA	0.90191	1
<b>Completed Higher Education</b>	0.13714	0.13828	-0.33192	NA	0.94275	1
<b>Graduate Education</b>	0	0.00091575	-Inf	NA	0.31753	1
<b>Armenian Apostolic Church</b>	0.18083	0.17857	0.58524	NA	0.89887	1
<b>Catholic</b>	0.072816	0.077839	-1.9321	NA	0.67954	1
<b>Georgian Orthodox</b>	0.72694	0.55586	38.376	NA	4.4409E-15	1
<b>Other Christian</b>	0.0097087	0.0045788	5.2286	NA	0.19791	1
<b>Muslim</b>	0.0036408	0.17491	-284.19	NA	< 2.22e-16	1
<b>Land owned in 2012</b>	7341	7886	-6.6915	< 2.22e-16	0.2821	150000
<b>Grew high</b>	0.49272	0.30037	38.451	NA	< 2.22e-16	1

value crops in 2012						
Grew staple crops in 2012	0.32282	0.40385	-17.32	NA	0.00024522	1
Irrigated land in 2012	0.68083	0.37729	65.075	NA	< 2.22e-16	1
Amount of land irrigated in 2012	5903.9	5663	1.8634	< 2.22e-16	0.68712	40000

**Table 2: Irrigation community balance between treatment and control groups after propensity score matching**

Variable	Irrigation communities balance after propensity score matching					
	Mean treated after matching	Mean control after matching	Mean std diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
Number of people in households	3.8653	3.8699	-0.23635	0.175	0.96072	2
Average age of household	44.934	44.204	4.5455	0.35133	0.35161	6
Average age of adults in household	49.968	48.896	8.5295	0.0083333	0.089174	6
Age of self-identified household head	55.019	53.705	9.5052	0.054333	0.066708	6
Female self-identified most informed of household affairs	0.57524	0.54704	5.7023	NA	0.2249	1
Armenian	0.25607	0.32378	-15.505	NA	0.0019845	1
Azerbaijani	0.0024272	0.00086685	3.1691	NA	0.43521	1
Georgian	0.72816	0.6687	13.356	NA	0.0068558	1
Other Caucasian Ethnicity	0.0084951	0.0033374	5.6165	NA	0.17337	1
Russian	0.0012136	0.00020227	2.9031	NA	0.44046	0
Other ethnicity	0.0024272	0.0028722	-0.90377	NA	0.86075	1
No formal education	0.0012136	0	3.4837	NA	0.31731	1
Primary education only	0.01699	0.022108	-3.9573	NA	0.45121	1
Incomplete secondary education	0.075243	0.051995	8.8078	NA	0.045743	1
Completed secondary education	0.45024	0.47621	-5.2166	NA	0.25873	1
Secondary technical education	0.30825	0.29036	3.8732	NA	0.40759	1

<b>Incomplete Higher Education</b>	0.13714	0.15089	-3.9972	NA	0.41653	1
<b>Completed Higher Education</b>	0.0097087	0.0078883	1.8554	NA	0.69372	1
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0.18083	0.1745	1.6432	NA	0.70688	1
<b>Catholic</b>	0.072816	0.13969	-25.721	NA	0.000011179	1
<b>Georgian Orthodox</b>	0.72694	0.66055	14.892	NA	0.0027198	1
<b>Other Christian</b>	0.0097087	0.014361	-4.7416	NA	0.36404	1
<b>Muslim</b>	0.0036408	0.0036408	0	NA	1	0
<b>Land owned in 2012</b>	7341	7550.8	-2.5751	0.00033333	0.60261	40000
<b>Grew high value crops in 2012</b>	0.68083	0.66398	3.611	NA	0.14491	1
<b>Grew staple crops in 2012</b>	0.32282	0.30656	3.4751	NA	0.39254	1
<b>Irrigated land in 2012</b>	0.49272	0.49388	-0.23162	NA	0.95549	1
<b>Amount of land irrigated in 2012</b>	5903.9	5883.9	0.15435	2.22E-16	0.96987	210000

Table 3: Irrigation community balance between treatment and control groups after genetic matching

Variable	Irrigation communities after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in households</b>	3.8653	3.7718	4.7947	0.066	0.31072	3
<b>Average age of household</b>	44.934	44.372	3.4999	0.2824	0.46696	6
<b>Average age of adults in household</b>	49.968	49.445	4.1611	0.1456	0.38516	6
<b>Age of self-identified household head</b>	55.019	54.549	3.4049	0.2708	0.49152	4
<b>Female self-identified most informed of household affairs</b>	0.57524	0.57282	0.49073	NA	0.9207	1
<b>Armenian</b>	0.25607	0.25728	-0.27788	NA	0.95506	1
<b>Azerbaijani</b>	0.0024272	0.0024272	0	NA	1	0
<b>Georgian</b>	0.72816	0.72816	0	NA	1	0
<b>Other Caucasian</b>	0.0084951	0.0084951	0	NA	1	0

<b>Ethnicity</b>						
<b>Russian</b>	0.0012136	0.0012136	0	NA	1	0
<b>Other ethnicity</b>	0.0024272	0.0024272	0	NA	1	0
<b>No formal education</b>	0.0012136	0.0012136	0	NA	1	0
<b>Primary education only</b>	0.01699	0.01699	0	NA	1	0
<b>Incomplete secondary education</b>	0.075243	0.075243	0	NA	1	0
<b>Completed secondary education</b>	0.45024	0.45388	-0.73134	NA	0.88205	1
<b>Secondary technical education</b>	0.30825	0.29733	2.3639	NA	0.62969	1
<b>Incomplete Higher Education</b>	0.0097087	0.0097087	0	NA	1	0
<b>Completed Higher Education</b>	0.13714	0.14563	-2.4681	NA	0.62092	1
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0.18083	0.18204	-0.31513	NA	0.94907	1
<b>Catholic</b>	0.072816	0.074029	-0.46678	NA	0.92481	1
<b>Georgian Orthodox</b>	0.72694	0.72573	0.27223	NA	0.95597	1
<b>Other Christian</b>	0.0097087	0.0097087	0	NA	1	0
<b>Muslim</b>	0.0036408	0.0036408	0	NA	1	0
<b>Land owned in 2012</b>	7341	6804.1	6.5929	0.0738	0.20638	70000
<b>Grew high value crops in 2012</b>	0.49272	0.50364	-2.1834	NA	0.65771	1
<b>Grew staple crops in 2012</b>	0.32282	0.34466	-4.6693	NA	0.34736	1
<b>Irrigated land in 2012</b>	0.68083	0.67718	0.78055	NA	0.87432	1
<b>Amount of land irrigated in 2012</b>	5903.9	5332.6	4.4199	0.0084	0.3007	100000

## B. Drinking water community balance tables

In the drinking water communities, prior to matching, there were 23 significant t-test p-values. Both propensity score matching and genetic matching reduced this to zero significant differences. Although both strategies resulted in no significant differences on this statistic, genetic matching still led to a lower max empirical quantile differences as well as significant ks-test bootstrapped p-values, thus suggesting it again provided better match balance than propensity score matching.

**Table 4: Drinking water community balance between treatment and control groups before matching**

Drinking communities balance before matching						
Variable	Mean treated before matching	Mean control before matching	Mean std. diff. before matching	ks-test bootstrap p-val before matching	t-test p-val before matching	Max eQQ diff before matching
Number of people in households	2.8447	4.0156	-74.566	2.22E-16	9.0966E-11	3
Average age of household	54.548	44.454	60.429	2.22E-16	4.0564E-08	15.3
Average age of adults in household	57.77	50.205	56.066	2.22E-16	2.7467E-07	12.25
Age of self-identified household head	59.883	55.29	31.437	0.023	0.0029547	10
Female self-identified most informed of household affairs	0.62136	0.55403	13.814	NA	0.18344	1
Armenian	0	0.24359	-Inf	NA	2.22E-16	1
Azerbaijani	0	0.12821	-Inf	NA	2.22E-16	1
Georgian	0.99029	0.60897	386.99	NA	2.22E-16	1
Other Caucasian Ethnicity	0	0.0045788	-Inf	NA	0.02528	1
Russian	0	0.010073	-Inf	NA	0.00089138	1
Other ethnicity	0.0097087	0.003663	6.1358	NA	0.54184	0
No formal education	0.019417	0.003663	11.362	NA	0.25566	1
Primary education only	0	0.033883	-Inf	NA	8.7304E-10	1
Incomplete secondary education	0.058252	0.13462	-32.444	NA	0.0031009	1
Completed secondary education	0.24272	0.4185	-40.801	NA	0.00015071	1
Secondary technical education	0.47573	0.25916	43.154	NA	0.000046589	1

<b>Incomplete Higher Education</b>	0.0097087	0.0091575	0.55944	NA	0.95669	1
<b>Completed Higher Education</b>	0.19417	0.13828	14.062	NA	0.17056	1
<b>Graduate Education</b>	0	0.00091575	-Inf	NA	0.31753	1
<b>Armenian Apostolic Church</b>	0	0.17857	-Inf	NA	2.22E-16	1
<b>Catholic</b>	0	0.077839	-Inf	NA	2.22E-16	1
<b>Georgian Orthodox</b>	1	0.55586	Inf	NA	2.22E-16	1
<b>Other Christian</b>	0	0.0045788	-Inf	NA	0.02528	1
<b>Muslim</b>	0	0.17491	-Inf	NA	2.22E-16	1
<b>Land owned in 2012</b>	2659	7886	-94.922	2.22E-16	5.1181E-13	230000
<b>Grew high value crops in 2012</b>	0.83495	0.30037	143.31	NA	2.22E-16	1
<b>Grew staple crops in 2012</b>	0.66019	0.40385	53.859	NA	7.6459E-07	1
<b>Irrigated land in 2012</b>	0.067961	0.37729	-122.31	NA	2.22E-16	1
<b>Amount of land irrigated in 2012</b>	1303.9	5663	-193.96	2.22E-16	2.22E-16	265000

**Table 5: Drinking water community balance between treatment and control groups after propensity score matching**

Variable	Drinking communities after propensity score matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in households</b>	2.8447	2.681	10.423	2.22E-16	0.46477	5
<b>Average age of household</b>	54.548	55.939	-8.3246	2.22E-16	0.54255	30
<b>Average age of adults in household</b>	57.77	58.514	-5.5137	2.22E-16	0.68215	22.75
<b>Age of self-identified household head</b>	59.883	60.114	-1.576	2.22E-16	0.90949	48

<b>Female self-identified most informed of household affairs</b>	0.62136	0.71317	-18.836	NA	0.1486	1
<b>Armenian</b>	0	0.0044835	-Inf	NA	0.49736	1
<b>Azerbaijani</b>	0	0.0023598	-Inf	NA	0.62266	1
<b>Georgian</b>	0.99029	0.99284	-2.5831	NA	0.84274	1
<b>Other Caucasian Ethnicity</b>	0	0.000084277	-Inf	NA	0.92595	1
<b>Russian</b>	0	0.00018541	-Inf	NA	0.89035	1
<b>Other ethnicity</b>	0.0097087	0.000033711	9.8191	NA	0.31986	1
<b>No formal education</b>	0.019417	0.048594	-21.042	NA	0.25587	1
<b>Primary education only</b>	0	0.00062365	-Inf	NA	0.80037	1
<b>Incomplete secondary education</b>	0.058252	0.07558	-7.3619	NA	0.63138	1
<b>Completed secondary education</b>	0.24272	0.1902	12.191	NA	0.3692	1
<b>Secondary technical education</b>	0.47573	0.52316	-9.4512	NA	0.47252	1
<b>Incomplete Higher Education</b>	0.19417	0.14231	13.048	NA	0.32921	1
<b>Completed Higher Education</b>	0.0097087	0.019485	-9.9217	NA	0.56209	1
<b>Graduate Education</b>	0	0.000016855	-Inf	NA	0.96685	1
<b>Armenian Apostolic Church</b>	0	0.0032868	-Inf	NA	0.56131	1
<b>Catholic</b>	0	0.0014327	-Inf	NA	0.70147	1
<b>Georgian Orthodox</b>	1	0.99183	Inf	NA	0.35902	1
<b>Other Christian</b>	0	0.000084277	-Inf	NA	0.92595	1
<b>Muslim</b>	0	0.0032194	-Inf	NA	0.56536	1
<b>Land owned in 2012</b>	2659	3283.9	-11.348	2.22E-16	0.28131	230000
<b>Grew high value crops in 2012</b>	0.83495	0.86709	-8.6166	NA	0.41338	1
<b>Grew staple crops in 2012</b>	0.66019	0.68263	-4.7136	NA	0.68633	1
<b>Irrigated land in 2012</b>	0.067961	0.073085	-2.026	NA	0.85691	1
<b>Amount of land irrigated in 2012</b>	1303.9	1632.1	-14.604	2.22E-16	0.29606	265000



**Table 6: Drinking water community balance between treatment and control groups after genetic matching**

Variable	Drinking communities after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
Number of people in households	2.8447	2.6408	12.984	0.1408	0.35831	1
Average age of household	54.548	55.442	-5.3518	0.2498	0.69737	5.8333
Average age of adults in household	57.77	58.244	-3.519	0.2398	0.79425	4
Age of self-identified household head	59.883	59.903	-0.1329	0.5916	0.9924	8
Female self-identified most informed of household affairs	0.62136	0.73786	-23.902	NA	0.073814	1
Armenian	0	0	0	NA	1	0
Azerbaijani	0	0	0	NA	1	0
Georgian	0.99029	0.99029	0	NA	1	0
Other Caucasian Ethnicity	0	0	0	NA	1	0
Russian	0	0	0	NA	1	0
Other ethnicity	0.0097087	0.0097087	0	NA	1	0
No formal education	0.019417	0.019417	0	NA	1	0
Primary education only	0	0	0	NA	1	0
Incomplete secondary education	0.058252	0.058252	0	NA	1	0
Completed secondary education	0.24272	0.25243	-2.2535	NA	0.87252	1
Secondary technical education	0.47573	0.46602	1.9346	NA	0.88966	1
Incomplete Higher Education	0.0097087	0.0097087	0	NA	1	0
Completed Higher Education	0.19417	0.19417	0	NA	1	0
Graduate Education	0	0	0	NA	1	0
Armenian Apostolic Church	0	0	0	NA	1	0
Catholic	0	0	0	NA	1	0
Georgian Orthodox	1	1	0	NA	1	0

<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0	0	0	NA	1	0
<b>Land owned in 2012</b>	2659	3157.5	-9.0518	0.0018	0.47222	15000
<b>Grew high value crops in 2012</b>	0.83495	0.83495	0	NA	1	0
<b>Grew staple crops in 2012</b>	0.66019	0.63107	6.1195	NA	0.66398	1
<b>Irrigated land in 2012</b>	0.067961	0.048544	7.6776	NA	0.55415	1
<b>Amount of land irrigated in 2012</b>	1303.9	1575.9	-12.104	0.0052	0.43333	5000

### C. Bridge community match balance tables

In the bridge communities, a total of 26 t-test p-values were present prior to matching. Propensity score matching led to nine significant differences on the variables matched on. Genetic matching resulted in two significant differences after matching, with the use of calipers; smaller calipers were not appropriate to use given the issues which would result with statistical power.

**Table 7: Bridge community balance between treatment and control groups before matching**

Variable	Bridge communities before matching					
	Mean treated before matching	Mean control before matching	Mean std. diff. before matching	ks-test bootstrap p-val before matching	t-test p-val before matching	Max eQQ diff before matching
<b>Number of people in household</b>	4.5	4.0156	23.001	0.038667	0.022727	1
<b>Average age of household</b>	37.716	44.454	-46.025	0.00033333	0.000012388	13
<b>Average age of adults in household</b>	45.298	50.205	-42.956	0.00066667	0.000042819	12
<b>Age of self-identified household head</b>	48.427	55.29	-44.475	2.22E-16	0.000018631	11
<b>Female self-identified most informed of household affairs</b>	0.37273	0.55403	-37.325	NA	0.00028958	1
<b>Armenian</b>	0	0.24359	-Inf	NA	2.22E-16	1
<b>Azerbaijani</b>	1	0.12821	Inf	NA	2.22E-16	1
<b>Georgian</b>	0	0.60897	-Inf	NA	2.22E-16	1
<b>Other Caucasian Ethnicity</b>	0	0.0045788	-Inf	NA	0.02528	1

<b>Russian</b>	0	0.010073	-Inf	NA	0.00089138	1
<b>Other ethnicity</b>	0	0.003663	-Inf	NA	0.045451	1
<b>No formal education</b>	0.072727	0.003663	26.474	NA	0.0065966	1
<b>Primary education only</b>	0.13636	0.033883	29.727	NA	0.0026267	1
<b>Incomplete secondary education</b>	0.40909	0.13462	55.571	NA	9.061E-08	1
<b>Completed secondary education</b>	0.24545	0.4185	-40.026	NA	0.0001251	1
<b>Secondary technical education</b>	0.090909	0.25916	-58.259	NA	1.3946E-07	1
<b>Incomplete Higher Education</b>	0	0.0091575	-Inf	NA	0.0015382	1
<b>Completed Higher Education</b>	0.036364	0.13828	-54.196	NA	1.9249E-06	1
<b>Graduate Education</b>	0.0090909	0.00091575	8.5742	NA	0.37286	0
<b>Armenian Apostolic Church</b>	0	0.17857	-Inf	NA	2.22E-16	1
<b>Catholic</b>	0	0.077839	-Inf	NA	2.22E-16	1
<b>Georgian Orthodox</b>	0	0.55586	-Inf	NA	2.22E-16	1
<b>Other Christian</b>	0	0.0045788	-Inf	NA	0.02528	1
<b>Muslim</b>	1	0.17491	Inf	NA	2.22E-16	1
<b>Land owned in 2012</b>	4956.1	7886	-45.124	2.22E-16	0.00011832	240000
<b>Grew high value crops in 2012</b>	0.054545	0.30037	-107.75	NA	2.22E-16	1
<b>Grew staple crops in 2012</b>	0.22727	0.40385	-41.943	NA	0.000063016	1
<b>Irrigated land in 2012</b>	0.44545	0.37729	13.652	NA	0.17356	1
<b>Amount of land irrigated in 2012</b>	3066.3	5663	-48.052	2.22E-16	0.00008036	255000

**Table 8: Bridge community balance between treatment and control groups after propensity score matching**

Bridge communities after propensity score matching						
Variable	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in</b>	4.5	4.0545	21.15	2.22E-16	0.11349	2

<b>household</b>						
<b>Average age of household</b>	37.716	32.934	32.672	2.22E-16	0.0030889	15.5
<b>Average age of adults in household</b>	45.298	41.002	37.608	2.22E-16	0.0006359	11.667
<b>Age of self-identified household head</b>	48.427	44.073	28.219	0.00033333	0.011482	16
<b>Female self-identified most informed of household affairs</b>	0.37273	0.48182	-22.459	NA	0.088322	1
<b>Armenian</b>	0	0	0	NA	1	0
<b>Azerbaijani</b>	0	0	0	NA	1	0
<b>Georgian</b>	0	0	0	NA	1	0
<b>Other Caucasian Ethnicity</b>	0	0	0	NA	1	0
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0	0	0	NA	1	0
<b>No formal education</b>	0.072727	0	27.878	NA	0.0040411	1
<b>Primary education only</b>	0.13636	0	39.555	NA	0.000061913	1
<b>Incomplete secondary education</b>	0.40909	0.41364	-0.92029	NA	0.93507	1
<b>Completed secondary education</b>	0.24545	0.45455	-48.364	NA	0.0022832	1
<b>Secondary technical education</b>	0.090909	0.10455	-4.7218	NA	0.72045	1
<b>Incomplete Higher Education</b>	0.036364	0.027273	4.8343	NA	0.70601	1
<b>Completed Higher Education</b>	0	0	0	NA	1	0
<b>Graduate Education</b>	0.0090909	0	9.5346	NA	0.31733	1
<b>Armenian Apostolic Church</b>	0	0	0	NA	1	0

<b>Catholic</b>	0	0	0	NA	1	0
<b>Georgian Orthodox</b>	0	0	0	NA	1	0
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	1	1	0	NA	1	0
<b>Land owned in 2012</b>	4956.1	7890	-45.185	0.0013333	0.001063	20000
<b>Grew high value crops in 2012</b>	0.054545	0	23.91	NA	0.013214	1
<b>Grew staple crops in 2012</b>	0.22727	0.14545	19.435	NA	0.081869	1
<b>Irrigated land in 2012</b>	0.44545	0.50455	-11.835	NA	0.36528	1
<b>Amount of land irrigated in 2012</b>	3066.3	1383.6	31.138	2.22E-16	0.0034652	1

**Table 9: Bridge community balance between treatment and control groups after genetic matching**

Variable	Bridge communities after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in household</b>	4.7209	4.9419	-10.628	0.539	0.5199	3
<b>Average age of household</b>	36.58	33.178	24.063	0.0144	0.019101	0.10339
<b>Average age of adults in household</b>	44.516	42.383	19.779	0.0368	0.16227	12
<b>Age of self-identified household head</b>	47.488	45.756	12.052	0.2012	0.42414	10
<b>Female self-identified most informed of household affairs</b>	0.31395	0.23256	17.436	NA	0.23348	1

<b>Armenian</b>	0	0	0	NA	1	0
<b>Azerbaijani</b>	1	1	0	NA	1	0
<b>Georgian</b>	0	0	0	NA	1	0
<b>Other Caucasian Ethnicity</b>	0	0	0	NA	1	0
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0	0	0	NA	1	0
<b>No formal education</b>	0	0	0	NA	1	0
<b>Primary education only</b>	0	0	0	NA	1	0
<b>Incomplete secondary education</b>	0.52326	0.52326	0	NA	1	0
<b>Completed secondary education</b>	0.31395	0.32558	-2.4909	NA	0.87107	1
<b>Secondary technical education</b>	0.11628	0.10465	3.6062	NA	0.80918	1
<b>Incomplete Higher Education</b>	0	0	0	NA	1	0
<b>Completed Higher Education</b>	0.046512	0.046512	0	NA	1	0
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0	0	0	NA	1	0
<b>Catholic</b>	0	0	0	NA	1	0
<b>Georgian Orthodox</b>	0	0	0	NA	1	0
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	1	1	0	NA	1	0
<b>Land owned in 2012</b>	5403.1	4026.7	20.489	0.0106	0.14112	20000
<b>Grew high value crops in 2012</b>	0.034884	0	18.901	NA	0.083243	1

<b>Grew staple crops in 2012</b>	0.22093	0.19767	5.5728	NA	0.70974	1
<b>Irrigated land in 2012</b>	0.45349	0.47674	-4.6442	NA	0.76147	1
<b>Amount of land irrigated in 2012</b>	3237.2	1815	25.449	2.22E-16	0.034789	15000

#### D. Leasing match balance tables

In the leasing component sample, a total of 26 t-test p-values were present prior to matching. Propensity score matching led to nine significant differences on the variables matched on. Genetic matching resulted in two significant differences after matching, with the use of calipers; smaller calipers were not appropriate to use given the issues which would result with statistical power.

**Table 10: Leasing sample balance between treatment and control groups before matching**

Variable	Leasing component before matching					
	Mean treated before matching	Mean control before matching	Mean std. diff. before matching	ks-test bootstrap p-val before matching	t-test p-val before matching	Max eQQ diff before matching
<b>Number of people in households</b>	3.712	3.8688	-8.5399	0.054667	0.18555	1
<b>Average age of household</b>	47.471	46.673	5.5346	0.097333	0.40248	5.5
<b>Average age of adults in household</b>	51.778	51.533	2.1704	0.11467	0.74339	5.5
<b>Age of self-identified household head</b>	54.555	55.401	-6.131	0.105	0.35023	7
<b>Female self-identified most informed of household affairs</b>	0.38667	0.54519	-32.508	NA	6.3114E-07	1
<b>Armenian</b>	0.010667	0.0029155	7.5354	NA	0.1743	1
<b>Azerbaijani</b>	0	0.0014577	-Inf	NA	0.31766	0
<b>Georgian</b>	0.97333	0.98688	-8.3975	NA	0.14994	1
<b>Other Caucasian Ethnicity</b>	0.013333	0.0058309	6.5323	NA	0.25656	1
<b>Russian</b>	0	0.0014577	-Inf	NA	0.31766	1
<b>Other ethnicity</b>	0.0026667	0.0014577	2.3411	NA	0.69092	0
<b>No formal education</b>	0.0026667	0.0014577	2.3411	NA	0.69092	0
<b>Primary education only</b>	0.0026667	0.0072886	-8.9504	NA	0.27184	1

Incomplete secondary education	0.024	0.039359	-10.022	NA	0.15743	1
Completed secondary education	0.25867	0.33965	-18.469	NA	0.0053282	1
Secondary technical education	0.312	0.34694	-7.5311	NA	0.24575	1
Incomplete Higher Education	0.37867	0.25656	25.14	NA	0.000056137	1
Completed Higher Education	0.018667	0.0087464	7.3199	NA	0.20689	1
Graduate Education	0.0026667	0	5.164	NA	0.31796	1
Armenian Apostolic Church	0	0.0014577	-Inf	NA	0.31766	1
Catholic	0.008	0	8.9683	NA	0.083263	1
Georgian Orthodox	0.98933	0.99125	-1.8668	NA	0.76398	1
Other Christian	0	0.0043732	-Inf	NA	0.083264	1
Muslim	0	0	0	NA	1	0
Land owned in 2012	32077	17193	20.884	2.22E-16	0.000099129	480000
Grew high value crops in 2012	0.74667	0.7172	6.7659	NA	0.2984	1
Grew staple crops in 2012	0.384	0.3309	10.903	NA	0.086296	1
Irrigated land in 2012	0.24	0.22595	3.2859	NA	0.60634	1
Amount of land irrigated in 2012	30309	14250	21.753	2.22E-16	0.000043787	480000

Table 11: Leasing sample balance between treatment and control groups after propensity score matching

Variable	Leasing component indirect beneficiary after propensity score matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
Number of people in household	3.712	3.7697	-3.1426	0.637	0.667	2
Average age of household	47.471	47.099	2.5756	0.392	0.72207	5
Average age of adults in household	51.778	51.075	6.2209	0.066333	0.40422	4.5
Age of self-identified household	54.555	52.163	17.328	0.012667	0.020734	5



<b>head</b>						
<b>Female self-identified most informed of household affairs</b>	0.38667	0.36346	4.7589	NA	0.4087	1
<b>Armenian</b>	0.010667	0.0026667	7.7772	NA	0.082854	1
<b>Azerbaijani</b>	0	0	0	NA	1	0
<b>Georgian</b>	0.97333	0.99444	-13.086	NA	0.012355	1
<b>Other Caucasian Ethnicity</b>	0.013333	0.0022222	9.6744	NA	0.084089	1
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0.0026667	0.00066667	3.873	NA	0.50249	0
<b>No formal education</b>	0.0026667	0.0026667	0	NA	1	0
<b>Primary education only</b>	0.0026667	0	5.164	NA	0.31731	1
<b>Incomplete secondary education</b>	0.024	0.015714	5.4065	NA	0.38693	1
<b>Completed secondary education</b>	0.25867	0.28239	-5.4104	NA	0.42726	1
<b>Secondary technical education</b>	0.312	0.2921	4.2898	NA	0.53435	1
<b>Incomplete Higher Education</b>	0.37867	0.3818	-0.64446	NA	0.91733	1
<b>Completed Higher Education</b>	0.018667	0.025333	-4.9191	NA	0.53842	1
<b>Graduate Education</b>	0.0026667	0	5.164	NA	0.31731	1
<b>Armenian Apostolic Church</b>	0	0	0	NA	1	0
<b>Catholic</b>	0.008	0	8.9683	NA	0.082854	1
<b>Georgian Orthodox</b>	0.98933	1	-10.37	NA	0.045069	1
<b>Other</b>	0	0	0	NA	1	0

<b>Christian</b>						
<b>Muslim</b>	0	0	0	NA	1	0
<b>Land owned in 2012</b>	32077	33752	-2.3499	2.22E-16	0.56233	480000
<b>Grew high value crops in 2012</b>	0.74667	0.72744	4.4145	NA	0.54536	1
<b>Grew staple crops in 2012</b>	0.384	0.37332	2.1935	NA	0.754	1
<b>Irrigated land in 2012</b>	0.24	0.23292	1.6561	NA	0.81947	1
<b>Amount of land irrigated in 2012</b>	30309	30779	-0.6367	2.22E-16	0.86154	480000

**Table 12: Leasing sample balance between treatment and control groups after genetic matching**

Variable	Leasing component indirect beneficiary after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in household</b>	3.712	3.8347	-6.6807	0.1138	0.12653	3
<b>Average age of household</b>	47.471	46.968	3.4839	0.4416	0.19045	6
<b>Average age of adults in household</b>	51.778	51.367	3.6413	0.4204	0.20223	6
<b>Age of self-identified household head</b>	54.555	53.203	9.7956	0.007	0.0019731	7
<b>Female self-identified most informed of household affairs</b>	0.38667	0.37867	1.6406	NA	0.25675	1
<b>Armenian</b>	0.010667	0.010667	0	NA	1	0
<b>Azerbaijani</b>	0	0	0	NA	1	0
<b>Georgian</b>	0.97333	0.97333	0	NA	1	0
<b>Other Caucasian Ethnicity</b>	0.013333	0.013333	0	NA	1	0
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0.0026667	0.0026667	0	NA	1	0
<b>No formal education</b>	0.0026667	0.0026667	0	NA	1	0
<b>Primary</b>	0.0026667	0	5.164	NA	0.31731	1

<b>education only</b>						
<b>Incomplete secondary education</b>	0.024	0.021333	1.74	NA	0.31731	1
<b>Completed secondary education</b>	0.25867	0.25867	0	NA	1	0
<b>Secondary technical education</b>	0.312	0.31733	-1.1496	NA	0.52726	1
<b>Incomplete Higher Education</b>	0.37867	0.38133	-0.54903	NA	0.78164	1
<b>Completed Higher Education</b>	0.018667	0.018667	0	NA	1	0
<b>Graduate Education</b>	0.0026667	0	5.164	NA	0.31731	1
<b>Armenian Apostolic Church</b>	0	0	0	NA	1	0
<b>Catholic</b>	0.008	0	8.9683	NA	0.082854	1
<b>Georgian Orthodox</b>	0.98933	0.99467	-5.1848	NA	0.15702	1
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0	0	0	NA	1	0
<b>Land owned in 2012</b>	32077	26251	8.1754	0.0248	0.0050394	480000
<b>Grew high value crops in 2012</b>	0.74667	0.77067	-5.5109	NA	0.028646	1
<b>Grew staple crops in 2012</b>	0.384	0.4	-3.2854	NA	0.057346	1
<b>Irrigated land in 2012</b>	0.24	0.208	7.4827	NA	0.010231	1
<b>Amount of land irrigated in 2012</b>	30309	24480	7.8953	0.0896	0.0020407	480000

### E. Female headed household sample match balance tables

In female headed households, a total of 2 t-test p-values were present prior to matching. Propensity score matching and genetic matching resulted in no significant differences.

**Table 13: Female headed household sample balance between treatment and control groups before matching**

Female Headed Households before matching						
Variable	Mean treated before matching	Mean control before matching	Mean std. diff. after matching	ks-test bootstrap p-val before matching	t-test p-val before matching	Max eQQ diff before matching
<b>Number of people in households</b>	1.4242	1.3904	4.3172	0.89167	0.73449	1
<b>Average age of household</b>	64.369	64.017	2.7274	0.91633	0.84418	9.7333

<b>Average age of adults in household</b>	65.197	64.679	4.5923	0.88933	0.74562	9.5
<b>Age of self-identified household head</b>	66.03	65.11	8.0135	0.385	0.55658	8
<b>Female self-identified most informed of household affairs</b>	1	1	0	NA	1	0
<b>Armenian</b>	0.090909	0.12329	-11.206	NA	0.41745	1
<b>Azerbaijani</b>	0.090909	0.12329	-11.206	NA	0.41745	1
<b>Georgian</b>	0.80808	0.71918	22.461	NA	0.10452	1
<b>Other Caucasian Ethnicity</b>	0.010101	0.013699	-3.5796	NA	0.79703	0
<b>Russian</b>	0	0.013699	-Inf	NA	0.15801	1
<b>Other ethnicity</b>	0	0.0068493	-Inf	NA	0.31898	1
<b>No formal education</b>	0.030303	0.013699	9.6373	NA	0.40354	1
<b>Primary education only</b>	0.020202	0.027397	-5.0883	NA	0.71444	1
<b>Incomplete secondary education</b>	0.10101	0.15068	-16.401	NA	0.24406	1
<b>Completed secondary education</b>	0.35354	0.32877	5.1547	NA	0.69033	1
<b>Secondary technical education</b>	0.31313	0.30137	2.5232	NA	0.84577	1
<b>Incomplete Higher Education</b>	0.16162	0.17123	-2.5993	NA	0.84331	1
<b>Completed Higher Education</b>	0.020202	0	14.286	NA	0.15835	1
<b>Graduate Education</b>	0	0.0068493	-Inf	NA	0.31898	1
<b>Armenian Apostolic Church</b>	0.070707	0.09589	-9.7746	NA	0.48022	1
<b>Catholic</b>	0.020202	0.034247	-9.932	NA	0.49892	1
<b>Georgian Orthodox</b>	0.81818	0.73288	22.005	NA	0.11258	1
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0.090909	0.12329	-11.206	NA	0.41745	1
<b>Land owned in 2012</b>	4892.3	5499.1	-10.372	0.33567	0.43964	5000
<b>Grew high value crops in 2012</b>	0.53535	0.32192	42.578	NA	0.00094412	1
<b>Grew staple crops in 2012</b>	0.28283	0.27397	1.9563	NA	0.88016	1

<b>Irrigated land in 2012</b>	0.55556	0.19863	71.466	NA	1.4929E-08	1
<b>Amount of land irrigated in 2012</b>	2746.4	3168.5	-10.196	0.207	0.49445	15000

**Table 14: Female headed household sample balance between treatment and control groups after propensity score matching**

	Female Headed Households after propensity score matching					
Variable	Mean treated after matching	Mean control after matching	Std. mean diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in households</b>	1.4242	1.5303	-13.534	0.405	0.32653	1
<b>Average age of household</b>	64.369	64.369	0.0026118	0.243	0.99985	6.6667
<b>Average age of adults in household</b>	65.197	65.018	1.5903	0.187	0.9146	6
<b>Age of self-identified household head</b>	66.03	63.995	17.715	0.0086667	0.26898	16
<b>Female self-identified most informed of household affairs</b>	1	1	0	NA	1	0
<b>Armenian</b>	0.090909	0.10101	-3.4959	NA	0.78201	1
<b>Azerbaijani</b>	0.090909	0.15657	-22.723	NA	0.15003	1
<b>Georgian</b>	0.80808	0.72222	21.692	NA	0.12249	1
<b>Other Caucasian Ethnicity</b>	0.010101	0.020202	-10.05	NA	0.56437	1
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0	0	0	NA	1	0
<b>No formal education</b>	0.030303	0.010101	11.725	NA	0.15626	1
<b>Primary education only</b>	0.020202	0	14.286	NA	0.15626	1
<b>Incomplete secondary</b>	0.10101	0.11616	-5.0026	NA	0.73467	1

<b>education</b>						
<b>Completed secondary education</b>	0.35354	0.36364	-2.1022	NA	0.88046	1
<b>Secondary technical education</b>	0.31313	0.24747	14.086	NA	0.31876	1
<b>Incomplete Higher Education</b>	0.16162	0.26263	-27.302	NA	0.089461	1
<b>Completed Higher Education</b>	0.020202	0	14.286	NA	0.15626	1
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0.070707	0.080808	-3.9206	NA	0.76356	1
<b>Catholic</b>	0.020202	0.030303	-7.1432	NA	0.56437	1
<b>Georgian Orthodox</b>	0.81818	0.73232	22.148	NA	0.09724	1
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0.090909	0.15657	-22.723	NA	0.15003	1
<b>Land owned in 2012</b>	4892.3	4991.4	-1.6941	0.394	0.89448	10000
<b>Grew high value crops in 2012</b>	0.53535	0.57071	-7.0526	NA	0.40316	1
<b>Grew staple crops in 2012</b>	0.28283	0.19697	18.967	NA	0.12866	1
<b>Irrigated land in 2012</b>	0.55556	0.55556	0	NA	1	0
<b>Amount of land irrigated in 2012</b>	2746	2372.9	9.0202	0.16433	0.54026	15000

**Table 15: Female headed household sample balance between treatment and control groups after genetic matching**

Variable	Female Headed Households after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching

<b>Number of people in household</b>	1.4242	1.3737	6.4449	0.9626	0.27502	1
<b>Average age of household</b>	64.369	63.355	7.8601	0.8234	0.36709	5.6667
<b>Average age of adults in household</b>	65.197	63.869	11.782	0.8182	0.20334	8
<b>Age of self-identified household head</b>	66.03	65.343	5.9782	0.6778	0.49073	16
<b>Female self-identified most informed of household affairs</b>	1	1	0	NA	1	0
<b>Armenian</b>	0.090909	0.10101	-3.4959	NA	0.56437	1
<b>Azerbaijani</b>	0.090909	0.080808	3.4959	NA	0.31733	1
<b>Georgian</b>	0.80808	0.80808	0	NA	1	0
<b>Other Caucasian Ethnicity</b>	0.010101	0.010101	0	NA	1	0
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0	0	0	NA	1	0
<b>No formal education</b>	0.030303	0.020202	5.8627	NA	0.31733	1
<b>Primary education only</b>	0.020202	0	14.286	NA	0.15626	1
<b>Incomplete secondary education</b>	0.10101	0.10101	0	NA	1	0
<b>Completed secondary education</b>	0.35354	0.38384	-6.3066	NA	0.31733	1
<b>Secondary technical education</b>	0.31313	0.31313	0	NA	1	0
<b>Incomplete Higher Education</b>	0.16162	0.18182	-5.4604	NA	0.31733	1
<b>Completed Higher Education</b>	0.020202	0	14.286	NA	0.15626	1
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0.070707	0.090909	-7.8412	NA	0.15626	1
<b>Catholic</b>	0.020202	0.020202	0	NA	1	0
<b>Georgian Orthodox</b>	0.81818	0.80808	2.6057	NA	0.31733	1
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0.090909	0.080808	3.4959	NA	0.31733	1
<b>Land owned in 2012</b>	4892.3	4336.9	9.4939	0.584	0.23387	20000
<b>Grew high value crops</b>	0.53535	0.56566	-6.045	NA	0.25651	1

<b>in 2012</b>						
<b>Grew staple crops in 2012</b>	0.28283	0.21212	15.62	NA	0.24945	1
<b>Irrigated land in 2012</b>	0.55556	0.53535	4.045	NA	0.31733	1
<b>Amount of land irrigated in 2012</b>	2746.4	2315.1	10.417	0.3512	0.18131	12000

## F. Entire sample match balance tables

In the entire, a total of 10 t-test p-values were present prior to matching. Propensity score matching and genetic matching resulted in two significant differences.

**Table 16: All communities sample balance between treatment and control groups before matching**

All communities before matching						
Variable	Mean treated before matching	Mean control before matching	Mean std. diff. before matching	ks-test bootstrap p-val before matching	t-test p-val before matching	max eQQ diff before matching
<b>Number of people in households</b>	3.7996	3.9589	-8.2414	0.017333	0.022078	2
<b>Average age of household</b>	45.747	45.31	2.7392	0.19133	0.44847	5
<b>Average age of adults in household</b>	50.654	50.717	-0.50676	0.66333	0.88886	5
<b>Age of self-identified household head</b>	54.737	55.333	-4.2022	0.25391	0.028667	5
<b>Female self-identified most informed of household affairs</b>	0.51275	0.55062	-7.5739	NA	0.033305	1
<b>Armenian</b>	0.15227	0.15073	0.42713	NA	0.90445	1
<b>Azerbaijani</b>	0.07932	0.079303	0.0064832	NA	0.99855	0
<b>Georgian</b>	0.75567	0.75478	0.2059	NA	0.95396	1
<b>Other Caucasian Ethnicity</b>	0.0084986	0.0050619	3.7426	NA	0.24692	1
<b>Russian</b>	0.00070822	0.0067492	-22.7	NA	0.0035123	1
<b>Other ethnicity</b>	0.0028329	0.0028121	0.038957	NA	0.99127	0
<b>No formal education</b>	0.0084986	0.0028121	6.1925	NA	0.038618	1
<b>Primary education only</b>	0.021246	0.023622	-1.6468	NA	0.65186	1
<b>Incomplete secondary education</b>	0.086402	0.097863	-4.0776	NA	0.26489	1
<b>Completed secondary education</b>	0.36827	0.38808	-4.1045	NA	0.25178	1
<b>Secondary technical</b>	0.30453	0.29303	2.4994	NA	0.4811	1



<b>education</b>						
<b>Incomplete Higher Education</b>	0.19759	0.18391	3.4338	NA	0.32968	1
<b>Completed Higher Education</b>	0.011331	0.0089989	2.203	NA	0.51705	1
<b>Graduate Education</b>	0.0014164	0.00056243	2.2699	NA	0.45716	1
<b>Armenian Apostolic Church</b>	0.10552	0.11024	-1.5332	NA	0.6698	1
<b>Catholic</b>	0.044618	0.047807	-1.544	NA	0.66955	1
<b>Georgian Orthodox</b>	0.75992	0.72385	8.4412	NA	0.020431	1
<b>Other Christian</b>	0.0056657	0.0044994	1.5533	NA	0.64771	1
<b>Muslim</b>	0.080028	0.10742	-10.093	NA	0.0078724	1
<b>Land owned in 2012</b>	13383	11477	4.8914	0.0086667	0.091119	480000
<b>Grew high value crops in 2012</b>	0.55099	0.46119	18.048	NA	4.4845E-07	1
<b>Grew staple crops in 2012</b>	0.35623	0.3757	-4.0644	NA	0.25665	1
<b>Irrigated land in 2012</b>	0.50071	0.3189	36.349	NA	2.22E-16	1
<b>Amount of land irrigated in 2012</b>	11829	8976.1	6.9809	0.40333	0.013685	480000

**Table 17: All communities sample balance between treatment and control groups after propensity score matching**

Variable	All communities after propensity score matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in households</b>	3.7996	3.8501	-2.6109	0.0066667	0.46411	2
<b>Average age of household</b>	45.747	45.463	1.781	0.032645	0.62991	5
<b>Average age of adults in household</b>	50.654	50.416	1.9094	0.18633	0.60926	5
<b>Age of self-identified household head</b>	54.737	54.216	3.674	0.00033333	0.33774	7
<b>Female self-identified most informed of household affairs</b>	0.51275	0.49752	3.0448	NA	0.39984	1
<b>Armenian</b>	0.15227	0.15255	-0.079133	NA	0.98301	1
<b>Azerbaijani</b>	0.07932	0.1013	-8.1314	NA	0.038379	1
<b>Georgian</b>	0.75567	0.73809	4.0895	NA	0.27632	1
<b>Other Caucasian Ethnicity</b>	0.0084986	0.0058091	2.9289	NA	0.38617	0

<b>Russian</b>	0.00070822	0.00035411	1.3306	NA	0.68314	0
<b>Other ethnicity</b>	0.0028329	0.0018967	1.7607	NA	0.60906	1
<b>No formal education</b>	0.0084986	0.0056893	3.0593	NA	0.37551	1
<b>Primary education only</b>	0.021246	0.023418	-1.5056	NA	0.69809	1
<b>Incomplete secondary education</b>	0.086402	0.092809	-2.2794	NA	0.54134	1
<b>Completed secondary education</b>	0.36827	0.37532	-1.461	NA	0.69107	1
<b>Secondary technical education</b>	0.30453	0.30494	-0.087845	NA	0.98081	1
<b>Incomplete Higher Education</b>	0.011331	0.0082086	2.9494	NA	0.39908	1
<b>Completed Higher Education</b>	0.19759	0.18704	2.6499	NA	0.47168	1
<b>Graduate Education</b>	0.0014164	0.0021246	-1.8824	NA	0.65477	0
<b>Armenian Apostolic Church</b>	0.10552	0.10206	1.1268	NA	0.75439	1
<b>Catholic</b>	0.044618	0.043986	0.30584	NA	0.93565	1
<b>Georgian Orthodox</b>	0.75992	0.74859	2.6512	NA	0.48037	1
<b>Other Christian</b>	0.0056657	0.0029259	3.649	NA	0.25866	1
<b>Muslim</b>	0.080028	0.098115	-6.6635	NA	0.086716	1
<b>Land owned in 2012</b>	13383	13684	-0.77216	2.22E-16	0.78752	480000
<b>Grew high value crops in 2012</b>	0.55099	0.56343	-2.4993	NA	0.4487	1
<b>Grew staple crops in 2012</b>	0.35623	0.37043	-2.9627	NA	0.43181	1
<b>Irrigated land in 2012</b>	0.50071	0.48336	3.4684	NA	0.043679	1
<b>Amount of land irrigated in 2012</b>	11829	11811	0.044548	2.22E-16	0.98735	480000

Table 18: All communities sample balance between treatment and control groups after genetic matching

Variable	All communities after genetic matching					
	Mean treated after matching	Mean control after matching	Mean std. diff. after matching	ks-test bootstrap p-val after matching	t-test p-val after matching	Max eQQ diff after matching
<b>Number of people in households</b>	3.6183	3.5716	2.6394	0.5784	0.043912	1
<b>Average age of household</b>	46.564	46.243	2.0388	0.686	0.079282	5.5
<b>Average age of adults in household</b>	50.992	50.535	3.7258	0.0852	0.0064699	5.5

<b>Age of self-identified household head</b>	55.234	55.272	-0.29622	0.4928	0.83514	6
<b>Female self-identified most informed of household affairs</b>	0.54315	0.54315	0	NA	1	0
<b>Armenian</b>	0.11574	0.11574	0	NA	1	0
<b>Azerbaijani</b>	0.04467	0.04467	0	NA	1	0
<b>Georgian</b>	0.83959	0.83959	0	NA	1	0
<b>Other Caucasian Ethnicity</b>	0	0	0	NA	1	0
<b>Russian</b>	0	0	0	NA	1	0
<b>Other ethnicity</b>	0	0	0	NA	1	0
<b>No formal education</b>	0.0020305	0.0020305	0	NA	1	0
<b>Primary education only</b>	0.0071066	0.0071066	0	NA	1	0
<b>Incomplete secondary education</b>	0.052792	0.052792	0	NA	1	0
<b>Completed secondary education</b>	0.39188	0.39188	0	NA	1	0
<b>Secondary technical education</b>	0.35533	0.35533	0	NA	1	0
<b>Incomplete Higher Education</b>	0.18782	0.18782	0	NA	1	0
<b>Completed Higher Education</b>	0.0030457	0.0030457	0	NA	1	0
<b>Graduate Education</b>	0	0	0	NA	1	0
<b>Armenian Apostolic Church</b>	0.092386	0.092386	0	NA	1	0
<b>Catholic</b>	0.02335	0.02335	0	NA	1	0
<b>Georgian Orthodox</b>	0.83959	0.83959	0	NA	1	0
<b>Other Christian</b>	0	0	0	NA	1	0
<b>Muslim</b>	0.04467	0.04467	0	NA	1	0
<b>Land owned in 2012</b>	9323.5	9154.8	1.7022	2.22E-16	0.45606	10000
<b>Grew high value crops in 2012</b>	0.48528	0.48528	0	NA	1	0
<b>Grew staple crops in 2012</b>	0.61523	0.61523	0	NA	1	0
<b>Irrigated land in 2012</b>	0.3533	0.3533	0	NA	1	0
<b>Amount of land irrigated in 2012</b>	7362.5	7421	-0.62667	4.00E-04	0.79753	13100

## Estimates of effects

In this annex, estimates are presented for project impact. An estimate is presented for the matched sample generated through propensity score matching and the matched sample that was generated through genetic matching. For continuous (or continuous-like) variables, ordinary least squares estimators are presented. For ordinal and binomial variables log odds are presented.<sup>62</sup>

**Table 1: Overall project effects**

Variable	Genetic matching estimate
Household Agricultural Income (GEL)	663.25(310.12)*
Household Non-Agricultural Income (GEL)	330.56 (279.82)
Moving about baseline bottom quartile	0.19332 (0.25227)
Principal component of physical asset wealth	-0.065451 (0.079759)
Dietary Diversity	0.020813 (0.229557)
Money on food	0.313 (0.1881).
Irrigated land	1025.33 (379.47)**
Cultivated land	71298.40 (70652.55)
Food crop land	303.93 (481.34)
High value added crop land	875.09 (676.35)

**Table 2: Irrigation community effects**

Variable	Propensity score estimate	Genetic matching estimate
Household Agricultural Income (GEL)	106.20 (155.60)	135.69 (172.08)
Household Non-Agricultural Income (GEL)	248.80 (316.02)	81.51 (298.01)
Moving about baseline bottom quartile	0.031527 (0.370333)	-0.30024 (0.36856)
Principal component of physical asset wealth	-0.161346 (0.126383)	-0.106321 (0.132962)
Dietary Diversity	0.048114 (0.318640)	0.18083 (0.35659)
Food spending	0.1860 (1.0421)	0.3038 (0.2423)
Irrigated land	1309.06 (919.19)	1494.75 (606.62)*
Cultivated land	155.73 (1212.43)	1253.06 (827.08)
Food crop land	1100.34 (514.25)*	883.51 (654.12)
High value added crop land	2517.0 (2240.9)	669.20955 (757.38493)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

<sup>62</sup> Inside the main body of the text, the exponentiated log odds are presented in order to ease interpretation.

**Table 3: Bridge community effects**

Variable	Propensity score estimate	Genetic matching estimate
Household Agricultural Income (GEL)	-178.32 (447.29)	-547.67 ( 496.06)
Household Non-Agricultural Income (GEL)	332.34 (1195.12)	15.675 (1329.203)
Moving about baseline bottom quartile	1.0213 (1.3815)	1.90954 (0.77980)
Principal component of physical asset wealth	0.48122 (0.23241)*	-0.24953 (0.11334)
Cows	-0.012739 (0.234547)	-0.34218 (0.38466)
Calves	0.032 (0.072)	0.071 (0.034)*
Dietary Diversity	-0.58135 (0.62645)	-0.90698 (0.55833)
Food spending	-0.6524 (13.0113)	0.0592 (1.5728)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

**Table 4: Drinking water community effects**

Variable	Propensity score estimate	Genetic matching estimate
Household Agricultural Income (GEL)	-80.145(109.838)	-113.023 (109.399)
Household Non-Agricultural Income (GEL)	-430.28 (1307.72)	-619.89 (1093.55)
Moving about baseline bottom quartile	0.083667 (0.468520)	0.52188 (0.63835)
Principal component of physical asset wealth	0.071680 (0.095109)	-0.135396 (0.118821)
Drinking water system	2.91056 (0.72961)***	2.17393 (0.63778)***
Time to fetch drinking water	2.1392 (2.2065 )	3.2941 (2.4171)
Dietary Diversity	0.44408 (0.26937).	0.33981 (0.18404).
Food spending	1.6804 (102.8161)	0.8046 (0.5989)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

**Table 5: Leasing component effects**

Variable	Propensity score estimate	Genetic matching estimate
Household Agricultural Income (GEL)	2381.40(1121.66)*	4173.01 (1358.51)**

<b>Household Non-Agricultural Income (GEL)</b>	646.08 (611.55)	972.54 (716.37)
<b>Moving about baseline bottom quartile</b>	-0.19799 (0.28877)	0.71841 (0.36367)*
<b>Principal component of physical asset wealth</b>	-0.133309 (0.078697).	-0.180228 (0.081118)*
<b>Dietary Diversity</b>	-0.11617 (0.26125)	-0.06400 (0.26545)
<b>Food spending</b>	0.2739 (0.8856)	0.2231 (0.1806)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

**Table 6: Female headed household effects**

Variable	Propensity score estimate	Genetic matching estimate
<b>Household Agricultural Income (GEL)</b>	-117.339(93.011)	-73.686 (185.314)
<b>Household Non-Agricultural Income (GEL)</b>	-453.18 (575.97)	-391.67 (551.31)
<b>Moving about baseline bottom quartile</b>	1.50497 (0.95792)	0.33898 (0.80688)
<b>Principal component of physical asset wealth</b>	0.123409 (0.099311)	0.068829 (0.136116)
<b>Cows</b>	NA	NA
<b>Calves</b>	NA	NA
<b>Drinking water system</b>	NA	NA
<b>Time to fetch drinking water</b>	NA	NA
<b>Dietary Diversity</b>	-0.61661 (0.48278)	0.25253 (0.46176)
<b>Food spending</b>	-0.3622 (0.8521)	-0.1152 (0.5564)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

**Table 7: Entire sample effects**

Variable	Exponentiated PSM	Exponentiated GEN
<b>Women's role in decisions related to asset purchases</b>	1.2699 (0.15984)	1.3099 (0.27058)
<b>Women's role in decisions related to what agricultural products are produced</b>	1.0652 (0.160826)	0.8740 (0.23084)
<b>Women's role in decisions related to which agricultural products will be sold or given away</b>	1.1802 (0.19048 )	1.0260 (0.266729)
<b>Women's role in decisions related to planting and taking care of the land.</b>	0.5523 (0.31058)	0.5537 (0.40534)

\*\*\*p<0.001; \*\*p<0.01; \*p<0.05.

Estimates are presented with clustered standard errors in parentheses.

## Bibliography

### ASP Project documents

- IFAD 2004. *Country Strategy Opportunities Paper*, Georgia.
- IFAD 2009. *Agricultural Support Programme – Concept Note*, OSC minutes, OSC 09/05/PN.
- IFAD 2009. *ASP QE Panel Report*.
- IFAD 2009. *ASP, Minutes of CPMT meeting*.
- IFAD, 2010. *Proposed Loan To The Republic Of Mozambique For The Artisanal Fisheries Promotion Project*, President's Report.
- IFAD 2010. *Support for Rural Leasing*, Working Paper 1, Project Design Report, Georgia Agricultural Support Project (ASP).
- IFAD 2010. *Support for Small Scale Rural Infrastructure*, Working Paper 2, Project Design Report, Georgia Agricultural Support Project (ASP).
- IFAD 2010. *Project Design Report Main Report*.
- IFAD 2010. *Support for Small Scale Rural Infrastructure Component Implementation Manual*, Project Design Report, Georgia Agricultural Support Project (ASP).
- IFAD 2011-2015. *Various RIMS Reports, 2011-2015*
- IFAD 2010-2015. *Various Supervision Mission Reports, 2010-2015*
- IFAD 2013. *Baseline Survey for the Agricultural Support Project (ASP)*, Project Baseline Report.
- IFAD 2013. *End-line Survey for the Agricultural Support Project (ASP)*, Project Baseline Report.
- IFAD 2015. *Project Completion Report Digest*.

### Other IFAD documents

- IFAD 2014. *Project Design Report Main Report*. Agriculture Modernization, Market Access and Resilience.
- IFAD 2014. *Project Completion Report Digest*. Rural Development Project for Mountainous and Highland Areas.
- IFAD 2014. *Project Completion Report Digest*. Rural Development Programme.

### External references

- Asian Development Bank. 2013. *Georgia: Country Partnership Strategy (2014–2018)*. Manila.
- FAO 2012. *Assessment of the Agriculture and Rural Development Sectors in the Eastern Partnership countries*, from <http://www.fao.org/docrep/field/009/aq673e/aq673e.pdf>
- Geostat, National Statistic Office of Georgia.  
[http://geostat.ge/index.php?action=page&p\\_id=428&lang=eng](http://geostat.ge/index.php?action=page&p_id=428&lang=eng).
- Kennedy, Gina, Terri Ballard, and MarieClaude Dop. 2010. *Guidelines for Measuring Household and Individual Dietary Diversity*. Technical paper. FAO.



Ho, Daniel E., Kosuke Imai, Gary King, and Elizabeth A. Stuart. 2007. *Matching as Nonparametric Preprocessing for Reducing Model Dependence in Parametric Causal Inference*. *Political Analysis* 15, no. 03 (2007): 199-236. doi:10.1093/pan/mpj013.

Meroni et al. 2017. *Remote sensing monitoring of land restoration interventions in semi-arid environments with a before–after control-impact statistical design*. *International Journal of Applied Earth Observation and Geoinformation*.

Ministry of Agriculture, Georgia, 2016. *Final Implementation Report*, Agriculture Support Project (ASP), International Relations Department, Ministry of Agriculture, Georgia.

Michael Lokshin and Ruslan Yemtsov 2005. *Has Rural Infrastructure Rehabilitation in Georgia Helped the Poor?* *The World Bank Economic Review*, Vol. 19, No. 2, pp. 311–333.

United Nations Development Programme. 2012. *UN Development Assistance Framework for Georgia*. Tbilisi.

World Bank. 2012. *Georgia: Poverty Assessment Update 2011*. Washington, D.C.

World Bank. 2011. *Georgia: Poverty Dynamics since the Rose Revolution*. Washington, D.C.

World Development Indicators Online. <http://data.worldbank.org/country/georgia>.

World Bank Group 2017. *Georgia: Recent Trends and Drivers of Poverty Reduction*, (FY16 Georgia Poverty Assessment) Poverty and Equity Global Practice

World Bank Group 2017.

<http://pubdocs.worldbank.org/en/980951472223098077/Georgia-PPA-FY16-presentation-AUG2016-final.pdf>.