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Building a Diverse, High-Value Export Market for Georgia's Agriculture Sector



Using findings from its USAID Agriculture Program evaluation, USAID/Georgia strengthened local business operations by increasing export partnerships between small- and medium-scale farmers and the private sector, leveraging digital platforms, and bolstering Georgian producer associations. Ultimately, the program surpassed its target for export sales by 300 percent.

CONTEXT

Agriculture is a key driver for Georgia's economic development, providing a safety net for 50 percent of the country's population—and an opportunity to forge stable trade partnerships across the globe. Through the U.S. Agency for International Development (USAID) Agriculture Program (2018–2023), USAID/Georgia sought to catalyze agricultural development by strengthening the competitiveness, diversity, value of production, and market access of key agricultural value chains, including berries, culinary herbs, stone fruits, perishable vegetables, pome fruits, table grapes, mandarins, and nuts. By offering cost-shared grants and technical assistance, the program helped small and medium producers of specialty products diversify their access to high-value international markets, build reliance beyond Russia, and build sustainable business models.



USAID/GEORGIA

Blueberry sorting in Agrolane Ltd., a USAID-supported blueberry processing and packing facility

Ultimately, the USAID Agriculture Program reached hundreds of thousands of farmers and surpassed its export sales target by 300 percent. It also contributed to the creation of 6,000 new jobs, increased the incomes of more than 100,000 Georgians, brought Georgia's agriculture sector closer to European Union (EU) standards, and facilitated export of agricultural products worth about \$150 million. To build on this success, USAID/Georgia sought findings from its midterm evaluation to improve implementation and inform the design

of its follow-on activity. This evaluation aimed to assess the effectiveness of specific programmatic approaches toward achieving intended results, provide recommendations on corrective actions and new directions for the program's remaining years, and inform the design of future programs.

EVALUATION METHODOLOGY

The evaluation team, led by USAID's Learning, Evaluation, and Analysis Project III, used a mixed-methods approach, pairing online surveys and group interviews with qualitative, in-depth key informant interviews with key stakeholders, program partners, and informants. Local input was included throughout the evaluation process. Not only did the evaluation team include a local Georgian Senior Evaluation Specialist and Georgian Technical Experts, but the evaluation also incorporated research from a Georgian economist on the economic impact of COVID-19, as well as economic data provided by Geostat, a local statistical agency. Overall, the team's information gathering included a desk review that covered 34 documents, two online surveys that reached 123 people, and 75 individual and group key informant interviews covering 88 respondents. Questionnaires were organized around evaluation questions and customized for each stakeholder group.

Broadly, the evaluation sought to understand how the program's interventions contributed to diversification of exports to preferred markets (i.e., outside of Russia), how the program's support to sector associations, cooperatives, and government institutions helped to catalyze value chain development, to what extent the program's grant component contributed to strengthened value chain development and addressed market gaps and failures, and how the program approaches can be adapted in the face of economic contractions related to the COVID-19 pandemic. To analyze responses and evaluation data, the evaluation team used a comprehensive "Getting to Answers" tool to map the evaluation questions to data sources and data analysis methods. They reviewed qualitative data from interviews and online surveys to identify patterns, themes, and trends relevant to each evaluation question, and examined divergences in responses by reviewing existing material or conducting follow-up interviews. They triangulated multiple data sources to strengthen their analysis. For a detailed description of the methodology, see the [evaluation report](#).



EVALUATION FINDINGS

The evaluation found that the USAID Agriculture Program helped increase exports to U.S. government-preferred markets, including a fourfold increase to the EU and United States and new linkages in Gulf states. Moreover, the number of firms registered on Enterprise Georgia's [Trade with Georgia platform](#) doubled.

The evaluation found evidence that linkages to these high-value markets depended on the USAID Agriculture Program's continued presence. In



addition, systemic challenges, such as the business enabling environment and access to export finance, continue to impede sustainable export diversification. To prevent a reversal in gains after the end of the program, the evaluation called for systems strengthening, reflecting [USAID's Local Capacity Strengthening Policy](#). In the Georgian context, this included a need for increased support from Georgian associations and government institutions; expanded linkages with preferred markets; and greater investment in systems-level interventions, such as mobilizing private capital, increasing innovation capacity, or addressing sector- and policy-level binding constraints. The evaluation found that priority agricultural value chains were not yet self-sustaining, but noted promising progress in terms of improved relationships between value chain actors and proactive compliance with market standards. The evaluation recommended strengthening the capacity of associations and other private sector partners with the highest potential for growth to catalyze self-sustaining agricultural market systems development.

ACTION BASED ON EVIDENCE FROM THE FINDINGS

The evaluation recommendations resulted in concrete actions during the USAID Agriculture Program's final years. For example, the program helped establish the Georgian Agri-Export Group, marking a strategic shift to bolster market systems development in Georgia. This platform serves as a nexus for collaboration among public entities and sectoral associations and groups. The initiative includes key public sector stakeholders responsible for coordinating and implementing market development programs, including Enterprise Georgia, the Rural Development Agency, and the National Wine Agency. Moreover, the platform boasts robust private sector representation, including numerous producer associations supported by the USAID Agriculture Program, including those representing the berry, nuts, and wine sectors. It serves as an optimal forum for stakeholders to deliberate and align on market and export-related strategies and action plans. Importantly, even in the absence of direct program support, the collaborative effort will be sustained through ongoing working meetings and discussions.

Following the evaluation recommendations, the USAID Agriculture Program worked to facilitate private sector partnerships with the highest



Georgian product showcase event supported by USAID connects Georgian exporter brands to importers in the United States

potential for growth. These partnerships allowed the project to harness private sector expertise and innovation to solve supply chain problems, meet market standards, consolidate products from smallholders, and diversify markets. For example, the program helped organize local producers to supply produce to McDonald's Corporation, replacing about \$1 million in lettuce imports. Through this mutually beneficial partnership, local growers received support to meet market standards, including [GlobalG.A.P. certification](#)—an internationally recognized mark of quality—and technical assistance and training related to integrated pest management. In turn, McDonald's gained access to high-quality, domestically-grown produce. Additionally, the program helped Georgian farmer associations partner with [GNP Grupe](#) to supply EU retail chains with products worth about \$200,000, such as spices, preserves, juices, sweets, and mineral water. This partnership organized a special "Georgian Corner" in Vinoteka stores in the Baltic states, highlighting Georgian products. Market access is often a hurdle for small producers due to small-scale production and inconsistent quality of produce. As such, the program's support in identifying the intermediary (i.e., consolidator or distributor) between smaller producers and the retailer was instrumental in helping Georgian producers and processors to reach high-end markets.

The USAID Agriculture Program also used the evaluation findings to strengthen its work with the Georgian blueberry industry. As a result of limited



Cold storage facility of Ore Blueberry Ltd., a USAID TA beneficiary

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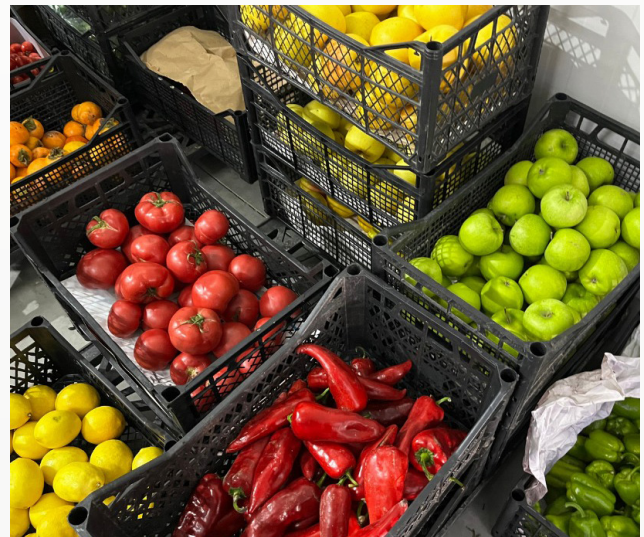
project resources, the program was spread thin as it tried to help small and medium producers access lucrative export markets in the EU and Gulf states. The evaluation found that buyers had low confidence in producers' ability to meet their standards after program support ended. Therefore, the program shifted its focus to strengthening and working with producer associations, which represent dozens to hundreds of farmers, enabling the program to reach more farmers while allowing potential buyers to more easily approach producer associations for sales. Furthermore, the program was able to help far more producers than its resources allowed by partnering with Georgian firms such as GeorgianBlue (FCO LLC), Agritouch LLC, and Blueberry LLC, to connect buyers to the Georgian Blueberry Growers' Association. As a result, the association piloted shipments of 74 tons of blueberries, valued around \$400,000, to the Netherlands, Poland, and Germany.

enabling environment. It also worked with the Georgian Cold Storage and Logistics Association to establish a short-term professional program on cold storage management. Now, any Georgian farmer can obtain formal certification and accreditation for these courses.

Finally, the evaluation will inform design of the follow-on project. Because export markets do not pay cash to producers immediately upon product shipment, the evaluation emphasized the need for export financing schemes for small to medium agribusinesses. While the USAID Agriculture Program addressed this in partnership with the Bank of Georgia, the follow-on project will focus on export diversification. Diversifying sources of export financing under the new project—and exporting 10-15 more products by volume than under the program—will contribute to the success of Georgian producers.

Taking into account the evaluation recommendation to better utilize digital platforms, the program partnered with a private online platform to identify and fill unutilized global cold storage space (which is typically 10 to 15 percent unfilled). By linking ready producers with available space, small producers can access the space at a discount, while storage facilities can maximize efficiency and income. During the trial period, producers sold apples to the lucrative market of Dubai. By working with a private company, the program built a sustainable, long-term business opportunity for Georgian farmers.

The program partnered with Georgian universities to establish educational courses on berry and culinary herbs production, in response to the evaluation recommendation to engage with educational institutions to build the business



USAID AGRITALK

USAID-supported fruit and vegetables sorting and packing facility

LESSONS LEARNED

- ▷ **Invest in building local capacity at scale.** Following evaluation findings that buyers had low confidence in producers' standards (despite the USAID Agriculture Program's significant efforts to work directly with producers), the project pivoted to work with producer associations. This allowed the project to reach a larger audience and improve sustainability through strengthening the capacity of associations, rather than individuals.
- ▷ **Link the evaluation in the solicitation for follow-on projects.** This practice encourages further uptake of evaluation evidence by allowing the proposer to incorporate the evaluation findings into their proposal.
- ▷ **Conduct regular check-in meetings with the evaluation team and Mission.** These meetings are critical, especially for remotely conducted evaluations. Due to travel restrictions associated with the COVID-19 pandemic, the USAID Agriculture Program evaluation was implemented remotely. In this environment, weekly check-ins with the Mission helped ensure the timely identification and resolution of any administrative and technical issues.
- ▷ **Leverage implementing partners from the program being evaluated.** Implementing partners can share accurate and factual information with the evaluation team. They can also provide critical support in arranging hard-to-schedule meetings, such as those with key government stakeholders.
- ▷ **Hold validation workshops to improve the quality of the evaluation while also ensuring Mission buy-in to implement the recommendations.** The evaluation team held a validation workshop to present initial findings, conclusions, and recommendations to USAID/Georgia staff, including Contracting Officer's Representatives, Economic Growth and Program Office staff, and senior leadership. By facilitating group discussion and building shared understanding, workshops give space for USAID technical experts to question initial findings and conclusions and validate or refute recommendations, while also allowing sufficient time for the evaluation team to respond to this feedback in the final evaluation. Workshops also play an important role in garnering Mission technical staff buy-in and willingness to implement evaluation recommendations.
- ▷ **If applicable, consider engaging an economist to research program impact and important contextual data.** Evaluation teams can benefit from engaging an economist to conduct economic research using publicly available third-party data. The USAID Agriculture Program evaluation employed a Georgian economist who used data from Geostat (a local statistical agency) and other third-party data to conduct research on the local economic impact of the COVID-19 pandemic. Ultimately, this contextual data analysis helped identify linkages between program results and broader country-level impact.



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