



The European Union
for Georgia

ENPARD: Support to Agriculture
and Rural Development

Development of Agricultural Cooperatives in Georgia with the support of EU-funded ENPARD Programme

The EU is supporting agriculture and rural development in Georgia through its ENPARD Programme. Implemented since 2013 with a total budget of EUR 102 million, the main goal of ENPARD is to reduce rural poverty in Georgia. The first phase of ENPARD in Georgia focused on developing the potential of agriculture. The second phase of ENPARD focuses on creating economic opportunities for rural population that go beyond agricultural activities.

ENPARD's small farmers' cooperation component is implemented by the consortia of following organizations: CARE, Oxfam GB, Mercy Corps, People in Need (PIN) and UNDP Georgia. As of January 1, 2017, the programme had financed more than 260 cooperatives across the country (some more are being added in 2017). ENPARD, through the implementer NGO consortia, supports the cooperatives by purchasing assets (mainly fixed assets), by providing intensive technical support via trainings and bringing experts to the site, as well as helping to build the market linkages for purchasing inputs or selling outputs.

The short summary of key findings below describes the development of EU-supported cooperatives in Georgia. The results are based on the survey conducted in 254 cooperatives, which signed contract for ENPARD grants until 1st January 2017.

Agricultural cooperative development is a long-term process and therefore the survey results will be more consistent after a few years. However, the current data already allows tracking the development of ENPARD-funded cooperatives and showing initial trends to be reported to stakeholders.

Key Findings:

Development of EU-Funded Agricultural Cooperatives across Georgia

Membership and Employment

- 254 surveyed cooperatives had 2,955 members in total (11.6 members on average). However, if we exclude two largest cooperatives with more than 100 members each, the average number of members will be 9.2 (compared to 8.5 members in 2015);
- 39% of surveyed cooperatives employed paid workers in 2016 (compared to 36% in 2015) [1,062 employees in total, although most of them are seasonal workers (73%)].

Gender Mainstreaming

- Out of 254 surveyed cooperatives (regarding 2016 year):
 - 23% of management board members were women (compared to 20% in 2015);
 - 32% of cooperative members were women (compared to 30% in 2015);
 - 51% of paid employees were women (compared to 45% in 2015).
- In total, 37% of members and/or employees of cooperatives were women (compared to 33% in 2015).

Fixed Assets Used by Cooperatives

- The average value of fixed assets used per cooperative increased by 60% in 2016 and comprised 162 thousand GEL (compared to 101 thousand GEL in 2015) and by 200% compared to 54 thousand GEL in 2014;
- 26% of total fixed assets were purchased by ENPARD funds. The rest comes on different sources: contributed by members (38%), rented by cooperatives (17%), etc.;
- 39% of assets value comes from agricultural land.

Financial Performance

Production Value, Gross Income and Profit

Out of 254 surveyed cooperatives, 223 reported their production value in 2016, which comprised to nearly 13 million GEL. Out of this amount, about 11 million GEL was actual income received in financial year of 2016, in which 32% (3.5 million GEL) was net income (profit).

- Compared to baseline year (2014), the cooperatives' **production value increased by 43% on average per cooperative** in 2016;
- While compared to 2015, **this indicator was -3% on average per cooperative** in 2016. Mostly because of unfavorable weather conditions increased in 2016 compared to 2015.

2-Year Development of Cooperatives

- Considering all cooperatives with the baseline year of 2014 (91 cooperatives in total), their financial performance in 2016:
 - Income increased by 64% on average;
 - Profit increased by 30% on average.

Reinvestment

- Most of the cooperatives (76%) reported to reinvest the substantial share of their profits into their cooperative business development.

Production Volumes

The surveyed cooperatives are involved in about 23 different agricultural value chains and produce a huge variety of products. The production volumes of some products harvested by cooperatives in 2016 are listed below:

- 46 cooperatives produced 72 tons of **honey** (3.4% of Georgia's total);
- 34 cooperatives produced 553 tons of **vegetables** (0.4% of Georgia's total);
- 29 cooperatives produced 1,830 tons of **maize** (0.75% of Georgia's total);
- 25 cooperatives produced 4,643 tons of **potato** (1.9% of Georgia's total);
- 20 cooperatives produced or processed 681 tons of (in-shell) **hazelnuts** (2.3% of Georgia's total).

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