

ASSESSMENT OF THE GEORGIAN AGRIGULTURAL CARD PROGRAM

Content

BACKGROUND	3
STUDY OBJECTIVE	3
METHODOLOGY.....	3
RESULTS	5
1. Focus group discussion results	5
1.1 General results	5
1.2 Use of cards.....	6
1.3 Benefits of the cards program.....	8
1.3.1 Impact on land, output and usage of inputs.....	8
1.3.2 Impact on access to machinery and inputs.....	9
1.3.3 Impact on input/output prices.....	10
1.4 Challenges of the cards program	11
1.4.1 Defining the target group of beneficiaries.....	11
1.4.2. Defining priorities for different regions	11
1.4.3 Land size, land segregation and the program implementation mechanism.....	13
1.4.4 Land registration issues	13
2. Results of the interviews with agricultural input suppliers and machinery service providers	14
2.1 General results	14
2.2 Benefits of the card program	15
2.2.1 Impact on turnover and revenues	15
2.2.2 Impact on the linkages with farmers	16
2.3 Constraints of the card program	16
2.3.1 Defining target beneficiaries.....	16
2.3.2 Setting priorities.....	17
2.3.3 The project implementation mechanism.....	17
CONCLUSIONS	18
RECOMMENDATIONS	19
Project administration.....	19
Phase out.....	19
General recommendations	19
ANNEX A1	20
ANNEX A2	23

BACKGROUND

The “Land-Poor-Farmers Assistance Spring Project” started in 2013. The project’s goal is to support rural residents in establishing sustainable farms.

The objective of the assistance program is the promotion of agro-technical activities (plowing) for cultivating annual crops and supplying the industrial inputs (fertilizers and/or seeds and/or plant protection products); and the promotion of the activities of those land-poor-farmers who only have perennial crops on their lands (the provision of fertilizers and/or plant protection products). This project gives farmers an opportunity to cultivate crops on lands that have not been plowed for years.

The beneficiaries of the project receive a card for plowing (the plowing card) and a plastic card, the so-called "agro card", for the purchase of farming goods (agricultural inputs).

STUDY OBJECTIVE

The goal of the study is to evaluate the impact of the cards program with the help of focus group discussions (FGDs) with farmers, and individual interviews with input suppliers and machinery service providers. The objective of this assignment is to understand how effectively the card program was implemented, what the constraints to its effective implementation were, and what impact the program had on farm households.

The current report is based only on the results of the FGDs and interviews. It provides qualitative insight into the program and suggests recommendations.

METHODOLOGY

Focus groups with farmers and individual interviews with input suppliers and service providers were conducted in order to assess the impact of the card program.

A focus group is a form of qualitative research in which a group of people are asked about their perceptions, opinions, beliefs and attitudes towards a product, service, concept, advertisement, idea, or packaging. Questions are asked in an interactive group setting, where participants are free to talk with other group members.

In this study, six FGDs, including a pilot FGD, were conducted in six regions of Georgia that represent different agro-economic zones (e.g. the irrigated arable lowland of the east, the arable and fruit area of the west, upland mixed crop and livestock areas, including some close to input/output markets and others more distant from markets).

Table 1. Research locations

#	Type of interview	Village or City	Municipality	Region
1	FGD 1 (pilot)	Dzegvi and Satskhori	Mtskheta	Mtskheta-Mtianeti
2	Input supplier 1	Tbilisi	Tbilisi	Tbilisi
3	Input supplier 2	Tbilisi	Tbilisi	Tbilisi
4	FGD 2	Uraveli	Akhalsikhe	Samtskhe-Javakheti
5	Input supplier 3	Akhalsikhe	Akhalsikhe	Samtskhe-Javakheti
6	Input supplier 4	Akhalsikhe	Akhalsikhe	Samtskhe-Javakheti
7	FGD 3	Tsintskaro	Tetristkaro	Kvemo Kartli
8	FGD 4	Dedoplistskaro	Dedoplistskaro	Kakheti
9	Input supplier 5	Dedoplistskaro	Dedoplistskaro	Kakheti
10	Input supplier 6	Dedoplistskaro	Dedoplistskaro	Kakheti
11	Service provider 7	Dedoplistskaro	Dedoplistskaro	Kakheti
12	Service provider 8	Bulachauri	Gurjaani	Kakheti
13	Input supplier 9	Magharo	Signagi	Kakheti
14	FGD 5	Shukhuti	Lanchkhuti	Guria
15	Input supplier 10	Lanchkhuti	Lanchkhuti	Guria
16	Input supplier 11	Lanchkhuti	Lanchkhuti	Guria
17	FGD 6	Norio	Abasha	Samegrelo-Zemo Svaneti
18	Service provider 12	Abasha	Abasha	Samegrelo-Zemo Svaneti
19	Input supplier 13	Abasha	Abasha	Samegrelo-Zemo Svaneti

Overall, six FGDs with farmers and 13 interviews with input suppliers and machinery service providers were conducted. The study covered eight villages and five cities, located in nine municipalities of Georgia. The input suppliers and machinery service providers selected for the interviews were located in the same municipalities in which the FGDs were conducted. More detailed information about the respondents can be found in Annex A1.

Two sets of questions were developed for the study. One questionnaire contained questions for focus group participants and the other included questions for input suppliers and service providers. The two question sets can be found in Annex A2.

Pilot FGD and interviews were used to test and revise the questionnaires. APRC team members moderated the focus groups and used audio-recording while conducting the discussions and interviews.

RESULTS

1. FOCUS GROUP DISCUSSION RESULTS

This section presents the results of the focus group discussions categorized by the major topics discussed with participants.

1.1 GENERAL RESULTS

The majority of FGD participants received either the plowing card, the agro card, or both during all three years (2013, 2014 and 2015) of the program's implementation. However, there were cases when some farmers who had received cards during the first year, were unable to get them during the second year because the rules of the program had changed over the period.

"In 2013, I got 930 GEL (including the return of the plow card (120 GEL)) for 2 ha land. Now a land owner who has more than 1.25 ha of land cannot get this voucher. I received it during the first year, but after that I did not get it because I have more than 1.25 ha of land." – Dedoplistskaro, Kakheti

"There are farmers in this village who have more than 1.25 ha and during the first year of the program they got vouchers equivalent to 650 GEL. They did not get any aid from the state later." – Norio village, Samegrelo-Zemo Svaneti

Farmers who no longer satisfy the requirements of the project report that they still need assistance from the state. Some of them even argued that medium- and large-scale farmers need more support than small-scale farmers because, in their view, small-scale farmers are peasants who are unlikely to change their attitudes towards agriculture in the nearest future.

Information about land ownership was mainly collected informally through the local governments. Local village representatives asked each household about the amount of land owned (ownership included both formal and informal ownership) and they trusted the answers received.

"They came to my home in 2012, asking me how much land I own. I answered their question and afterwards nobody checked whether I actually own this land or not." – Dedoplistskaro, Kakheti

In most cases, the distribution of cards was timely. They were mostly distributed during March.

"Distribution was always timely. This village is located in the high zone and seeding starts late, that's why there were no problems." – Uraveli village, Samtskhe-Javakheti

However, in some cases the distribution of cards was late – as in the case of Dedoplistskaro in the Kakheti region:

"We got the agro cards in 2013 and 2014, around this time [March]. It is a little bit late already. It would be better if agro cards were distributed earlier, in the middle of February. Agro dates have changed because of global warming and farmers need inputs earlier than before. The plowing cards

were also distributed a little bit late. It is better to plow in January and not in late February or March.” – Dedoplistkaro, Kakheti

Overall, the distribution of cards in March was acceptable for the majority of respondents in most regions. Kakheti was the only exception.

As for the deadlines for the use of agro cards, farmers gave positive feedback about the changes that were made.

“Last year, September was the deadline for using plowing cards, but the harvest had not been completed then. It will be much better if the deadline this year is December because we can harvest in September and start plowing afterwards.” – Uraeli village, Samtskhe-Javakheti

Since the program targets small-scale farmers, the majority of them received agro cards with an initial value of 50 GEL. According to the farmers, the majority of agro cards was used to purchase fertilizers, seeds, chemicals, pesticides, herbicides, etc.

1.2 USE OF CARDS

The application of cards significantly varies depending on the priorities of the farmers in a region. In some cases, the plowing cards were used for plowing, but in other cases people sold their plowing cards to other farmers or returned them to the municipality in order to receive money on agro cards.

“Some medium-size farmers (10-20 ha land owners), bought vouchers from small farmers at 60-80% of the real price. Quite a large portion of the vouchers were sold. The heads of some families are abroad, so they cannot cultivate their land. As they do not need the vouchers, they sell them. Other people do have land, but do not want to cultivate it, so they also sell their vouchers.” – Dedoplistkaro, Kakheti

There were also cases where farmers returned the vouchers because they had already had their land plowed by the time the vouchers were distributed. Those farmers returned their vouchers to the municipality, which, after checking that the land had actually been plowed, transferred the money from the plowing vouchers to the agro cards.

“I prefer to return the plowing card and receive points on the agro card instead. It is cheaper to rent a private tractor to plow your land, and use the points to buy inputs. You can hire private machinery and pay 20 GEL per ha for service and provide 20-25 liters of diesel. Whereas in the case of the meqanizatori (machinery service center), you need to pay 115 GEL per ha plus mileage fee.” – Dedoplistkaro, Kakheti

“The usage of vouchers is strictly monitored by the Agricultural Projects Management Agency (APMA). If the plowing voucher is returned to local municipal center (Gamgeoba) under code 3

(which means that the land has already been plowed), then this fact is checked.” – Uraveli village, Samtskhe-Javakheti

Another important point mentioned by respondents was that when the total amount of land owned by a household was calculated, all territories were taken into account (including arable land, gardens and residential areas). However, as not all of the land is arable, there always remains some land that cannot be plowed. Since the amount of the card cannot be divided according to the amount of land plowed, this creates an incentive for a farmer to plow the land himself and request the transfer of money from the plowing card to the agro card to purchase inputs.

“I have 0.75 ha of land, but only 0.3 ha is arable land that I am going to plow. The remaining 0.45 ha is not going to be plowed. I prefer to plow the 0.3 ha and apply fertilizers. By returning the plowing card and getting points on the agro card, I can purchase fertilizers and chemicals. This is the option preferred by many farmers... If one farmer is registered as having 0.75 ha, this amount is not completely arable land and at least 0.2 ha always stays unplowed.” – Uraveli village, Samtskhe-Javakheti

In order to ensure the proper usage of plowing and agro cards, the Akhaltsikhe municipality (Gangeoba), has decided not to allow the return of plowing vouchers immediately after distribution. According to the municipality’s representatives, many farmers return the plowing vouchers and ask for the respective amounts to be transferred to their agro cards before the season of applying pesticides starts. The government is trying to encourage people to work on their land and use the cards for plowing. Although the farmers were not happy about this, according to the municipality representatives, this ultimately resulted in increased demand for machinery and increased amounts of land plowed. Once the season for applying pesticides starts, the municipality allows farmers to return their plowing vouchers if they still wish to do so.

Although fertilizers are the agricultural inputs in most demand, in 2013 many farmers purchased agricultural tools, like hoses and barrels, with the help of agro cards. These kinds of purchases were particularly relevant for the villages in the Mtskheta-Mtianeti region, where the biggest issue is the absence of irrigation systems.

“There are often droughts in the village and the entire yield gets damaged. Water dries up in the wells. This program does not have a big effect, because although one can cultivate land and seed something, the harvest is very low without water. Plowing and the cultivation of land does not make sense if there is no water.” – Satskhori village, Mtskheta-Mtianeti

The same concerns were expressed in Tsintskaro village of the Kvemo Kartli region, where irrigation is also an issue. People in this village grow maize, corn, barley and potatoes. The latter crop is of particular importance to the farmers because it is quite resistant to drought. The output of farmers in this village is negatively affected by the absence of irrigation systems and this reduces the impact of the cards program.

1.3 BENEFITS OF THE CARDS PROGRAM

In spite of the challenges existing in different regions of Georgia, overall feedback regarding the program was positive.

“Many people used it and cultivated land that had not been cultivated for years. They learned how to use fertilizers, pesticides, etc., got some benefits from the harvest, and got the stimulus to cultivate their land again.” – Dedoplistkaro, Kakheti

“The amount of plowed land increased compared to 2012 and previous years. Peasants who did not previously plow, started to process their land once they received vouchers. They also used fertilizers and seeds. Almost everyone processed their land.” – Norio village, Samegrelo-Zemo Svaneti

All respondents noted that the program was an important form of assistance to those farmers who could not cultivate their land or purchase agricultural inputs and equipment.

“In 2013, many farmers purchased agricultural equipment that they would never have been able to purchase with their own resources, without the help of cards.” – Shukhuti village, Guria

Many farmers admitted that the cards are basically gifts and they are grateful for them, but 50 GEL is a very small amount of money that is not likely to make a significant difference to a farmer.

“It’s good, because, first, peasants don’t have money and for them these vouchers are a gift; but, on the other hand, what they can buy with 50 GEL vouchers? It is not enough. In 2013, it was good that people could buy saw-machines and other agro equipment when many of them did not even have a hoe and that kind of stuff at home.” – Dedoplistkaro, Kakheti

Assistance amounting to 50 GEL became even smaller in real terms after the exchange rate started to fluctuate and input prices increased.

1.3.1 IMPACT ON LAND, OUTPUT AND USAGE OF INPUTS

A positive impact on the amount of land plowed, output and usage of fertilizers was pointed out in all FGDs, except for those areas in which irrigation system problems existed.

“The amount of plowed land increased. In the past, there were cases when people did not plow their land because of a lack of money. There are no salaries. If it were not for these vouchers, a lot of people would be hungry. This is undoubtedly a good project.” – Uraeli village, Samtskhe-Javakheti

“Almost all the families in our village have land and, because of this, we mostly used the plowing cards. There were a few cases when farmers plowed their land with their own funds and returned the plowing card to the local government.... Everybody in the village plowed land.” – Shukhuti village, Guria

Even in the villages with irrigation problems (Satskhori, Dzegvi and Tsintskaro), respondents reported a significant increase in the amounts of land plowed and fertilizers applied. However, they did not observe a desirable increase in output as a result of the damage caused by drought. In the other villages, respondents claimed to have experienced an increase in output.

“Output has increased by 20-30% in the absence of drought.” – Dedoplistkaro, Kakheti

The application of fertilizers also increased because many farmers used their agro cards to purchase inputs. Having an agro card increases the probability of farmers purchasing inputs so as not to waste the card.

The majority of respondents noted that agro cards were particularly helpful for purchasing fertilizers, but admitted that they would have been less likely to have purchased them in the absence of cards.

“If there was no money distributed through agro cards, I would probably not purchase fertilizers with my own money. I’d prefer to buy flour, for example. For those farmers who have 10 ha of land, 50 GEL does not make any difference; but for small-scale farmers, like me, it does. 50 GEL is not a big amount, but it is better than nothing and still assists me.” – Uraeli village, Samtskhe-Javakheti

There were few instances of crop diversification in the villages. Some respondents explained this by the inability to take risks associated with seeding new crops, while others claimed that their attempts to plant new crops had been unsuccessful due to drought or poor quality seeds.

“There was a problem with the hybrid maize seeds. The seeds were of very bad quality and did not work in our region.” – Norio village, Samegrelo-Zemo Svaneti

In spite of this, some farmers have looked at current trends and are considering switching to products that are in high demand and thus have a high price – like hazelnuts.

“We are mostly seeding the same crops (maize and soybeans). We use maize for our own consumption and for feeding animals and poultry. There are no new varieties in the village. People are now starting to plant hazelnuts, because the price of hazelnuts increased this year and reached 12 GEL.” – Norio village, Samegrelo-Zemo Svaneti

1.3.2 IMPACT ON ACCESS TO MACHINERY AND INPUTS

According to the majority of respondents, their access to machinery and fertilizers significantly increased after the implementation of the cards program. Although there is still some lack of machinery in the villages, demand for plowing is better satisfied than before.

“There are a few farmers in the village who have their own tractors, but they are very old. Three years ago, if there were not enough tractors available in the village, we rented them from neighboring villages. Now this process is easy. Now plowing happens in a timely and organized manner.” – Norio village, Samegrelo-Zemo Svaneti

According to the respondents, the vouchers program has made hiring machinery for plowing easier and, in most cases, there are no delays in service.

“We like this program because it is very important that a farmer has access to a tractor and does not need to look for it himself.” – Satskhori village, Mtskheta-Mtianeti

In most of the villages farmers go directly to the machinery service provider to request the service. When the service provider comes to the village, all farmers willing to use the service and are located nearby can use the service in exchange for their plowing card. Those who do not have a card can still use the service, but need to pay in cash. In some villages, the local village governors take care of bringing the tractors to the village and farmers just need to say which plots they are willing to cultivate.

As for the availability of input suppliers, an increased number of suppliers are present in the municipality centers. Many veterinary and plant protection shops opened after the introduction of vouchers.

“The most important problems for peasants are the lack of access to plowing and fertilizers. So it was a very important program and helped us a lot. If a farmer does not have money and has to wait until the sale of cheese or some other product before renting the tractor, it was frequently too late. Too many people needed tractors simultaneously and everything was messy.” – Norio village, Samegrelo - Zemo Svaneti

All farmers claimed an increased access to inputs, but were disappointed by the gradual reduction of assistance.

“Access to inputs increased, but there is still a lack of fertilizers. During the first year of implementation, a farmer was getting 510 GEL for inputs per 1 ha of land; for the second year, the amount was reduced to 190 GEL per ha, and it is now 140 GEL per ha. This is very bad, because access to fertilizers is crucial for us.” – Shukhuti village, Guria

Not only did the number of input suppliers increase, but so did the variety of inputs. However, access to quality seeds is a problem. Although they are physically available, they are still expensive for the majority of farmers. With the help of cards farmers can buy small amounts of vegetable seeds, but not wheat and barley. These cultures require seeding on relatively large plots and it is not possible to buy such large amounts with the cards.

1.3.3 IMPACT ON INPUT/OUTPUT PRICES

The cards program had a positive impact on input prices. The positive impact was reflected not only in the reduction of the prices of some inputs, but also in the absence of drastic price changes from year to year. The prices of particular inputs were fixed by the government and input suppliers were not allowed to sell their inputs for a higher price.

“Prices of fertilizers increased from 30-35 to 40 GEL. The plowing price decreased from 200 GEL per ha to 140 GEL per ha.” – Uraveli village, Samtskhe-Javakheti

“The competition is quite high and it is difficult to increase prices.”- Dedoplistkaro, Kakheti

“The price of fertilizers or services did not change during these three years.... The price of fertilizer stayed at 42 GEL during these three years. For every shop that participated in this program, the state established some threshold for the maximum price. Representatives from the state are intensively checking the prices.” – Norio Village, Samegrelo-Zemo Svaneti

1.4 CHALLENGES OF THE CARDS PROGRAM

In spite of the fact that farmers consider the cards program to be significant form of assistance, several challenges were mentioned during the FGDs and interviews.

1.4.1 DEFINING THE TARGET GROUP OF BENEFICIARIES

Cards were distributed over all of Georgia to every farmer satisfying the criteria defined by the program’s initiators. According to the interviews, many farmers who were uninterested in working on their land still received cards. Some of them were registered in a village, but actually lived in the city; others were too lazy to work. These kinds of situations resulted in plowing and agro cards being sold.

*“I bought my neighbor’s land plots, but they still receive the vouchers. Why am I not getting them?”
– Dedoplistkaro, Kakheti*

Some of the participants in the FGDs admitted that they have not used the cards at all, or that they plowed the land but did not cultivate it.

“The government assisted me in plowing, but I have not cultivated anything and that is my fault. The government cannot be responsible for everything.” – Shukhuti village, Guria

1.4.2. DEFINING PRIORITIES FOR DIFFERENT REGIONS

Various regions face issues that are considered to be more important than those related to plowing. Respondents talked about the alternative usage of the funds that were spent on the card program.

“The card program costs the government some amount of money and we would prefer it if, instead of these vouchers, the government spent this money on the provision of an irrigation system. In the absence of an irrigation system, the money spent in the framework of this project is wasted.” – Satskhori village, Mtskheta-Mtianeti

Similar recommendations over the priorities for spending money were expressed by farmers from Tsintskaro village in the Kvemo Kartli region. Both villages considered irrigation systems to be the priority and the best alternative for using the funds.

“It is more profitable for me to have livestock, but I have to buy feed for the animals. If there was a watering system, I would grow cereals for my own consumption and would feed them to the livestock as well.” – Tsintskaro village, Kvemo Kartli

Other concerns related to the market for agricultural products were expressed by farmers from Uraveli village.

“Markets for our products is an issue. A farmer has around 1-1.5 tons of potatoes to sell during the year. The client is not coming to the village. The price of 0.30-0.40 GEL per kg is not acceptable for the farmer. Good potatoes for seeding are sold for 1.2 GEL, but not everybody can afford such seeds....” – Uraveli village, Samtskhe-Javakheti

“It would be good if every household got 100 kg of high quality seeds....” – Uraveli village, Samtskhe-Javakheti

“The government should support the farmer by ensuring high prices. If this was done, then the farmers would not need help. If the price of potatoes, for example, was high, then people would start to plow their land without any help.” – Uraveli village, Samtskhe-Javakheti

Many farmers believe that the government should protect the local market from imports and should support local production. According to those farmers, special policies with regard to limiting imports from Turkey, for example, should be employed by the government in order to protect local production.

Similar issues related to the difficulties with markets were mentioned by farmers from other regions.

“Maize is the main product for us and we can’t sell it for an acceptable price.... The same can be said about poultry. The price offered for chicken is so low that sometimes I prefer not to sell it at all.” – Shukhuti village, Guria

Some farmers talked about the importance of creating sustainable employment opportunities for the rural population.

“For the money spent on this project, two juice production factories could have been opened in our region.” – Shukhuti village, Guria

Since regions differ from each other in many aspects, some farmers thought that it would be better if the cards were better suited to particular regions.

“It would be better if the vouchers were region and sector specific. For instance, our municipality has larger plots of land than others.” – Dedoplistkaro, Kakheti

1.4.3 LAND SIZE, LAND SEGREGATION AND THE PROGRAM IMPLEMENTATION MECHANISM

According to National Statistics Office of Georgia, on average, Georgian farmers own 1.25 ha of land divided into several plots. This kind of land distribution negatively affected the implementation of the cards program.

“I have a very small plot of land and the tractors from the mechanization center are too big to plow my plot. I have to hire smaller machinery and pay for the plowing myself.” – Uraveli village, Samtskhe-Javakheti

Another issue that creates problems for the smooth implementation of the cards program is land segregation.

“I have 0.70 ha of land divided into seven plots in different locations and I have to pay for the fuel if I want machinery to go from one plot to another and plow each of the plots. The vouchers cannot be divided into several parts according to the work conducted. This creates a problem.” – Uraveli village, Samtskhe-Javakheti

Farmers are afraid of pushing tractor owners too much because there were cases in the past when land was left unplowed due to the lack of machinery.

If a farmer owns two plots that are very distant from each other and the tractor operator requires the plowing card immediately after plowing one plot, then the farmer has to agree with a neighbor, the owner of the closest plot, to use his card to plow his neighbors land in order to make sure that none of the points on the card are wasted. Later, when the tractor operator returns to the village and there is the possibility to plow the plots that had earlier been left, the neighbor should use his card for plowing the first farmer’s other plots. Another issue is that farmers usually need to get together to make up a certain amount of land before applying to the Meqanizatori for plowing.

These kind of agreements are common among farmers, but they still require time, effort and mutual trust.

1.4.4 LAND REGISTRATION ISSUES

Land registration related problems were mentioned by many respondents from different regions.

“I bought four plots of land, each of 0.25 ha, but the families who sold me the land are still receiving vouchers. Do you know why? Because officially they are the owners of the land. I am not registered as the official owner.”– Dedoplistkaro, Kakheti

The fact that the majority of land is not registered in the electronic database, makes it difficult to find actual information about the land ownership of the majority of Georgian farmers. Frequently, this results in the inadequate distribution of cards and some people who are not even involved in agriculture (who live in the city, have sold their land, etc.) end up receiving cards instead of those who use the land but are not the official owners.

2. RESULTS OF THE INTERVIEWS WITH AGRICULTURAL INPUT SUPPLIERS AND MACHINERY SERVICE PROVIDERS

2.1 GENERAL RESULTS

The majority of input suppliers and service providers had been participating in the card program from the beginning. All of them did so based on their own preference and none of them regretted their participation in 2013 and 2014.

“People became interested in purchasing fertilizers, at the very least so as not to waste a card.” – Akhaltsikhe, Samtskhe-Javakheti

The situation changed in 2015, when the exchange rate fluctuations caused an increase in the price of inputs.

“Prices of inputs are increasing every day because of the exchange rate.” – Lanchkhuti, Guria

Over the three years of implementation, the program became more sophisticated and easier to deal with.

“Now the procedures are simpler. Initially, all the information had to be entered manually. Now there is no need for this. If the cardholder knows his pin code, he can use the card. He can also give the card to another person.” – Akhaltsikhe, Samtskhe-Javakheti

Shop owners admitted that they cannot control whether the cardholder is the actual owner of the card. They believe that if the cardholder knows the pin code, then he/she is either the actual owner, or is trusted by the actual owner, who might have informed the bearer of the pin code or just sold the voucher.

All the input suppliers and machinery service providers are strictly monitored by the APMA monitoring staff.

“The government sets prices on particular inputs and they cannot be sold for higher prices. If I sell that input to a cardholder for a higher price, then I can get fined.... The prices set by the government are acceptable for me and are not harming the business.” – Abasha, Samgerelo-Zemo Svaneti

Although the majority of respondents did not complain about their relationship with the government, some input suppliers were upset by the rules established by the APMA and said that the monitoring staff issue unreasonable fines. Kakheti is an example of a region where such cases were reported. Input suppliers from other regions noted that the monitoring is very intensive and strict, but did not mention any specific cases of fines.

In spite of some complaints regarding the implementation of the program, all respondents stated that the reimbursement of input suppliers always happened in a timely and organized manner. None of the respondents experienced any significant delays in the reimbursement of money.

2.2 BENEFITS OF THE CARD PROGRAM

2.2.1 IMPACT ON TURNOVER AND REVENUES

The increased amount of fertilizers purchased by farmers caused an increase in the turnover and revenues of input suppliers.

“In 2013, turnover was increased 5-10 times. In 2014, it decreased 3-4 times. I expect a decrease in turnover in 2015 as compared to the previous year because of last year’s drought.” – Dedoplistkaro, Kakheti

The decrease in the turnover of some input suppliers in 2014 might be explained by the fact that less money had been provided to farmers through plowing and agro cards than in 2013.

“Sales increased, because card points cannot be exchanged directly for money. So those points should always be used somehow.” – Tbilisi

Although the majority of input suppliers claimed an increase in turnover and revenues, some respondents did not experience any significant change in revenue due to the cards program.

“The majority of my clients do not have cards. Most of them were purchasing inputs before the introduction of cards. The cards might be motivating peasants who could not afford to purchase inputs before. It might work for lazy people, to make them closer to the land and to provide them with concessions. But actually 50 GEL cannot make a difference for a farmer.”- Tbilisi

The majority of the clients of input suppliers remained the same as they were before the introduction of the cards. According to the interviews, none of input shops are heavily dependent on the cards.

“Farmers got concessions, and this program is very important for them. For businesses it is not that important because the majority of clients stayed the same. Those people who were purchasing inputs before are still purchasing them now. This project helped those people who could not afford to purchase inputs.” – Akhaltsikhe, Samtskhe-Javakheti

Thus, in spite of the increase in revenues and sales, input suppliers do not consider themselves to be dependent on the cards program. The only exception might be the machinery service center in Abasha.

“All of our clients have cards. Our future will be uncertain once the cards program ends.” – Abasha mechanization center, Samegrelo-Zemo Svaneti

2.2.2 IMPACT ON THE LINKAGES WITH FARMERS

Input suppliers and service providers have quite good linkages with farmers, and they are trying to strengthen these linkages by participating in these types of programs.

“I thought a lot before joining the project in its third year. But I decided to join in order to not lose my old clients.” – Lanchkhuti, Guria

The fact that input suppliers are selling their inputs to farmers for credit shows that they trust each other.

“Giving money for credit is a normal, usual thing here.” – Abasha, Samgrelo-Zemo Svaneti

“We agreed with a poultry farm owner that once he gets money from selling his eggs and chickens he will pay me back for the inputs he purchased for credit in my shop.” – Lanchkhuti, Guria

All the input suppliers are providing consultations to farmers – a fact that the farmers confirmed. Farmers trust input suppliers and in most cases follow their advice. According to one of the service providers, farmers from the west of Georgia and areas close to Tbilisi need more advice than, for example, farmers from the east, who have generally focused on grape production for many years.

2.3 CONSTRAINTS OF THE CARD PROGRAM

2.3.1 DEFINING TARGET BENEFICIARIES

The same issue of targeting the right people for assistance was mentioned by the input suppliers and service providers.

“A lot of support is provided to small farmers and almost nothing is given to big farmers who are really business oriented. Some 70% of card owners have no idea how these cards can be used. Resale of cards is not allowed. When a large farmer spends 10,000-15,000 GEL on inputs, 50 GEL does not make any difference. Those farmers who are not seriously involved in agriculture, and are not likely to succeed even if they had 1,000 GEL cards, will still try to sell those cards or do some other manipulation.” – Tbilisi

Similar ideas were expressed by other input suppliers.

“There were a lot of cases when card owners did not even know how to use them. One card owner, for example, came in on New Year’s Eve and asked us to give him ‘anything’ in exchange for the points on the card. The card owner did not even know what he wanted. There were a lot of cases like this. Some people did not even use the cards.” – Tbilisi

Both farmers and input suppliers thus stated that better targeting in terms of beneficiaries would have made the program more effective. Due to poor targeting, there were many cases when farmers sold their vouchers.

“Yes, they (farmers) sell their agro vouchers, or they buy fertilizers in the shop and then resell them to other farmers, even at the shop’s gate.” – Dedoplistkaro Kakheti

2.3.2 SETTING PRIORITIES

Like certain farmers, some service providers also talked about the importance of properly selecting the priority issues within the different regions. Some input suppliers named alternatives for using the funds spent on the program. The most frequently suggested alternative was related to irrigation.

“I believe that the better usage of this money would be to build irrigation systems in the villages or to purchase agricultural machinery for villages.” – Tbilisi

“It would be better if this money was used for rebuilding irrigation systems. This is an important constraint for farmers. I think farmers are likely to plow their land without the help of the government, but they cannot improve the irrigation system without government support.” – Akhaltsikhe, Samtskhe-Javakheti

2.3.3 THE PROJECT IMPLEMENTATION MECHANISM

Although the majority of input suppliers and service providers stated that in most cases the reimbursement of money to them was timely, and there were no significant problems with the implementation of the program from the government side, several problematic issues were mentioned related to the rules established by the APMA.

“APMA rules are unreasonable.... When a voucher was sold in front of our shop, the monitoring team thought that we were involved in the process and conducted a financial audit. Although it did not find anything, it still created many problems.” – Dedoplistkaro, Kakheti

“In 2013, one voucher could only be used in one input shop and, since it is hard to predict in advance what inputs you might need, farmers were leaving their vouchers with us and were taking inputs whenever they needed them. When we submitted those vouchers for reimbursement, the APMA again created problems. However, this problem was partially solved by the new plastic card system that was introduced later. The new card system is better and it does not have that constraint – it is multi-usable.” – Dedoplistkaro, Kakheti

“When you have packages of 100 g for sale and these run out so you are left only with a 2 kg package (which could be enough for the whole municipality), you cannot open that and sell it at the same price as you could with the smaller packages.” – Dedoplistkaro, Kakheti

The latter quote reflected the idea that small packages of inputs usually have a higher price than larger packages. In 2013-2014, if an input supplier opened a large package and sold smaller amounts at the price

of a small package, he was fined by the APMA because of the price set by the seller. These kinds of fines were very common and some input suppliers were fined almost every week. In 2015, input suppliers are not allowed to open the large packages and sell smaller portions, which should reduce these kinds of problems.

Another issue was mentioned by the machinery service providers.

“A license for the provision of machinery services is given to private mechanization companies that do low-quality plowing.... There was a case when farmers refused to get the service from such a company, in spite of the fact that this company was supposed to do the plowing in this village.” – Abasha mechanization center, Samegrelo-Zemo-Svaneti

According to a representative of this center, the quality of services provided by private companies is worse than the quality offered by the government mechanization center.

“Private companies do not do deep plowing. Their depth is 10 cm, compared to ours of 30 cm”, - Abasha mechanization center, Samegrelo-Zemo-Svaneti

CONCLUSIONS

It can be concluded that the cards program received positive overall feedback from both farmers and input suppliers. In the short-run, it had a positive impact on farmers and input suppliers, because most of the farmers increased the amount of land plowed, and used more fertilizers and machinery services. This led to an increase in the sales and revenues of input suppliers and machinery operators. Access to inputs and machinery services increased. There is still a lack of machinery in the villages (small-size machinery, in particular), but the problem is not as stark as it was in the past.

In spite of generally positive feedback, there are significant issues impeding the successful implementation of the project in some regions. These are related to the selection of target beneficiaries; the design of the project; the issues of land registration, land segregation and size; access to quality inputs; and, more importantly, the existence of other, more severe, problems than plowing and cultivation.

Many respondents stated that the cards program is not the most efficient use of government funds for agricultural sector development. They talked about irrigation, markets, employment and other problems that have a higher priority for them.

The long-run effect of this program is not clear. Most farmers still have hopes about the continuation of the program and claim that it is a necessity. However, it is doubtful that the main message of the program was understood by majority of farmers: they were supposed to get significant support during the first year of implementation followed by a gradual reduction of support leading to less dependence on the project.

RECOMMENDATIONS

PROJECT ADMINISTRATION

- Develop a consistent approach for registering beneficiaries. According to the FGDs, in some cases cards were provided to farmers based on the information they provided to the village representatives, whereas in other cases information from the land cadastral was used.
- Take into account the different climatic conditions of various regions when planning the timeframe for the distribution of cards. Better timing could be suggested based on the differences between the regions of Georgia.

PHASE OUT

- Develop a typology of farmers in order to identify target groups for such kinds of programs. A farm-specific approach should be employed based on such a typology. Farms of different sizes require different approaches and can hardly benefit from a universal approach.
- Only support those farmers who have the potential to become commercially viable. Not all farmers (and few small-scale farmers, in particular) are business oriented and commercially viable. Their resources are usually restricted and alternatives other than employment in the agricultural sector might be more beneficial for them.
- Use a region-specific approach that implies the identification of problems existing in different regions with the aim of prioritizing them. There might be issues (e.g. a lack of irrigation) in a region that would negatively affect any type of assistance unless the prior issue is solved.
- Improve the access of farmers to information about better agricultural practices. Success stories might be presented in order to increase farmers' awareness about the benefits of improved agricultural practices.
- Ensure quality control of inputs. Since farmers usually have very limited resources, it is important to improve their access to quality inputs. This will contribute to increasing farm productivity.

GENERAL RECOMMENDATIONS

- Support land registration. Since the majority of lands are not formally registered in the electronic database and as land market transactions are usually informal, neither the formal nor informal land ownership information is reliable for decision-making. Land taxes and payments as well as land auction mechanisms should be revised in order to improve the land registration process and increase the number of farmers officially registering land.

- Rural development. Since there are still a lot of farmers who sold their vouchers, used them improperly or did not use them at all, one might suggest that these people are not interested in agriculture. It is thus hardly possible to “tie” them to their land and increase their productivity so that they are at least self-sufficient. Rural development is needed to overcome this challenge and support structural change in the economy.
- Focus more on agricultural projects and less on social ones. Although agricultural development has important social implications for the population, it is important to plan and implement purely agricultural projects with clear agricultural targets, like increased productivity, output etc. Agricultural projects should be solving problems related to agriculture and social projects should be designed to solve social issues. Mixing priorities and goals might not solve any of the issues.
- Combine qualitative and quantitative information. In order to make a final decision about the impact of the project and its future, both quantitative and qualitative data should be analyzed.

ANNEX A1

List of FGDs participants

#	First Name, Last Name	City or Village	Municipality/Region	Type of farming	Phone Number	Interview date
FGD 1 (Pilot)						
7	N/A; 7 participants	Dzegvi & Satskhori	Mtskheta/ Mtskheta-Mtianeti	Crop production	N/A	11.03.2015
FGD 2						
1	Iasha Kapanadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	555303014	13.03.2015
2	Merabi Kapatadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	598097683	13.03.2015
3	Valiko Modebadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	598270330	13.03.2015
4	Budu Modebadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	598097666	13.03.2015
5	Vasili Modebadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	598097700	13.03.2015
6	Besik Gogsadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	N/A	13.03.2015
7	Gocha Kapanadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	N/A	13.03.2015
8	Gocha Modebadze	Uraveli	Akhaltzikhe/ Samtskhe-Javakheti	Animal Husbandry	N/A	13.03.2015

FGD 3						
1	Neli Ansiani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	577300365	13.03.2015
2	Bela Gazdeliani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	595212022	13.03.2015
3	Eleonora Gurchiani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	595303116	13.03.2015
4	Nana Stefliani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	598198088	13.03.2015
5	Anzor Ghorjomeladze	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	591954445	13.03.2015
6	Piqria Mishveliani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	598530912	13.03.2015
7	Goderdzi Pakeliani	Tsintskaro	Tetristskaro/Kvemo Kartli	Mixed farm	599347803	13.03.2015
FGD 4						
1	Iveri Chuchulashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Crop production	555135323	14.03.2015
2	Shalva Popiashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Crop production	577180531	14.03.2015
3	Giorgi Gonashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Animal Husbandry	557950604	14.03.2015
4	Zura Masurashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Animal Husbandry	591012615	14.03.2015
5	Ilia Masurashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Mixed farm	598163316	14.03.2015
FGD 5						
1	Piruzi Bokuchava	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	577662963	16.03.2015
2	Zaza Gvazava	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	599855731	16.03.2015
3	Merabi Makalatia	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	595394388	16.03.2015
4	Sasha Topuria	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	568978475	16.03.2015
5	Gia Topuria	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	598821676	16.03.2015
6	Besiki Khevsuriani	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	598243459	16.03.2015

7	Murmani Topuria	Norio	Abasha/Samegrelo-Zemo Svaneti	Crop production	557907669	16.03.2015
FGD 6						
1	Lamara Khitsikadze	Shukhuti	Lanchkhuti/Guria	Mixed farm	557022272	16.03.2015
2	Ketevan Oragvelidze	Shukhuti	Lanchkhuti/Guria	Mixed farm	599554550	16.03.2015
3	Nadejda Sokolovi	Shukhuti	Lanchkhuti/Guria	Mixed farm	551910019	16.03.2015
4	Davit Pirtskhalaishvili	Shukhuti	Lanchkhuti/Guria	Mixed farm	591695995	16.03.2015
5	Aleksandre Bzekalava	Shukhuti	Lanchkhuti/Guria	Mixed farm	551094063	16.03.2015
6	Aleksandre Sarishvili	Shukhuti	Lanchkhuti/Guria	Mixed farm	593515491	16.03.2015
7	Iuri Oragvelidze	Shukhuti	Lanchkhuti/Guria	Mixed farm	N/A	16.03.2015

List of input suppliers and service providers

#	First Name, Last Name	City or Village	Municipality/Region	Type of activity	Phone Number	Interview date
1	Davit Bejuashvili	Tbilisi	Tbilisi	Input Supplier	N/A	11.03.2015
2	Grigori Kapanadze	Tbilisi	Tbilisi	Input Supplier	571302620	11.03.2015
3	Khvicha Jaoshvili	Akhaltsikhe	Akhaltsikhe/Samtskhe-Javakheti	Input Supplier	N/A	13.03.2015
4	Archil Sokhadze	Akhaltsikhe	Akhaltsikhe/Samtskhe-Javakheti	Input Supplier	571302620	13.03.2015
5	Misha Kandashvili	Magharo	Sighnaghi / Kakheti	Input Supplier	595390494	14.03.2015
6	Givi Popiashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Input Supplier	558771754	14.03.2015
7	Beka Gonashvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Input Supplier	599567131	14.03.2015
8	Revaz Zurabashvili	Bulachauri	Gurdjaani / Kakheti	Machinery service provider	595545353	14.03.2015
9	Otar Nadareishvili	Dedoplistskaro	Dedoplistskaro/Kakheti	Machinery service provider	599740795	15.03.2015

10	Davit Makatsaria	Abasha	Abasha/Samegr elo-Zemo Svaneti	Machinery service provider	N/A	16.03.2015
11	Ivane Jolia	Abasha	Abasha/Samegr elo-Zemo Svaneti	Input Supplier	N/A	16.03.2015
12	Guram Ugrekheldze	Lanchkhuti	Lanchkhuti/Guria	Input Supplier	N/A	16.03.2015
13	Jaba Bzekalava	Lanchkhuti	Lanchkhuti/Guria	Input Supplier	N/A	16.03.2015

ANNEX A2

Questions for FGD participants

1. Did you get vouchers in 2013, 2014 or 2015? Was the distribution of cards timely?
2. What was the value of the voucher?
3. How did you use them?
4. How much land was usually cultivated before the cards program? How did the situation change after the projects?
5. Did you increase your usage of inputs like fertilizers? Did you change the process of application of fertilizers (e.g. time)?
6. Was there any change in output after you started to use the cards?
7. Was there any diversification of crops after the introduction of the cards?
8. How were you purchasing the goods and services you purchased with the help of cards before the introduction of the cards? (E.g. did not purchase at all, purchased with cash etc.)
9. Was there any impact on large-scale farmers and input suppliers? Did they benefit, or was it mostly small farmers?
10. Did you (farmers in your village) sell your vouchers to other farmers?
11. Did input-output prices change? By how much?
12. Is there a change in demand for machinery and input services?
13. Are you better connected with input suppliers? Do you feel that you have better access to input suppliers?

14. What were the main challenges of the program? (Quality of inputs/services? Availability of inputs/services? Availability of advice? etc.)
15. What would you change or add?

Questions for input suppliers and service providers

1. Please list five products in most demand by farmers.
2. How good or bad was the implementation of this program by the government?
3. What challenges did this program have in 2013 and 2014?
4. How is the voucher program going this year (2015)? Are there any challenges?
5. What has changed in the program over the three years?
6. What did you learn from this program – from the government side (e.g. setting price ceilings) as well as from the farmer side (e.g. selling their own agro cards)?
7. How much has your turnover increased because of this program?
8. How does the vouchers program affect your revenues? (Approximate share of revenues attributable to cards)
9. Can farmers get any advice from you or anybody else in your shop?
10. How strong are the linkages between you and the farmers? Do you trust each other?
11. How much money, on average, do farmers usually spend in your shop when using the cards?
12. Do farmers have any complaints about the program?
13. Do large-scale farmers also come with agro vouchers to buy inputs?
14. Did farmers sell their fertilizer to other farmers at a lower price to get cash?
15. Was the reimbursement of suppliers and service providers timely?
16. What constraints did you face regarding your relationship with the government?
17. What constraints did you face regarding your relationship with farmers?
18. What constraints did you face regarding your relationship with your input suppliers?
19. Why should (or shouldn't) the government continue this program? What would you change?