**UNDP Georgia**

**FINAL EVALUATION REPORT**

Final External Evaluation of the “Improving Rural Development in Georgia” Project under ENPARD III

**Funded by the EU and co-funded by the Government of Ajara Autonomous Republic for a total amount of EUR 10,083,200**

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Field work 31.10.2022-19.11.2022 in Tbilisi and five municipalities (Lagodekhi, Dedoplistskaro, Tetritskaro, Keda, Khulo)

30th December 2022

**Table 1: Evaluation details**

|  |  |  |
| --- | --- | --- |
| **Project /Outcome Information** | | |
| **Project/Outcome Title** | Improving Rural Development in Georgia (IRDG) | |
| **Atlas ID** | 00097870 | |
| **Corporate Outcome and Output** | Not indicated on project document | |
| **Country** | Georgia | |
| **Region** | Eight municipalities in five regions: Mtskheta Mtianeti, Kakheti, Kvemo Kartli, Samtskhe Javakheti, Ajara AR | |
| **Start Date of Project document** | 1st January 2018 | |
| **End date of project** | 2nd December 2022 (operationally) end February 2023 for the financial closure | |
| **Total committed budget** | EUR 10 083 200 (ten million eighty three thousand two hundred Euros) | |
| **Project expenditure at the time of the evaluation** | Fully disbursed 100% | |
| **Funding source** | EU for € 10 million, Ajara AR government for € 83 200 | |
| **Implementing Party** | UNDP (DIM) with support from MEPA | |
| **Evaluation Team leader** | Christian Bugnion de Moreta | |
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|  | ***Start*** | ***End*** |
| **Evaluation dates** | 13 September 2022 | *31 December 2022* |

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**Acronyms and abbreviations**

ARDS: Agriculture and Rural Development Strategy of Georgia 2021-2027

CPD: Country Programme Document

DAC: Development Assistance Committee

ENPARD: European Neighbourhood Programme for Agriculture and Rural Development

EU: European Union

FAO: Food and Agriculture Organisation

FE: Final Evaluation

FGD: Focus Group Discussion

GAAR: Government of Ajara Autonomous Republic

GE: Gender Equality

GEWE: Gender Equality and Women Empowerment

GoG: Government of Georgia

HRBA: Human Rights Based Approach

IACC: Inter-Agency Coordination Council for Rural Development

IP: Implementing Partner (NGO, CSO or service provider)

IR: Intermediate Results

IRDG: Improving Rural Development in Georgia

KII: Key Informant Interview

LAG: Local Action Groups

LNOB: Leave No One Behind

MEPA: Ministry of Environmental Protection and Agriculture

MRDI: Ministry of Regional Development and Infrastructure

MSC: Most Significant Change

OECD: Organisation for Economic Cooperation and Development

RD: Rural Development

RDAP: Rural Development Action Plan

RDC: Rural Development Council (Ajara AR)

RDS: Rural Development Strategy

RF: Results Framework

SDGs: Sustainable Development Goals

ToC: Theory of Change

ToR: Terms of Reference

UNDG: United Nations Development Group

UNDP: United Nations Development Programme

UNEG: United Nations Evaluation Group

VET: Vocational Education Training

WB: World Bank

WG: Working Group

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Finally a word of thanks to all the people who agreed to be interviewed and with whom discussions were held, face to face or in some cases through virtual means, from all stakeholders’ categories, allowing this evaluation to obtain stakeholders’ perceptions regarding the project performance.

# Executive Summary

## Object and rationale for the evaluation

The United Nations Development Programme (UNDP) Country Office has hired a team of two independent consultants to undertake the decentralised Final Evaluation of the Project: “Improving Rural Development in Georgia (IRDG)” under the European Union (EU) financed ENPARD III programme (European Neighbourhood Programme for Agriculture and Rural Development). The evaluation takes place at the end of the project and is meant to provide accountability to the UNDP and its stakeholders and provide an assessment of the project performance and key results, including gaps and good practices, and formulate recommendations for the design of similar projects.

The unit of analysis is the € 10 million project that has been directly implemented in Georgia since 1st January 2018 until 2nd December 2022 by the UNDP in partnership with the Ministry of Environmental Protection and Agriculture (MEPA). The project is part of the larger EU funded ENPARD III programme which allocated a total of € 77.5 million in phase III from 2018 until 2022, under which the IRDG is funded.

The overall goal of the project is to assist the Government of Georgia (GoG) in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance. The expected project outcome is that more diverse rural services are delivered to the population in a more efficient, effective and sustainable manner. The project defines four outputs, and the EU developed Results Framework (RF) that consists of two indicators at the impact level, two indicators at the outcome level, and two indicators for each of the first three outputs, as the fourth output is the aggregate of outputs 1 to 3 for Ajara Autonomous Republic (Ajara AR). A total of ten indicators are thus part of the RF.

## Evaluation methods and approach

The evaluation approach used a mixed-methods combination and was “utilization focused”[[1]](#footnote-2). The evaluation started with a desk review of the relevant project documentation and the preparation of the inception report.

A qualitative data collection phase mainly using appreciative enquiry and contribution analysis was undertaken with 82 Key Informants from the different stakeholder categories at national and field level in the eight project municipalities of the five regions, although physical data collection and observation was carried out in five selected sample municipalities.

Data collection was done through Key Informant Interview (KII) and Focus Group Discussions (FGD) with an average interview time of 60 minutes for KII and 78 minutes for FGD. In addition, 40 direct grant beneficiaries, 33 of which were RDA grantees for business projects, were interviewed. In total the evaluation interviewed 123 persons of which 36 women. KII used a questionnaire to ensure consistency and comparability across respondents and a five-point rating scale in order to rate the level of satisfaction of the different stakeholders with the support provided by the UNDP.

The quantitative analysis was done using the data contained in the comprehensive M&E database developed for MEPA and its specific adaptation for the project M&E results, extracting a number of tables regarding the project activities and the updated RF indicators. It also used the financial information to appraise project delivery.

## Principal findings (structured by evaluation criterion)

IRDG has shown a high relevance to local needs. It used a bottom-up approach and addressed new aspects of non-agricultural Rural Development (RD) on pilot basis, with 663 different initiatives, projects and interventions during the life of the project. It is part of a larger programming framework of the EU, the ENPARD programme, which is the reference framework for the project.

The project could have benefitted from greater internal coherence in the selection of the target municipalities. However, the geographical coverage was determined by the donor based on the LEADER approach and the choice of the eight target municipalities do not reflect similar needs or characteristics which would enable economies of scale or an area-based programme. The geographical coverage is therefore more a cluster of scattered municipalities across the country, which benefit from the existing of Local Action Groups (LAG) under the EU LEADER approach.

The project was efficiently managed by a small team of project staff. All of the budget has been delivered according to the information from the UNDP and while the final financial information will only be available at the end of February 2023 it appears that the project delivery is at 100%. The project had to face a number of challenges due to its size and scope, and had to adjust to the COVID-19 pandemic which further created delays. It showed good adaptive management capacity and was able to show some flexibility to respond to the changing context and in order to partially mitigate the negative socio-economic effects of the pandemic. In this UNDP showed good responsive capacity from the point of view of the primary project stakeholders. UNDP worked at both the national level (with MEPA and key institutions such as the Rural Development Agency – RDA), parliament and other national stakeholders, while also working at the Ajara AR government level, at the municipal level with municipalities, LAGs, Implementing Partners (IPs) and grantees working in multi-sector interventions. The capacity of UNDP to provide multi-sector and multi-level support also indicates good programme management efficiency.

In term of key results, the UNDP provided critical capacity development and institutional reform support to the MEPA and the RDA. The effects go beyond the project outcome statement which targeted the development of a Rural Development Strategy (RDS) and related Action Plans (AP). Not only were policy documents and programmatic documents elaborated, but the capacity of institutions that were undergoing a profound transformation (MEPA was created from the previous Ministry of Agriculture during the time of the project implementation) were substantially strengthened as the project support showed the way towards compliance with EU standards and requirements, in line with the spirit of the EU Association Agreement (AA). This allowed MEPA to develop its capacity as Managing Authority and included the use and management of the comprehensive database established through the IRDG. This database allows for a monitoring of the current ARDS 2021-2027 and related APs, and has been instrumental in supporting the production of the annual reports. In the words of one key informant, the support allowed MEPA and RDA to be four years ahead towards its goals.

At the operational level, key results include the creation/sustaining of 609 jobs of which 286 women, the training of 2 113 people through Vocational Education and Training (VET) of which 1 559 women, 77 grants for businesses provided by RDA for a total amount of GEL 7.8 million, 106 Green Matching Grants for almost GEL 1 million, capacity development of local partners through hands-on project implementation (municipalities, LAGs and IPs), not counting the technical support and training provided. IRDG developed innovative approaches particularly in the Energy Efficiency (EE) and Renewable Energy (RE) interventions, and also developed interesting concepts such as the Smart Village which were used by other donors as well. Among the environmental interventions, solar panel installation proved to generate the highest demand. By coupling economic and business development interventions with environmentally sensitive interventions IRDG showed that RD is much more than agriculture and has synergies with a number of sectors outside agriculture.

From a qualitative perspective, KII and FDG respondents provided a very high average rating of 4.8 out of a maximum of 5 regarding their level of satisfaction with the support of the UNDP under the IRDG project (82 responses from all key project stakeholders). This is based on the strengths of the UNDP, which can be summarised as:

* Excellent understanding of the needs of the GoG from previous Ministerial experience of the project manager
* Project staff and technical experts’ capacity and attitude
* Dedication and commitment to results
* Open and easy communication
* Responsiveness
* Flexibility and understanding

Even for the projects that could not be implemented (for example in case of the contractor’s default) or had to be cancelled (e.g. when a municipal tender had to be launched three times), the project stakeholders still gave a very high rating, considering that these were not situations linked to UNDP’s direct responsibility.

From the perspective of the RDA business grant beneficiaries, there was also high appreciation and from the 33 randomly selected? beneficiaries we have visited, 4 indicated that the grant had been critical for allowing them to start the business. Some expressed the need to extend the period for providing documentation to the RDA and there were some issues of late disbursement of the grants and about the validity of the documentation provided, in some cases requiring additional costs to provide bank guarantees in order to receive the grant.

The project operated in a complex environment and despite the seemingly long implementation period (5 years) there were delays in the implementation, something which the COVID-19 pandemic exacerbated, but by the end of the project all of the key outputs were achieved. A no cost extension might have yielded even better results as the project had to rush in the past two years to compensate the initial delays and adjust its interventions to the effects of the COVID pandemic.

According to the indicators of the RF, all project targets have been met or exceeded.

The complexity of the project’s geographical coverage, which included high mountain areas, also created challenges such as supplier’s difficulty to deliver the materials on timely basis. The reviewed co-funding contribution from grantees was lowered from an initial 50% to 20% because of the COVID-19, a decision which greatly increased the number of applications for the grants.

Despite the conceptual complexities of implementing non-agricultural RD with a newly formed Ministry that encompassed additional functions in Environmental Protection, the IRDG offered venues and good practices for piloting innovative interventions and the on-going process of institutional capacity development should be maintained.

In terms of cross-cutting issues, the IRDG developed efforts to incorporate Gender Equality and Women Empowerment (GEWE) and Leave No One Behind (LNOB) to the extent possible in the different projects. Some women-led and youth-led interventions were implemented, and some social support was provided to vulnerable households, using disability, large families, ethnic background as selection criteria in line with the government priorities.

At the national level, the support to the transformation and reform of the institutions is largely completed, with some 80% of the results achieved. Systems are in place and operational. Further support is needed including in finalising the database management and the IT requirements, as well as on consolidating the capacity development efforts in MEPA and RDA.

## Conclusions

IRDG was a large project with a high level of complexity, introducing a new approach to rural development through both upstream and downstream interventions and initiatives, with critical support to the institutional transformation and the capacity building of its major national partner, MEPA. As a new ministry which took over the function of Environmental Protection and Agriculture, there was a challenge in the definition of the work stream that would be pursued by the non-agricultural rural development which forms the heart of the IRDG project. A non-formal technical agreement was reached with FAO, who is implementing another part of the ENPARD III funding in support of agriculture, to avoid overlap and in order to help MEPA address the two aspects of agricultural and non-agricultural rural development. Considering that certain activities, such as beekeeping and honey production, also involve environmental considerations, the project took place in a complex conceptual scenario in which MEPA had to receive support to adjust to its new structure while also developing its capacity to implement the project and address both aspects of agricultural and non-agricultural rural development, while also learning to address the aspects related to the environmental component under output 3 of the project. In many ways, this was an innovative approach that provided substantial learning by doing and should be further supported. For output 2 and 3, despite a geographical area of intervention in eight municipalities which did not facilitate synergies or economies of scale, IRDG was able to carry out 663 interventions or projects or initiatives across a wide typology of schemes which contributed to rural development from different perspectives: socioeconomic, through income generation and job creation, but also in the environment sector, with the introduction of new technologies, and institutional support to improve the governance mechanisms of local rural development efforts. An important network of partners was established at national and local levels.

The commitment to results and the attitude, open communication, availability, responsiveness, flexibility of the UNDP project team has allowed, despite some difficulties and different levels of results according to the locations and the pilots tested, to obtain a **remarkably high average rating of over 4.8 out of 5 from 82 Key Informants from the GoG, Ajara AR government, national and local institutions, municipalities, LAGs and IPs, regarding their overall level of satisfaction with the UNDP**. This kind of result is only possible when the project team has demonstrated commitment and provided excellent support to its stakeholders, and even if some of the interventions had to be cancelled or some service providers did not perform according to their contractual obligations, Key Informants did not blame UNDP for this, as it was understood that it was not due to their negligence or lack of willingness to help. A frank and open communication channel has enabled to create a trusting relationship within a win/win approach for all project partners.

## Recommendations

**To the UNDP:**

**For this type of project**

1. Clarify conceptual frameworks and ensure proper terminology in the project documents to avoid misunderstandings in line with Project Cycle Management and Results-Based Management definitions
2. Modify reporting from the current activity and calendar based descriptive narratives to outcome-based results showing analysis and explanation of the transformational changes obtained and their process
3. Define and package new concepts tested in line with a marketing approach, defining its contents and ensuring its visibility (e.g. smart village concept) so it can be replicated and upscaled when successful
4. Facilitate RBM training for UNDP staff and especially reporting for results
5. Increase coordination and information sharing across projects in different areas of practice to leverage potential synergies (e.g. in VET projects, or local governance)
6. Spend more efforts to link IPs between them to better benefit from synergies within the project

**For a potential future phase under ENPARD IV**

1. Place a technical assistant in MEPA and/or RDA to consolidate institutional capacity development in their reform process, or if a new project is funded, provide continued support to MEPA and RDA
2. Use an RBM expert as facilitator to engage on the review and vetting of the Results Framework and its indicators to share a common vision of the expected results amongst key project stakeholders during the design phase
3. Provide technical and analytical support to fine-tune policy documents and their alignment to best practices for MEPA

# Introduction

The UNDP project started on 3rd of January 2018 until its end date of 2nd December 2022. The total project budget is EUR 10 083 200, of which the European Union (EU) contributed EUR 10 000 000 plus a contribution from the Government of Ajara Autonomous Republic (Ajara AR) in the amount of EUR 83 200.

This final evaluation has been contractually foreseen in the project document and has been included in the UNDP evaluation plan. It is led by an international consultant as team leader on behalf of Subur Consulting SL, with previous in-country evaluation experience, and is supported by a National Consultant recruited by the UNDP Georgia Country Office.

This decentralised Final Evaluation (FE) takes place as the project is nearing its end date. The contents of the report reflect the evaluation team’s views and not necessarily those of the commissioning agency, the UNDP.

The report structure is in line with the ToR requirements and follows the guidelines for evaluation reports. It introduces the object of the evaluation, discusses its evaluability, presents the methodology and its limitations before addressing the findings. Findings are presented according to the evaluation criteria, and, under each criterion, each key evaluation question is addressed. Following the findings comes the conclusions section, followed by the recommendations made by the evaluation team.

# Purpose, scope and objective of the assessment

The objective of this final evaluation (FE) is to provide an assessment of the project performance, measure achievement of the project results, assess gaps and lessons learned, and provide recommendations to guide the design and implementation of the next phase of the project.

The specific objectives of this final external evaluation are:

1. To evaluate the project’s objectives and target results;
2. To evaluate how much delivered activities of the project enabled achieving its objectives and delivering its intended outputs, outcome and impact;
3. To assess the effectiveness, efficiency, and added value of the project in terms of achieved outputs and results and its contribution to Country Programme Document (CPD) Outcome, EU ENPARD III and EU Results Framework;
4. To evaluate the contribution of the project to Sustainable Development Goals (SDGs);
5. To provide results, findings, recommendations lessons learned and good practices.

The criteria for the evaluation are standard evaluation criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) and the United Nations Evaluation Group (UNEG): relevance, coherence, efficiency, effectiveness, sustainability. The evaluation is also requested to assess the cross-cutting normative principles of the United Nations namely regarding the Human Rights Based Approach (HRBA) and the inclusion of Gender Equality and Women Empowerment (GEWE) and Disability.

The scope of the final evaluation is the entire implementation period of the Project since its start on 3rd January 2018 until the 2nd of December 2022, with a particular focus on the period since the mid-term evaluation undertaken in early 2021[[2]](#footnote-3).

# Audience

This final evaluation is meant to provide evidence of results and accountability to the UNDP, MEPA; and the EU, as well as other interested parties. It may be published for dissemination and communication purposes. It is undertaken under the oversight of the UNDP Georgia Office. The UNDP evaluation manager is the IRDG M&E Coordinator, supported by the UNDP M&E specialist and UNDP management. Her role is to ensure that the final evaluation remains on track with its work plan and submits the required deliverables.

# Project background

This project is part of the third phase of the EU funded ENPARD programme. The European Union provides support to rural development and agriculture in Georgia through ENPARD, the European Neighbourhood Programme for Agriculture and Rural Development[[3]](#footnote-4).

Implemented since 2013, the main goal of the ENPARD programme is to reduce rural poverty. Programme assistance is provided to the government and also to NGOs working directly with communities on the ground.

“Through the ENPARD programme, the European Union aims to reach three goals:

* To build capacity and support government institutions in the reform of the agriculture and rural development sector;
* To improve employment and living conditions of rural populations by strengthening farmers’ cooperation skills and access to resources;
* To promote diversified social and economic opportunities in rural areas, particularly for women and youth, in due respect to the environment and the cultural heritage.”

The total budget for ENPARD in Georgia, covering the period of 2013-2025 is € 234.5 million, divided as follows:

I Phase – € 52 million, 2014-2017

II Phase – € 50 million, 2016-2019

**III Phase – € 77.5 million, 2018-2022**

IV Phase – € 55 million, 2021-2025

In the current phase of ENPARD III, the UNDP has received the amount of EUR 10 000 000 to implement the IRDG project, with matching contribution from the Government of Ajara Autonomous Republic in the amount of EUR 83 200, bringing the total project budget to EUR 10 083 200.

The overall goal of the project is to contribute to the overall objective of ENPARD III, which is to assist the Georgian government in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance.[[4]](#footnote-5)

The expected outcome of the project is that more diverse rural services are delivered to population in more efficient, effective and sustainable manner.

The project is expected to deliver four outputs:

1. Improved governance for effective implementation of the RDS, RDAP and related programmes
2. Improved rural economic diversification, employment and services
3. Improved environment, sustainable management of natural resources and climate action
4. Improved rural development governance and economic diversification, environment, natural resources and climate action in Ajara autonomous republic.[[5]](#footnote-6)

The EU developed a results framework (RF) to measure the project results, which consists in two impact indicators, two outcome indicators, and two output indicators for each of the first three outputs (as results from Ajara AR are included with the national results, although reported upon separately). Hence there is no output 4 at the RF level.

# Evaluability

The project conducted a mid-term evaluation (MTE) at the end of 2020. The MTE stated that “The project document is not as well developed as might be expected. The theory of change is not sufficiently defined and there are gaps in the results framework, which focuses on outputs rather than transformational changes. Various risks are not identified and, perhaps most importantly, some risky assumptions appear to have been made, for example regarding a common understanding on the core elements of the future functioning community-led local/rural development in Georgia.”[[6]](#footnote-7)

The current final evaluation finds similarly that project design limitations hamper a good reporting of results because it is unclear how and why the different elements interact to create a change process and develop both institutional capacity and the capacity of rural economic operators. Some of the essential concepts of Results-Based Management are not being respected, which creates challenges for reporting on the project implementation. For example, the definition of an output is “a completed service or activity.” The project is fully responsible for the delivery of outputs, and it is the only level in the hierarchy of results in which attribution is possible and can be measured. Thus, there cannot be “intermediate level results” in the production of an output. This is only applicable at the outcome level because this is where the change process takes place. The confusion in the results hierarchy between the various levels of results has caused serious challenges during project implementation. The use of national statistics to measure the increase in the average monthly incomes per household in rural areas and the decrease in the unemployment rate as impact indicators introduce a contradiction. The impact statement is improved employment and living conditions of the rural population in Georgia (e.g. at national level) as a result of better quality and quantity of available rural services, but the project focuses on 8 municipalities only and has a limited € 10 million envelope. The impact indicator actually measures the result of all funding countrywide meant to improve employment and living conditions in Georgia, something over which the project has only a limited contribution, which cannot be attributed or measured in economic terms.

It is important to distinguish the “indicator” from the “indicator statement.” An indicator is a neutral measure of results. It is either a number, a ratio, a percentage, a financial amount, a binomial measure (Yes/No or done/not done) or a composite indicator (such as UNDP’s Human Development Index), but in any case, it is expressed as a figure. The RF does not contain “indicators” in the second column labelled as “indicators,” only indicator statements, and the actual indicators are mentioned in some of the baselines and targets.

This is important because it implies that the potential success or shortfall of the project should not be narrowly appraised through the set of indicators and indicators statements mentioned in the RF. Indicators provide a measure of results, but do not offer an explanation about why the results were achieved or not. It is therefore necessary to develop qualitative methods of appraisal to establish the relationship between the project outputs and the transformational changes the project seeks to achieve in line with the three ENPARD goals mentioned on page 2.

UNDP defines an outcome-level result as “the intended changes in development conditions that result from the interventions of governments and other stakeholders, including international development agencies. They are medium-term development results created through the delivery of outputs and the contributions of various partners and non-partners. Outcomes provide a clear vision of what has changed or will change in the country, a particular region, or community within a period of time. They normally relate to changes in institutional performance or behaviour among individuals or groups”[[7]](#footnote-8) Similarly, the United Nations Development Group (UNDG) Results-Based Management Handbook, defines an outcome as “changes in the institutional and behavioural capacities for development conditions that occur between the completion of outputs and the achievement of goals.”[[8]](#footnote-9) The higher the level of result, the less attribution (e.g. the degree to which the project is responsible for these results) is possible as other factors must be considered over which the project has no control.

This evaluation is firmly grounded on all the UNEG guidelines, UNDP evaluation guidelines, OECD-DAC evaluation guidelines, UNDG and UNDP RBM guidelines, so that all materials, definitions and concepts can be referenced back to their relevant normative framework.

This evaluation has followed the DAC guidance as regards to the unit of analysis which will be the **potentially transformative effects of the project**. To do so, the evaluation used an adaptation of the Most Significant Change approach, and appraised the factors that led to identified transformation as far as they could be traced back to the project (using contribution analysis). Transformative changes outside the remit of the project cannot and should not be used as proxy for the project success or failure.

The project has developed a substantial and comprehensive M&E database that contains extensive data regarding the project outputs and the RF indicators, and the very large number of outputs produced during project implementation. The M&E database was reviewed, and data used for appraising the final results with those of the EU RF indicators as one line of enquiry of the evaluation. The specific objective to “assess the effectiveness, efficiency and added-value of the project,” is done using the OECD-DAC criteria and their definition. The main thrust of the evaluation is essentially through a **qualitative analysis of stakeholders’ perception and through field data collection** with main project counterparts in Tbilisi and in sample of municipalities selected for the evaluation, including Ajara AR.

From the qualitative analysis and interpretation of the data collection with the key project counterparts, the evaluation addresses the lessons learned, good practices and challenges, and provides recommendations for a follow-up phase of the project, as requested under the evaluation’s third specific objective. However, data collection indicates that the follow-up phase under ENPARD IV will not include a substantial grant component, meaning that the recommendations are expected to focus more on the policy making and institutional development aspects.

In order to facilitate stakeholder engagement, information sharing and coordination, it is important to have the same technical understanding of the key RBM principles and requirements for project formulation, design, indicator development and the theory of change. Feedback from documents reviewed and UNDP indicate that the project design was largely defined by the EU, but that there had not been technical discussions to review and agree upon the project design and its RF.

The choice of the eight target municipalities does not seem to be based on evidence of similar capacities or needs across the eight municipalities: rather, they appear to form a patchwork of very diverse municipalities scattered across the country for which economies of scale or cross-municipality interventions are not feasible. Interviews indicate that the choice of the municipalities has been in line with the LEADER approach followed by the EU, but not in line with an area-based approach to maximise the potential gains at field level across the municipalities. The eight municipalities are a cluster of diverse typologies and needs which represent the variety and diversity of Georgia, and implies the testing of a number of pilot interventions, particularly because the project document did not fully roll-out the strategy to achieve the outcomes and the project impact. This offered UNDP with flexibility to test and design innovative approaches, but it also implied the acceptance of some margin of error in the results from pilot initiatives which had not been tested before.

Providing a common technical basis for discussion using the UNDG, UNEG, OECD-DAC standards, norms, principles and guidance materials on RBM would also allow for a better understanding of the realistically achievable results within the project timeframe and would contribute to better manage stakeholders’ expectations. It is recommended that for the formulation of a follow-up project the key stakeholders (UNDP, EU, MEPA) all participate in a facilitated RBM training focusing on Results Based Management, indicators and other means of verification, construction of the logical framework, development of a M&E system for the project so that all participants will have a clear view of how to build a project document that reflects the best practices in Project Cycle Management and Results-Based Management and is evenly understood by all.

# Approach and methodology

The evaluation followed the United Nations Evaluation Group (UNEG) evaluation norms and standards (2017 revision), and the UNDP “PME Handbook” established by the UNDP in 2009 and revised in 2011, the UNDP Outcome-level evaluation, a companion guide to the Handbook on Planning, Monitoring and evaluation for development results for programme units and evaluators, December 2011, the UNDG, Results-Based Management Handbook, Harmonizing RBM concepts and approaches for improved development results at country level, October 2011, as well as the updated UNDP evaluation guidelines of 2021[[9]](#footnote-10). It is conducted under the provisions of the revised UNDP Evaluation Policy of 2019[[10]](#footnote-11). The final evaluation also adheres to and is a signatory of the UNEG ethical guidelines for evaluation and the UNEG Code of Conduct both of 2008. The approach follows a “utilization-focused evaluation” approach that is described by M. Q. Patton in his book of the same name[[11]](#footnote-12) that continues to be a good practice reference material for the conduct of evaluations.

The five criteria for undertaking the assessment are the standard criteria used for project evaluations: relevance, coherence, efficiency, effectiveness, and sustainability. Evaluation criteria by the OECD/DAC were revised and updated as follows[[12]](#footnote-13) :

“**Relevance:** The extent to which the intervention objectives and design respond to beneficiaries’, global, country, and partner/institution needs, policies, and priorities, and continue to do so if circumstances change

Relevance answers the question: is the intervention doing the right things?

**Coherence:** The compatibility of the intervention with other interventions in a country, sector or institution.

Coherence answers the question: how well does the intervention fit?

**Efﬁciency**: The extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way. Note: “Economic” is the conversion of inputs (funds, expertise, natural resources, time, etc.) into outputs, outcomes and impacts, in the most cost-effective way possible, as compared to feasible alternatives in the context. “Timely” delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context. This may include assessing operational efficiency (how well the intervention was managed).

Efficiency answers the question: how well are resources being used?

**Effectiveness**: The extent to which the intervention achieved, or is expected to achieve, its objectives, and its results, including any differential results across groups. Note: Analysis of effectiveness involves taking account of the relative importance of the objectives or results.

Effectiveness answers the question: Is the intervention achieving its objectives?

**Sustainability:** The extent to which the net benefits of the intervention continue, or are likely to continue.

Sustainability answers the question: will the benefits last?”

In addition, the evaluation also reviewed the extent to which the normative principles of the UN (HRBA, GEWE, Disability) have been applied during project implementation and how it has contributed to its performance.

This final evaluation used a two-pronged approach: on the one hand, reviewing the data collected through the M&E system established by the project to provide evidence of the results achieved, in line with the revised results framework established for the project. On the other hand, it used a qualitative approach with project stakeholders through Key Informant Interviews (KII) and focus group discussions (FGD) with a selection of direct beneficiaries, in order to understand the effects the project had on a) capacity development, b) increased economic returns in rural areas (e.g. the eight project municipalities) and c) policy development and application of the related action plans.

KII and FGD were based on the perception of the different key informant regarding the positive and/or negative changes generated by the project, in order to obtain evidence of what worked and why, from the perspective of the different stakeholder categories.

**Tools and methodology**

The evaluation used a combination of methods that included:

1. Documentary review of project outputs and reports submitted by the project, leading to the preparation of the approved inception report;
2. Individual Key Informant Interviews (KII) with key project stakeholders: Project Board members including EU, MEPA, RDA, GoG, IACC, Ajara AR government, RDC, UNDP project team and management, as well as other partners in Tbilisi and in the selected municipalities.

A total of 42 KII were held with 59 persons, 35 men and 24 women (percentage of women participation 40.7%), for a total of 38,2 hours of continuous interview time, yielding an average of 54,5 minutes per KI. Details of the KII are as follows:

**Table 2 – List of KII per category (*source: evaluation team interview notes*)**



1. Five focus group discussions (FGD) were held with a total of 23 participants, of which 12 women and 11 men (women participation 52,2%) for nearly seven hours, averaging 77 minutes per FGD. Three FGD targeted the IACC and the IACC WG, as well as the RDC of Ajara AR WG, while two FGD targeted implementing partners (NGOs and service providers) who answered UNDP’s calls for proposals.

**Table 3 – List of FGD held during the data collection phase in Tbilisi and Batumi (source: evaluation notes)**

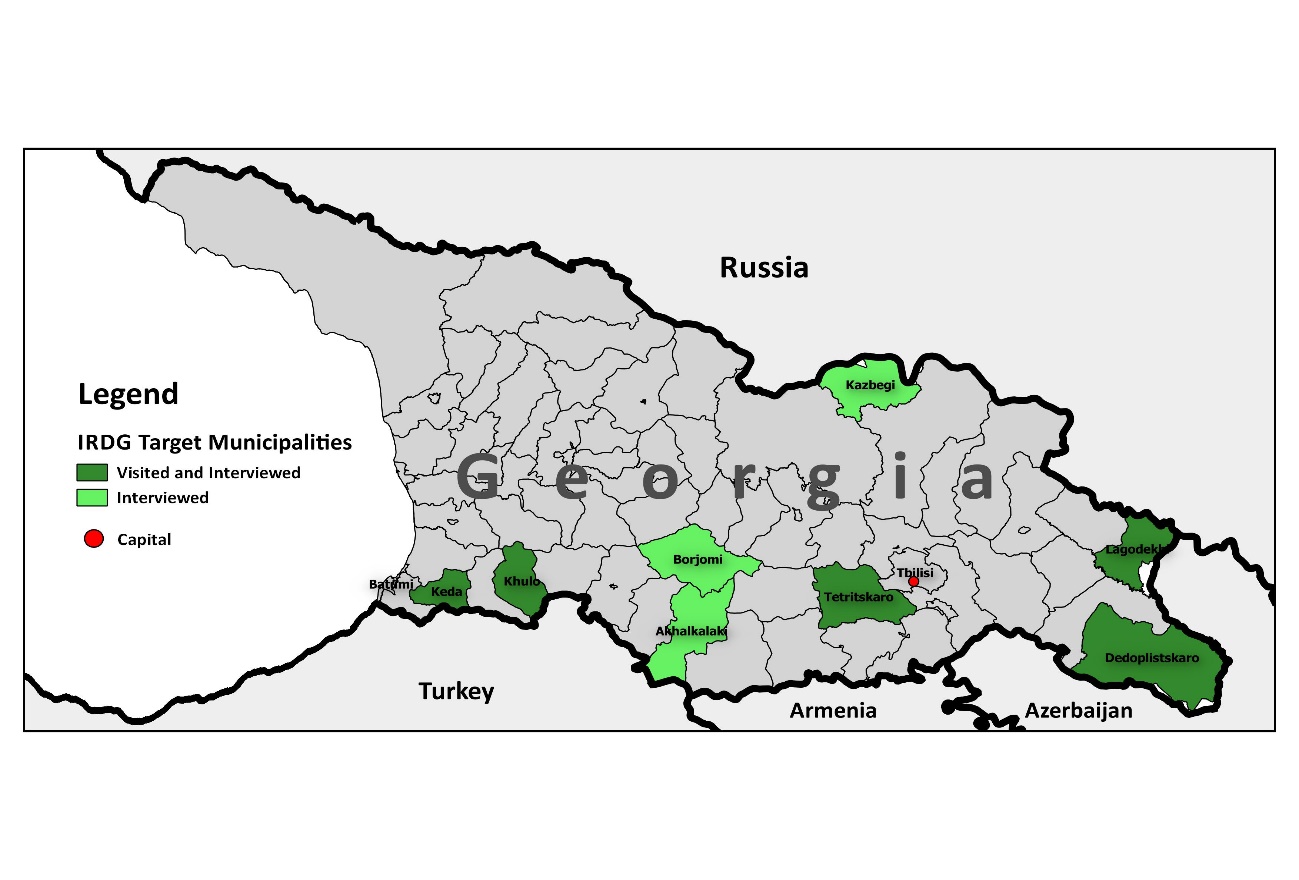
|  |  |  |
| --- | --- | --- |
| **resp. Category** | **# FGDs** | **# persons** |
| IACC/RDC WG | 2 | 8 |
| IACC | 1 | 4 |
| IPs | 2 | 11 |
| **total** | **5** | **23** |

A total of 82 Key Informants were interviewed by the evaluation team either through individual or focus group discussions.

1. Field work in three regions according to purposive sampling to the following target municipalities (covering 5 out of the 8 project municipalities):

* Lagodekhi and Dedoplistskaro (Kakheti region)
* Tetritskaro (Kvemo Kartli region)
* Keda and Khulo (Ajara AR)

***Figure 1: Map of Georgia and of the IRDG target municipalities***

**

During the field work a total of 33 grantees from RDA were visited, in addition to six beneficiaries from energy efficient interventions in Keda and Khulo and one LAG beneficiary in Lagodekhi (solar panel installation). A total of 40 beneficiaries were visited, of which 9 were women, yielding a representation of 22%. Note that the grantees interviewed were sometimes close relatives of the grantee as the grantee was not present. Hence, the breakdown in sex represents the actual list of grantees and not necessarily the sex of the person interviewed during the field visit. The evaluation team spent an average of 15 minutes in discussion with each beneficiary, except in three cases where the beneficiary was not present. Some interviews were conducted by phone after visiting the physical premises of the business. The objective was to gain a qualitative perception of the grantees’ satisfaction with the project intervention and a sense of how the business developed during the project. It was not an in-depth monitoring of the grants nor an evaluation regarding the use of the grants, rather a quick appraisal of beneficiaries’ satisfaction.

**Table 4 – list of municipalities where RDA grant beneficiaries were visited, including 7 non RDA grantees/beneficiaries – (source: evaluation team notes)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Municipality** | **Nr of Benef** | **Female** | **Male** | **comments** |
| Lagodekhi | 5 | 1 | 4 | F not RDA, LAG beneficiary |
| Dedoplistskaro | 7 | 4 | 3 |  |
| Tetritskaro | 5 | 1 | 4 |  |
| Keda | 9 | 1 | 8 | 4 M not RDA, Batumi Business Incubator beneficiary |
| Khulo | 14 | 2 | 12 | 2 M not RDA, Batumi Business Incubator beneficiary |
| **TOTAL** | **40** | **9** | **31** | total interview time 580 minutes not counting travel, average 15 min. per beneficiary, or over 9 hours |

On-site observation was undertaken so that direct grants to municipalities such as kindergarten insulation or solar panel installation as well as other interventions were also observed. They are not included under table 3 which only covers direct individual beneficiaries.

The evaluation team used a questionnaire guide to ensure comparability and consistency amongst the different respondents. The KII included open and closed questions, and used a five-scale rating to obtain respondents’ feedback regarding their perception about the project. Each rating was in turn based on a qualitative justification explaining why such a rating was given. Probing was done when and where necessary.

All responses were treated confidentially and the KII notes are coded to ensure that no attribution or identification is made to any specific person regarding the information leveraged during the interviews.

Sampling of respondents: the Project Board members were compulsory KII, but the sampling strategy in the three regions was based on purposive sampling, i.e. using “best cases” to identify best practices, aspects that need to be replicated or upscaled, and practices that contribute to the positive effects generated. Conversely, the evaluation also used “worse cases” to learn from the difficulties in those municipalities where the expected results were not achieved, in order to inform future planning and avoiding the potential gaps and pitfalls that were encountered in the project. In both cases of purposive sampling (best and worst cases), the focus was on learning from the qualitative perspective of the evaluation respondents. The evaluation team provides in this report the interpretation to sustain the conclusions and recommendations that flow from the data collection analysis and the corresponding findings phase.

# Risks and limitations

The project is still in the implementation phase so the final indicators will not be available until after the closing of the project. It is important that they are available before the final evaluation report is delivered. The RF indicators may be updated for the final evaluation report if more recent data is made available by the UNDP.

The EU ENPARD programme is ambitious and complex. Under the ENPARD III, the IRDG project is also complemented by an FAO project which is not described in the project document. There is no indication how the FAO and the UNDP projects are being coordinated or jointly appraised, and how the results of one project contribute to enhancing the results of the other project, and vice-versa. Discussions with FAO indicate that there was an informal agreement to determine how UNDP would work on Rural Development while FAO worked on Agricultural Rural Development. Nonetheless, it proved a challenge for the MEPA as the project articulated an approach based on a different concept, that of non-agricultural rural development, something over which MEPA had no previous experience. A stronger conceptual framework and a clearer vision could have facilitated the learning curve, as the project proved to be a learning by doing exercise on non-agricultural rural development.

The project design could also be strengthened through a review by an RBM expert to ensure that indicators, the results hierarchy and the theory of change all meet RBM standards.

The scattered geographical location of the eight municipalities meant that not all eight municipalities could be visited by the evaluation team. However the evaluation team was able to interview all eight municipalities or their representatives as well as the eight LAG members through the use of virtual platforms such as Zoom, and therefore feedback from all eight municipalities was collected by the evaluation team.

The evaluation team leader does not speak Georgian so all interviews not in English were translated by the evaluation team member, something which proved critical when interviewing municipalities and beneficiaries.

# Key evaluation findings

This section is structured according to the evaluation criteria and the corresponding key evaluation questions under each criterion, as presented in the inception report.

## 9.1. Relevance

### 9.1.1. Is the project still addressing national development priorities, UNDP and EU priorities?

The IRDG was designed as one of the components of the ENPARD programme. As such it contained a key component in institutional capacity development particularly to the MEPA and RDA. For the first time under this project an Agricultural Rural Development Strategy 2021-2027 (ARDS) was developed which now encompasses both agricultural and non-agricultural aspects and is now giving a medium-term vision of where the institutions are heading and how to tackle issues related to non-agricultural rural development. The IRDG as a project is rarely mentioned, as all stakeholders have in mind the wider programming framework under which IRDG is funded: the ENPARD programme.

The current government is clearly supportive of the EU Association Agreement and is moving towards making its institutions more compliant with EU requirements and EU standards. In line with this institutional transformation process, MEPA and RDA have undergone profound changes towards aligning with the roles of Managing Authority (MA) and Paying Agency (PA) respectively, even though it is a longer-term process that will eventually require EU accreditation. However this is the larger framework that drives the institutional change process, which goes beyond the objectives of the IRDG.

Given that it actually supports this longer term vision of EU compliance, the project is certainly addressing the policy needs of the ARDS 2021-2027 and fulfilling the needs for the implementation of the corresponding Action Plans. This is also valid for the Ajara AR, as similar policy and strategic processes have been undertaken with the support of the IRDG. The main difference is that at the Ajara AR level, there is not yet an institution that has been identified as a future Paying Agency and therefore the process remains incipient, whereas at the national level institutional transformation has been taking place to move closer to EU standards.

Obviously, the project remains relevant to the EU priorities, which is currently funding the fourth phase of the ENPARD programme under which it is expected to support the consolidation of some of the achievements made under this project. Clearly the intervention is aligned with EU priorities and the spirit of the EU Association Agreement (AA).

For the UNDP, the project is aligned with its own Country Programme Document (CPD) and the UNDAF in line with the documents that were used at the time of the project design (e.g. CPD 2016-2020 *Output 2.2: By 2020, job creation and placement improved through promotion of active labour policy, private sector development and social partnerships)* and the United Nations Partnership for Sustainable Development -UNPSD, replacing the UNDAF- 2016-2020 focus area 2 *Jobs, Livelihoods and social protection).* It remains relevant in view of the current CPD 2021-2025 particularly *Output 2.1. Environmental governance and institutional capacity enhanced to*

*enable rational, equitable and sustainable use of natural/land resources, to ensure conservation of ecosystems, use of innovative and climate-friendly technologies for inclusive green economy, energy efficiency and clean energy production, and make communities more resilient to environmental shocks* and *Output 3.2. Sustainable and inclusive rural and agriculture development and improved livelihoods,* as well as the current “United Nations Sustainable Development Cooperation Framework" (UNSDCF) 2021-2025 *Output 3.2: Sustainable and inclusive agricultural and rural development, strengthened food systems and improved livelihoods.* The project is in line and directly contributes to UNDP Strategic Plan 2022-2025 *Output 2.3 Responsive governance systems and local governance strengthened for socio economic opportunity, inclusive basic service delivery, community security, and peacebuilding*

Given the political commitment of the Government of Georgia to the EU AA, it is expected that the intervention will remain relevant over the next ENPARD phase particularly in order to consolidate the gains achieved during the IRDG implementation, with a special focus on the institutional transformation and capacity development aspects of the support provided to Rural Development (RD).

The project works both upstream at the national and policy levels, at the regional level with the Ajara AR government, and downstream at the municipal level with the eight target municipalities and the various municipal actors (LAGs, private sector, NGOs). The main focus of the institutional development was placed on the necessary transformation at the national level, but future interventions should be mindful of the need to also strengthen regional and in particular municipal level institutions, which have demonstrated various levels of capacity and ability. Although this effort should be closely linked to the other initiatives which address decentralisation and local development in order to create synergies across projects and programmes.

## 9.2. Coherence

### 9.2.1. Is there evidence of a concerted approach with other EU and UNDP programming?

The IRDG has a project board structure which meets regularly to provide oversight and coordination with the primary stakeholders, including the EU and the UNDP. The EU programme officer has been a regular attendant of the project activities and there is a good level of communication established between the different stakeholders. As referenced in the project document, another project is supported by the EU under the oversight of another programme officer responsible for agriculture, which is implemented by the Food and Agriculture Organisation of the United Nations (FAO). Because of the difficulty in sorting out the difference between the agricultural and non-agricultural activities linked to rural development under ENPARD, it was necessary to establish a tacit agreement on what UNDP would actually be funding, in order to avoid overlaps with the funding provided through FAO. While this appears to have been an informal agreement between FAO and UNDP, without an official Memorandum of Understanding (MoU) or other document to attest on the division of labour between the two agencies, it seems to have served satisfactorily during the project implementation in terms of avoiding the overlap of these two UN agencies.

Nonetheless, having two different programme officers in the EUD funding two different UN agencies under the same ENPARD programme does not facilitate the coherence of the overall programming as there are no direct venues or mechanisms to engage with all different players from UN, GoG and EU on the overall approach to Agricultural and Non-Agricultural Rural Development. Although there were contacts and collaboration in order to develop the Agricultural and Rural Development Strategy 2021-2027, closer interaction could have taken place. One possible solution would be the creation of a forum to work on these issues and develop the corresponding guidelines, something that could be useful if there is a next phase of the project.

## 9.3 Efficiency

### 9.3.1. Is the project bringing value for money?

The project is a large project of over ten million Euros covering a wide range of activities and outputs at different levels: national, regional and municipal, along the structure defined in the project document under point III. Results and partnerships. The “intermediate results” (IR) as mentioned in the project document are structured along three axes:

1) improved governance for effective implementation of the RDS, RDAP and related programmes,

2) improved rural economic diversification, employment and services,

3) improved environment, sustainable management of natural resources and climate action.

Another axis addresses points 1) to 3) above but specifically for the Ajara AR.

The “intermediate results” are:

* 1. More relevant rural development strategies, plans and programmes adopted and implemented
  2. Improved governance and coordination mechanisms for rural development

2.1. Targeted interventions delivered in the 6 rural development areas supported by ENPARD for improved rural economic diversification, employment and services

2.2. Best practice models and innovative practices are shared across the target areas

3.1. Targeted interventions delivered in the 6 rural development areas supported by ENAPRD for the environment, the protection and sustainable management of natural resources and climate action

3.2. Promotion of public awareness campaigns on sustainable management of natural resources, disaster risk management and use of renewable and alternative sources of energy.

The “intermediate results” for Ajara AR are the same as those mentioned under points 1.1. to 3.2., although they are geographically focused on the Ajara AR (Keda and Khulo municipalities).

According to the information available on the database created by the IRDG, there have been some 663 different projects, interventions, and initiatives that have been funded during the IRDG implementation for a total of 19 million GEL (approximately € 7 million) plus 3.7 million GEL (approx. € 1.4 million) co-funding from grant beneficiaries/private sector and 522,100 GEL (approx. € 193.370) co-funding from municipalities, bringing the total investment to 23.3 million GEL (approx. € 8.6 million). It was not possible for the evaluation team to monitor and assess all of the funded interventions, so the sampling strategy for the IR 2 and 3, which was geographically targeted to the eight project municipalities, was based on three aspects: a) visits to individual RDA grant recipients (33) and other direct beneficiaries (1 LAG beneficiary, 6 Business Incubator cluster members in Ajara AR), b) interviews with 8 municipalities, and overview of some of the interventions undertaken for the five municipalities visited, c) interviews with LAGs, IPs, and other local actors in the five municipalities visited as grantees.

The updated RF provides the final project indicators as required in the project document. In terms of the project financial delivery, three aspects need to be mentioned: 1) the COVID-19 pandemic which was not foreseen caused delays in the implementation of some activities under IR 2 and 3 and in particular of the RDA grant system, as identified in the IRDG mid-term evaluation where the delivery rate indicated as of September 2020 was only 23%[[13]](#footnote-14). However during the two remaining years of the project the delivery rate increased to the current level. 2) a second challenge which affected the number of grants that were finally disbursed was the exchange rate fluctuations between the Euro and the US Dollar which resulted in a substantial foreign exchange loss of close to USD 500 000 according to the financial information from UNDP. 3) the project was implemented under the Direct Implementation Mode, in which UNDP pays tranches to the MEPA based on the justification of at least 80% of the previous tranche expenditures. This has created some cash flow problems to RDA for their payment of the grants to the beneficiaries given that the timing in the payment schedule was not harmonised, leading in some cases to late payment of the grant amount to the beneficiaries by RDA because of insufficient funds available in their account. This however can be solved through better provision for the upcoming grants disbursement through improved managerial forecast and planning.

It is important to mention that the quicker disbursement of the RDA grant came as a result of a change in the co-funding amount for the beneficiary. Initially set at 50%, with the COVID-19 pandemic the co-funding requirement was lowered to 20% for the beneficiary. This created a higher level of demand for the grants and was instrumental in meeting the targets number of grants. According to the RDA 77 grants for a total of 7.8 million GEL were disbursed under the IRDG project implementation.

Counting with the beneficiaries/grantees co-funding and the investments made from the municipalities, 23% of the original GEL 19 million invested was leveraged in co-funding. The following table prepared by the IRDG project team shows the variety and types of financial investments made under the project:

**Table 5 – Total investments made under the IRDG project – Source: UNDP**



In terms of value for money, one of the key indicators is the number of jobs created or sustained by the project. This is based on the application submitted for the grant, and the beneficiary has two years to complete the installation and develop the business in order to reach the stated target. While it is a valuable indicator, the evaluation found that in many cases the grant beneficiaries also required some infrastructure or construction work in order to start or to develop their business. A sizeable number of indirect jobs are therefore also being created through the contracted companies and/or individual service providers that are hired to carry out construction and infrastructural work. This indirect, but significant injection into the local economy, should also be monitored as it also contributes to create or maintain jobs for the construction firms and/or service providers. Yet it goes unreported in M&E database. There should be some tool developed to appraise indirect job creation through expenditures made in infrastructure and construction works for the establishment of the businesses.

Interviews indicate that the 80/20% breakdown makes the grant particularly appealing and popular. A number of the innovative approaches, such as the solar panel installation, eventually received a number of requests well in excess of the amount available to support the initiative. Other donors have incorporated some successful initiatives in their funding approaches. IFAD has provided an amount for solar panel installation, and the World Bank has picked up on the Smart village approach to incorporate it in its programme.

Based on the qualitative results from the interviews with the various project stakeholders, the project appears to be bringing value in terms of improving rural economic diversification, with a wide range of different projects in various areas, including energy efficiency and climate change adaptation, direct job creation (from the use of the grants) as well as indirect job creation (not monitored but existing through the people hired to build or renovate the infrastructure where the business activity is taking place, particularly in the tourism sector and in manufacture). It generally contributes to bringing value for money, as an important support to local rural development in the eight project municipalities.

### 9.3.2. Has the project been efficiently managed?

The project management structure was defined in the project document. The project was staffed with a Project Manager (national post) and a Project Technical Leader (international post) forming the project management team. However the Project Technical Leader left the post before the end of the project which left some vacuum that had to be compensated by the Project Manager and the three Sectoral Coordinators (one for institutional capacity development, one for economic diversification, and one for environment). In addition, the project had an M&E specialist responsible for supporting the database of the national systems related to RD strategies at the national and Ajara AR levels and the implementation of their respective Action Plans. A liaison /administrative finance assistant completed the team in Tbilisi, while UNDP also had a Coordinator for the Ajara Component as well as a project officer, both based in the UNDP office in Batumi.

Considering the volume and complexity of the interventions under the IRDG, the management system possessed a minimum operational level with this set-up, and the management structure could hardly have been lighter in order to ensure adequate implementation of the activities under the IRDG while providing proper oversight and support to all project partners. The management structure was adequate to deal with the challenges faced by the project. Despite unforeseen delays, for example linked to the COVID-19 pandemic, or the difficulty in finalising the grant mechanism with RDA, project management was able to perform efficiently through a collaborative and communicative approach with all project stakeholders, particularly with the national counterparts in MEPA and RDA, its donor the EU, but also with the government of the Ajara AR, and with the municipalities, LAGs and IPs at the local level.

The financial reporting and the technical reporting on results (e.g. based on the project RF and its related indicators) is undertaken generally smoothly. The very comprehensive database that was established for the project has a wealth of information, and in this case the challenge is to monitor the information that is relevant to show the transformational changes taking place and report the achievements through an analytical framework that allows to trace the progress not sequentially through a calendar list of activities were undertaken, but according to the key milestones achieved on the way toward achieving project outcomes. Reporting needs to be more analytical and less descriptive/narrative to convey the important project results and key achievements.

As mentioned earlier the project suffered from an important loss in the budget linked to the foreign exchange fluctuations, which curtailed somewhat the number of initiatives and grants that could finally be disbursed.

In terms of management efficiency, the project was able to compensate the initial delays and could complete most of the activities planned under the different workplans. With the COVID-19 pandemic and the restrictions to face-to-face contact and physical gatherings, some activities had to be adjusted and moved to web-based and internet-based solutions to the extent possible. In this the UNDP showed adaptive management and also applied digitalisation approaches at the local level through for example the Smart village concept. Work with the national and Ajara AR colleagues responsible for entering the data into the MEPA database continued through the creation of the two working groups (WG), the IACC WG and the Ajara RDC WG, which are key mechanisms in providing updated data for the monitoring initially of the 2016-2020 RDS, and currently of the ARDS 2021-2027 and its related Action Plans. This was done through remote means during COVID-19 restrictions, but the bi-annual and annual reports prepared for 2020 and 2021 showed that the training and knowledge transfer were able to take place despite the contextual challenges.

It could have been useful to have a six months no-cost extension for the project, as the grant beneficiaries visited showed approximately half of the 33 grantees visited in the initial stages of the business development (e.g. not yet producing or generating income from the business activity) but still in the preliminary process of capital assets establishment. Given the timeframe of two months to supply all the necessary information and documentation to the RDA, and considering the complexities of some of the governmental bureaucracy (for example certification from the Forensic Bureau in Tbilisi) some beneficiaries considered the time-frame to have been too short, and this has entailed some higher levels of expenditures as beneficiaries had to provide bank guarantees in some cases when they could not provide the required documentation to obtain the grant amount. The evaluation does not have this data, but for the sake of learning it would be useful to know how many grantees had to engage additional funds to provide bank guarantees, and how many of those who had a successful application were not able to access the grant.

In terms of efficiency, it was mentioned by RDA that the simplified two-page project application procedure for IRDG was a welcome improvement over the forms they used for other projects, and that it was substantially more efficient as the time to study and approve the grant application was shorter than for other projects.

The project was able to complete delivery of the entire project budget within the allocated timeframe despite the challenges and COVID-19 delays and adjustments. The project financial closure is end of February 2023, so the information included hereunder is not yet final and needs to be approved by the UNDP. It however shows that the project was able to deliver the entire budgetary envelope of EUR 10 million according to the following breakdown:

**Table 6 : UNDP IRDG financial information as of 9.12.222 (not final nor official) source: UNDP**

|  |  |
| --- | --- |
| IRDG indicative financial information as of 9.12.2022 (not official data) | |
| **Allocation** | **USD amount** |
| Output 1. Improved governance for effective implementation of the RDS, RDAP and related programmes | 1,370,999 |
| Output 2. Improved rural economic diversification, employment and services | 4,317,446 |
| Output 3. Improved environment, sustainable management of natural resources and climate action | 1,533,291 |
| Intermediate result 4.1: Improved governance for effective implementation of the RDS, RDAP and related programmes in Ajara AR | 244,901 |
| Intermediate result 4.2: Improved rural economic diversification, employment and services in Ajara AR | 971,224 |
| Intermediate result 4.3: Improved environment, sustainable management of natural resources and climate action in Ajara AR | 762,426 |
| PROJECT MANAGEMENT AND MONITORING\* | 2,101,418 |
| Nationwide Team | 1,776,693 |
| Ajara Team | 324,725 |
| ***Total Net Activities (EU only)*** | ***11,301,704*** |
| ***Government of Ajara*** | ***98,578*** |
| ***Grand Total*** | ***11,400,282*** |

### 9.3.3. How well was the project designed?

The project design could have been more developed and better tailored to show the roadmap toward the expected project achievements. A number of aspects are insufficiently developed, and in some cases the project design could be improved. For example, the focus on eight target municipalities is a decision of the EU in which the UNDP was not consulted. However, as already mentioned in the mid-term evaluation of the IRDG, the rationale for selection eight municipalities scattered across the country and with very different characteristics, capacities and capabilities is not evident. The target municipalities were selected based on the LEADER approach and the existence of Local Action Groups (LAG), but it created a geographical dispersion that did not allow to make any economies of scale or use the synergies to adopt a more comprehensive approach at the local level, across municipalities sharing common objectives (see map figure 1).

As a result, the target municipalities represent a cluster of diverse situations and idiosyncrasies that needed to be researched in order to establish the needs of each municipality and what kind of interventions could be useful to support rural development in each municipality. A substantial amount of research went into the preparation of the Municipal Assessment Reports (MAR), comprehensive documents which were produced for each of the eight target municipalities. These 130 page-long documents give a comprehensive assessment of each municipality and have been the basis from which UNDP has formulated the interventions in the target municipalities. But again it is important to keep in mind the very different characteristics of each of these target municipalities.

From a Results-Based Management (RBM) M&E perspective, the project document could have reflected a number of improvements. The theory of change is not sufficiently defined and there are gaps in the results framework, which focuses on outputs rather than transformational changes, something that was already mentioned in the mid-term evaluation of the IRDG project. Risk assumption is incomplete and there appears to be an untested hypothesis that the core elements of local/rural development in Georgia have a common understanding amongst the various actors. Given the breadth and scope of the project, a very high number of activities have been undertaken within the IRDG. But a better definition of the concepts and awareness in the specific terminology in project management (output, outcome, impact) should have been further included in the project document to strengthen project design and clarify the expected changes that were meant to take place at the outcome level.

This evaluation finds that the project design limitations hamper a good reporting of results because it is unclear how and why the different elements interact to create a change process and develop both institutional capacity and the capacity of rural economic operators. Although the project design is structured around three different outputs (excluding the Ajara AR specific output four which includes the same components as the first three outputs but specifically for Ajara AR), the breakdown by component remains somewhat confusing:

While output one is designed to cover all policy level support and develop M&E capacity to improve governance of rural development, and is well defined within the scope of the project, output two (improved rural economic diversification, employment services) would have gained from a clearer intervention strategy since the scope of this output is particularly wide and may lead to very different approaches. The same applies for output three (improved environment, sustainable management of natural resources and climate action). This had two implications for project management: one the one hand, it gave the necessary flexibility to test and pilot innovative approaches, in line with IR 2.2. (Best practice models and innovative approaches disseminated and shared across Georgia), but at the same time it obliged the project to adapt its implementation to very different conditions in each of the target municipalities, in line with the needs identified in the Municipal Assessment Reports, and further increases the efforts needed to implement the project, as the geographical targeting represents more a cluster of municipalities than an area-based programming strategy. This implies a high level of complexity and despite a functioning communication and information system through the project governance mechanisms including the Project Board, it entails a substantial effort regarding project management oversight and coordination.

With the delays due to the COVID-19 pandemic and the late roll-out of the RDA grants, it could have been envisaged to request a six-months no cost extension to allow beneficiaries a little more time to provide the necessary documentation and, as most business activities are seasonal, to prepare the business for the tourist/summer season instead of having deadlines for the grants at the end of September 2022 for six municipalities in Georgia and at the end of November 2022 for the two Ajara AR municipalities.

It is worthy to note that the Government of Ajara AR has provided co-funding for the support to their municipalities. As Ajara AR is composed of five municipalities, the Government of Ajara AR has provided € 203 200 for the five municipalities, of which € 83 200 were applied to the current project without any conditionality, and the remaining € 150 000 were allocated to the three municipalities not covered by the project (€ 50 000 each), in order to avoid leaving any municipality without support. No such complementary funding was available from the national level to non-project target municipalities.

The design of the project has therefore the advantage of allowing flexibility and creativity when identifying the objectives for the implementing agency. However, its theory of change is not fully developed, and a clearer roadmap towards the expected results would have been beneficial to facilitate mutual understanding and collaboration, especially with the local partners. The results framework is defining the results in narrow terms by using output indicators, but there is little information about the change process the project is supporting, particularly in terms of the institutional reform within MEPA and RDA. There is an effort to measure results based on concrete evidence, but the impact level indicators are at a much higher level than the outcomes generated by the project. The risk with a RF that is not aligned with RBM practices is that the indicators may measure aspects which may not be the main results or changes generated by the project. Therefore, a complementary qualitative analysis is required to understand the reason why the project achieved or did not achieve the indicator target. It is also important to note that not all indicators are equally relevant and not all follow the SMART characteristics of indicators (Specific, Measurable, Appropriate/Attainable, Relevant, Timely/Trackable). In order to be able to share a common vision regarding the expected project results at the higher (outcome) levels, it could be valuable to have an RBM expert facilitate the construction of the results framework together with the different project stakeholders in the design phase of the next project. Furthermore, some aspects of the transformational changes may not be measured by direct indicators (e.g. capacity of MEPA to manage rural development strategies and policies, action plans and their implementation) so that the use of surveys should also be considered when appraising transformational changes.

The key finding is that the project’s results should not be narrowly appraised only through the results mentioned in the RF.

## Effectiveness

### 9.4.1. What are the key results of the project?

The project has generated numerous results in many areas. The actual measurement according to the project indicators is contained in the RF, which is presented hereunder.

**Table 7 : IRDG Project Results Framework indicators as of 10.12.2022 (Source: UNDP)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Indicator** | **Baseline** | **IRDG Final Target for 2018-2022** | **Achievement of the IRDG Final Target for 2018-2022** | **comments** |
| **Impact: Improved employment and living conditions of the rural population in Georgia as a result of better quality and quantity of available rural services** | | | | |
| **Increased average monthly incomes per household in rural areas** | 809 GEL (2017) | At least 903 GEL (2022) | 1123.3 GEL | 2021 data  2022 available 1st quarter 2023 |
| **Decreased unemployment rate** | Average 21.7% (24.9% female/17.6% male; 24.8% urban/16.9% rural) | Unemployment reduced to at least 18.7% average (21.5% female/15.1% male; 21.5% urban/ 14.6 % rural) (2022)​ | Data from 2021: Unemployment rate 20.6%:  Urban - 22.2%  Rural - 18.2%  (Women 17.8% / Men 22.7%) | Reformulated given new LFS methodology by GEOSTAT  2022 data to be obtained |
| **Outcome: More diverse rural services delivered to a population in a more efficient, effective, and sustainable manner** | | | | |
| **1. More relevant RDS, RDAP, and more integrated governance mechanisms for RD involving national, regional, and municipal levels adopted and implemented** | Adopted 2 RDS (National, Ajara); adopted and implemented 2 RDAP (National and Ajara); implemented 3 LDS (2016) | At least 2 integrated governance mechanisms were adopted and established (National, Ajara)  At least 2 new RDS and RDAP were adopted and implemented (National, Ajara  At least 8 LDS adopted and implemented (2022) | Done  Done  Done | All three targets achieved |
| **2. Increased rural employment in the non-agriculture sector as part of total employment (disaggregated by sex)** | 22.4% of rural people employed in the non-agriculture sector nationwide (Women 22.0% / Men 32.2%) (2020) | At least 1.6% increase in non-agricultural employment in rural areas (disaggregated by sex)​ | Data from 2021: 23.2% of rural people employed in the non-agriculture sector nationwide (Women 22.4% / Men 34.0%) | Baseline recalculated given new LFS and NACE methodology by GEOSTAT |
| **Output 1: Improved governance for effective implementation of the RDS, RDAP, and related programmes** | | | | |
| **1.1 Objectively measurable indicators defined and regularly monitored under each priority/objective of the RDAP using evidence-based data collection and analysis under a functional M&E system (National, Ajara)** | No indicators defined at the level of priorities/objectives; no M&E system in place (National, Ajara) (2016) | Objectively measurable indicators defined for all priority/objectives, and each activity under the RDAP; and related data properly collected and analysed using a functional M&E system (National, Ajara) (2022) | Done |  |
| **1.2 Annual reviews of RDAP completed based on reliable information and evidence-based data on progress and achievements (National, Ajara)** | No annual reviews of RDAP are available (National, Ajara) (2016) | At least one annual review of RDAP was completed between 2018 and 2022 (National, Ajara) | 12 (6 National and 6 Ajara) annual reviews of RDAP were completed between 2018 and 2022 (National, Ajara) | Because of COVID-19 in 2020 two annual reports were produced, so 6 reports over five years were established |
| **Output 2: Improved rural economic diversification, employment, and services** | | | | |
| **2.1 Increased number of non-agricultural jobs created or sustained in targeted rural areas with support from the project, disaggregated by sex/age** | Zero (2017) | At least 400 permanent jobs created or sustained in non-agricultural sectors in targeted rural areas, including at least 30% benefiting women (2022) | 609 permanent jobs were created or sustained in non-agricultural sectors in targeted rural areas, including 47% benefiting women | 152% achieved |
| **2.2 Increased average monthly income of households in targeted rural areas supported by the project,** | Kakheti – GEL 719; Kvemo Kartli – GEL882; Samtskhe-Javakheti - GEL843; Ajara – GEL922; Mtskheta Mtianeti – GEL657 (2017) | Kakheti – GEL 802; Kvemo Kartli – GEL985; Samtskhe-Javakheti – GEL941; Ajara – GEL1028; Mtskheta Mtianeti – GEL734 (2020) | Kakheti – GEL1105.8; Kvemo Kartli – GEL1064.6; Samtskhe-Javakheti - GEL1245.3; Ajara – GEL1257.6; Mtskheta Mtianeti – GEL960.4 | Data from 2021 |
| **Output 3. Improved environment, sustainable management of natural resources, and climate action** | | | | |
| **3.1 Increased number of hectares of forest and protected areas in targeted rural areas where sustainable and climate-resilient management practices have been introduced with support from the project** | Zero (2017) | At least 420,000 ha of forests and protected areas using improved management practices in targeted rural areas (2022) | 433,877 ha of forests and protected areas using improved management practices in targeted rural areas | 103.3% achieved |
| **3.2 increased number of households in targeted rural areas receiving direct incentives to improve energy efficiency and other climate-related benefits with support from the project** | Zero (2017) | At least 400 households received direct incentives to improve energy efficiency and other climate-related benefits in targeted rural areas (2022) | 543 households received direct incentives to improve energy efficiency and other climate-related benefits in targeted rural areas | 136% achieved |

The above RF has the following indicators: at the impact level, the average monthly salary target per households in rural areas of GEL 903 is already surpassed in 2021 with GEL 1 123.3. However, these are national values, and the project has targeted 8 municipalities only.

The second indicator is the decrease in unemployment rate. Again, this is national level data and the project only worked in eight municipalities, so neither of these indicators can be attributed directly to the IRDG project.

At the outcome level the first indicator relating to institutional mechanisms, strategies and actions plans has been fully achieved (which is technically an *output* indicator), while the second indicator is again a national measure of increased rural employment in the non-agriculture sector as part of total employment, for which the IRDG project is only partly responsible, having focused on eight target municipalities only.

So at the higher results level, three of four indicators of the RF are actually using national statistics, which cannot be attributed to the IRDG project results as the project is only marginally contributing to these results.

In terms of the output indicators, which is the level at which project management bears full responsibility for the results, all indicators have been met or exceeded. From a quantitative perspective, the IRDG project has reached all outcome and output level targets, and according to GEOSTAT data is also reporting achieved targets at the impact and outcome levels.

However, it would be overly simplistic to reduce the success of the project to the indicators of the RF. There needs to be finer analysis concerning the effects generated by the project through the different approaches, interventions and initiatives that were undertaken during the five years of the project’s life.

In terms of **qualitative analysis**, taking into consideration the evaluation lines of enquiry and using both appreciate enquiry and contribution analysis (for higher-level results) the evaluation is presenting the results structured following the structure of the three outputs:

Output 1: Improved governance for effective implementation of the RDS, RDAP and related programmes (upstream interventions)

The main implementing partner, MEPA (formerly the Ministry of Agriculture until the government reform, created by decree Nr 112 on 6 March 2018), is undergoing an institutional reform process in order to align to EU standards, with a view on the EU AA. This process has entailed an important transformational change within the institution, which goes beyond the level of improved governance. MEPA has received highly valuable support from the UNDP under ENPARD. In terms of products, MEPA has developed an ARDS 2021-2027 (Agriculture and Rural Development Strategy) when the original project document foresaw only the development of a Rural Development Strategy (at the time RDS 2017-2020), indicating that MEPA has now been able to merge the two different but complementary aspects into one strategic document. In addition the Actions Plans have been prepared and rolled out, with publicly available annual reports on their implementation produced. The level of support and effort to achieve these products has been substantial and a very important component of capacity development and learning by doing was paired with the technical support and financial support provided by UNDP. It has provided MEPA with a vision and a roadmap to incorporate rural development as a key aspect of this new Ministry’s roles and responsibilities. In line with the EU standards, MEPA has a role as a Management Authority (MA) and is structuring its services accordingly.

An impressive database and M&E system have been developed under IRDG with the support of the UNDP. While the server sits at MEPA, there has been considerable efforts and resources devoted to a) supporting the web-based database b) ensuring that government inter-agency coordination through the IACC and the RDC at Ajara AR level, and data sharing was taking place through the creation of the working groups, responsible for entering the data into the system, c) put out the different reports (quarterly, bi-annual and annual) on the implementation of the Action Plan under the ARDS. The process to develop, establish, run and own the database system has been particularly challenging as it was new, and all stakeholders were learning by doing. In addition to specific training and courses, support was provided by UNDP to new staff to develop the skills and process the information in order to feed into the database. At the analytical level, technical support was also provided in the preparation and the structure of the report, and in the logic behind the creation of a comprehensive M&E system, with a hands-on experience of what kind of data was required and for which reason. There were technical IT challenges related to the setting up of the M&E system, but at present the system seems to be 80% operational and some additional technical IT support is required to enable full ownership and maintenance over the coming years.

In order to support the technical changes of setting up the M&E database a pool of government ministry staff from various ministries were structured under two separate mechanisms: the Inter Agency Coordination Council (IACC) at the national level comprises the different actors that have information and data connected with rural development in Georgia. In order to process the data, an IACC Working Group (WG) was established under the authority of the IACC and trained in order to both use the software to enter the data and in order to validate the information entered. Similarly at the government of Ajara AR level, the Ajara Rural Development Council (RDC) was established and an RDC WG was established to process the required data. Focus group discussion with both WG at national and regional (Ajara AR) level showed from each of the eight participants a maximum level of satisfaction with the support received from the UNDP, not only in terms of the technical training, but also in terms of communication, information exchange, peer support and generally a very responsive UNDP staff to deal with all and every emerging problem. These eight persons provided **an average rating of 5.0 on a five-point scale (maximum rating) regarding their level of satisfaction with the support received by the UNDP**.

Under MEPA an important beneficiary of UNDP’s support was RDA (Rural Development Agency). It also has been undergoing transformational changes in line with Georgia’s aspirations towards EU AA and its potential role as Paying Agency (PA). RDA has been a key recipient of UNDP support as well as a key partner in the implementation of the IRDG project. UNDP has not only funded part of its institutional development needs (logo, rehabilitation of office space, equipment, etc.) but it has also provided technical support to potential organisational models, provided training and more generally disseminated information on how RD is done in the EU and how RDA should be performing its function in line with EU AA. RDA is disbursing the grants under IRDG to a total of 70 beneficiaries (of which seven obtained a second grant) across the eight target municipalities for a total budget of GEL 7.8 million, and it is also responsible for the grant application and management. While there is an institutional mechanism for allocation of grants that include all main actors (including the EUD and the UNDP) in the selection of grantees, RDA has the responsibility for management and monitoring of the grants.

Similarly to the support provided to MEPA, RDA benefitted from extensive inputs from technical experts from countries that shared similarities with the process of EU AA and were able to provide valuable information and contacts that went even beyond official duty. Both for RDA and for MEPA the chance to participate in visits to other EU countries to witness how the Managing Authority and Paying Agency were organised and funded was highly valued by the ministry and institutional staff as a key learning process. Additional benefits were leveraged through various partnership agreements with agencies in other EU countries (e.g. Latvia) or linkages with other actors (such as the Irish Pay Agency).

When IRDG started under ENPARD III, the first strategy (RDS 2016-2020 for Ajara AR and RDS 2017-2020 for Georgia) had already been developed under ENPARD II. The development of the ARDS 2021-2027 was done under IRDG, and allowed to include Agriculture and Rural Development for the first time in the strategy. While there are still aspects that need to be improved in terms of better defining priorities across the range of its multiple components, it represents an important effort to have one comprehensive reference document. The Action Plans will provide information on how the strategy is being implemented, and the annual reports produced may yield further information on what aspects need to be improved over time to achieve and fine-tune the strategic objectives.

The first output is therefore largely achieved, and with a remarkably **high level of satisfaction from the 11 key informants interviewed from Government agencies and institutions at the central level: an average rating of 4.86 out of 5** was provided by these respondents, according to the following breakdown:

**Table 8 : Level of satisfaction with UNDP support from 11 GoG key informants – source: evaluation team notes**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Rating** | **Nr of Resp.** |  |
|  | *4* | 1 |  |
|  | *4,75* | 2 |  |
|  | *5* | 8 |  |
| **AVG** | **4,86** | **11** | **Total** |

Output 2: improved rural economic diversification, employment and services and Output 3: Improved environment, sustainable management of natural resources and climate action. (downstream interventions)

These outputs focus on the results achieved in the eight project target municipalities and through different approaches according to the priority needs of the municipalities. All eight municipalities have a municipal assessment report (MAR) in line with Output 2.1.1. of the project document. The MAR identifies among other aspects the funding priorities for the municipality and is the basis for defining the rural development interventions. These have taken different forms, in line with the project’s bottom-up participatory and innovative approaches. One of the key interventions were the direct grants to the municipalities in order to undertake priority rural development projects. The project also worked through the Local Action Groups (LAGs) and the IPs which participated in the calls for proposals and were awarded grants in a very varied scope of interventions.

The RDA grants under the Rural Development Programme were established for a maximum of GEL 170,000 per phase and for a maximum of two phases (in total GEL 340,000 without counting the 20% co-funding from the beneficiary) and covered a wide range of projects, representing a substantial part of the budget for output 2.

**Table 9 : List of grants under the Rural Development Programme managed by RDA (Source: UNDP)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Municipality**  **Name** | **Number of Grants** | **EU financing**  **GEL** | **Beneficiary Co-financing**  **GEL** | **Matching Grant Total Amount**  **GEL** | **Gender** | |
| **Women** | **Men** |
| Akhalkalaki | 5 | 186078,61 | 47653,89 | 233732,5 | 1 | 4 |
| Borjomi | 11 | 1133024 | 449410,62 | 1582434,62 | 4 | 7 |
| Dedoplistskaro | 12 | 1224692,4 | 402081,27 | 1626773,67 | 4 | 8 |
| Kazbegi | 7 | 567498 | 650602,34 | 1218100,34 | 5 | 2 |
| Keda | 6 | 580401,8 | 366320,64 | 946722,44 | 1 | 5 |
| Khulo | 15 | 1048017,41 | 383683,76 | 1431701,37 | 2 | 13 |
| Lagodekhi | 12 | 1777851,31 | 944861,2 | 2722712,51 |  | 12 |
| Tetritskaro | 9 | 1298987,78 | 389034,18 | 1688021,96 | 1 | 8 |
| **Totals** | **77** | **7816551,31** | **3633647,9** | **11450199,41** | **18** | **59** |

The grants supported interventions in various sectors and created a considerable number of jobs.

The table hereunder shows the type of business and direct job creation from the grants.

**Table 10 – List of businesses per type of project and number of jobs created (Source: UNDP)**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Municipality Name** | **Number of Grants** | **Project Type** | | | | | | **Number Of Employed Women** | **Number Of Employed Men** | **Total Number Of Employees** |
| **Manufacture** | **Education** | **Tourism** | **Services** | **Energy Efficiency and RE** | **Health Care** |
| Akhalkalaki | 5 | 1 |  |  | 1 | 3 |  | 2 | 6 | 8 |
| Borjomi | 11 | 2 | 1 | 5 | 3 |  |  | 47 | 37 | 84 |
| Dedoplistskaro | 12 | 3 | 1 | 5 | 1 | 1 | 1 | 41 | 35 | 76 |
| Kazbegi | 7 | 1 |  | 3 | 2 | 1 |  | 23 | 16 | 39 |
| Keda | 6 | 2 |  | 1 | 1 | 2 |  | 25 | 21 | 46 |
| Khulo | 15 | 7 |  | 1 | 2 | 3 | 2 | 44 | 60 | 104 |
| Lagodekhi | 12 | 3 | 1 | 5 | 2 | 1 |  | 58 | 51 | 109 |
| Tetritskaro | 9 | 3 |  | 5 |  | 1 |  | 53 | 57 | 110 |
| **Totals** | **77** | **22** | **3** | **25** | **12** | **12** | **3** | **293** | **283** | **576** |

The evaluation team visited 33 RDA grant beneficiaries. More than a third (12 grantees) had businesses related to tourism/hotels/guesthouse/restauration, a third engaged in manufacture, a majority of which was working with wooden products, and seven in the service sector. All the grants allocated contain a provision to identify the number of jobs that will be created through the individual business projects or grants. RDA grant beneficiaries have a two-year period to complete the installation of the business and generate the anticipated number of jobs which was indicated in the project application form. However as mentioned earlier there is an important number of indirect jobs created in the initial phase of setting up the business, as most have construction or rehabilitation and infrastructure repairs which has created employment opportunities for local companies and/or service providers, and which is not monitored or reported upon as part of the effects of the project. However, as the economist John Mayard Keynes advised, investment into public works and infrastructure through public spending is a way to create jobs and stimulate income growth and economic activity. This positive effect is not being captured in the project monitoring, so the overall project outcome is actually larger than some of the indicators selected in the RF (e.g. increased rural employment in non-agriculture sector as part of total employment).

The RDA grants at the individual level depend on the capacity and ability of the beneficiary to generate a business. From the ten hours of interview and site visits to 33 beneficiaries in five target municipalities undertaken by the evaluation team, more than half are still at the start-up phase and have yet to start commercialisation. However, those that have already started production and commercialisation report satisfactory or even very satisfactory results, which seems to indicate that their initial business idea was a sound one. All grantees interviewed indicated they were very happy with the grant received, and in some cases the grant proved essential in order to start the business. It is important to note that, while the grants were registered to individual beneficiaries, eight grantees out of the 33 were women (24%). However, the fact that a man registered for a grant does not imply that women were necessarily not involved, as a number of relatives were interviewed in absence of the registered beneficiary, which indicated that, beyond the sex of the grant recipient, there is generally a family business which in most cases includes women participation (especially in tourism and restauration, although less so in the manufacture where fewer women were involved) or in the services sector. RDA with the support of the UNDP has developed a monitoring system designed to ensure that the capital assets provided are used as per the grant application and allow the grantee to start/expand his business. Within the 33 grantees there were some very innovative projects that showed creative capacity of the entrepreneurs, although a large majority have seasonal activity related directly or indirectly to tourism.

The project undertook a very large number of projects and interventions through different modalities, primarily through grants. Most grants were designed to be co-funded at 50% on equal share basis, but with the COVID-19 pandemic the co-funding requirement was substantially lowered to 80% as grant and 20% as co-funding from the grantee. In addition, it was allowed to have another funding source support the grantee, as long as it was not EU funds. While the initial slow start of the grant process was due to the multiple types of grants that had to be designed and the delay in obtaining the buy-in of certain design aspects from all stakeholders (for example having RDA implement the grant scheme ,or the design of the green matching grants), the change to 80/20% was essential in having a higher demand for the grants.

It is not possible to list every intervention undertaken or every project activity. The final project report from UNDP will provide a list of all activities and outputs. But in addition to the RDA grants, there were also other grantees.

Municipalities have also received grants under the project, for various purposes. In some municipalities co-funding was available, but not in all. Each municipality has its own dynamic and its own level of capacity and capability, as indicated in the MAR that were produced to guide the interventions under the project. The evaluation noted that the support to municipalities was largely allocated to infrastructure rehabilitation and improvement, in some cases using energy efficient measures (such as insulation of kindergarten, or provision of solar panels to generate electricity). The evaluation team was able to see some interventions but did not have the time to visit each of them. Anecdotal evidence seems to indicate that some municipalities had difficulties finding the service providers to undertake the services under the grant provided, while others did not. In one case the municipal authorities indicated that a lesson learnt was that a GEL 100,000 project was not interesting enough to have companies participate in the municipal (state) tender process, as they were more interested in bigger contracts that are being allocated by various donors as they had to re-launch the tender three times unsuccessfully. But in another municipality, the same tender for GEL 100,000 did not meet any difficulty in finding a service provider to carry out the contract. It is therefore not possible to generalize the collaboration with the municipalities as each one has its own characteristics and various levels of capacity. For example, in Keda the participatory budgeting process was highly appreciated as a valuable capacity development mechanism that met with the needs of the municipality and that UNDP supported. It was identified as a best practice for the municipality, and was also disseminated to other municipalities. However, it is not clear that other municipalities have been able to take advantage of this capacity development process. Donor presence in the municipalities also varies, and in some cases represents an important source of funding for the municipal authorities. **Again from the qualitative perspective of the municipalities, the overall level of satisfaction with UNDP support is very high with a 4.86 out of 5 rating** from the eight target municipalities, with 6 ratings of 5, 1 rating of 4 and one Not Applicable. The rating of 4 is related not to UNDP’s capacities or support, but has to do with the fact that they could not find companies to participate in the tender reportedly because of its small size. One municipality had very little contact with UNDP as a result of the changes in the municipal council following the 2020 elections and therefore they were unable to provide a rating as they had no direct contacts with UNDP since coming into office.

LAGs are the cornerstone of the LEADER approach that is part of the EU’s strategy in Georgia. In fact the existence of LAGs a key factor in the selection of the eight target municipalities. The evaluation team was able to interview LAGs from the eight municipalities, which have collaborated in various manners through calls for proposals launched by the UNDP in a series of interventions, including social, youth, and women led initiative, as well as social sector interventions targeting the most vulnerable and disabled (for example through installation of solar panels), with the necessary information campaign to the population and in some cases in support of or collaboration with the municipalities. In some cases municipalities were able to offer some funds, but largely LAGs have been answering to calls for proposals for implementing their interventions. While there is generally a good relationship between LAGs and municipalities, indeed in many cases the municipal staff are part of the LAG members, not every municipality has the same dynamics, something which may be influenced by local politics. In relation to the support from the UNDP, the eight LAG interviewed showed similarly a very high level of satisfaction with the support obtained from the UNDP, even in the cases where the projects could not be implemented as contractually agreed (e.g. default by service providers and suppliers) but as these situations were not the result of UNDP’s responsibilities, the ratings provided remained at very high level. At the same time some improvement was suggested in terms of not necessarily requiring a more “experienced partner” to take the lead role in the project implementation, as in one case there was no value added with the inclusion of an additional partner responsible for the implementation instead of the LAG. Ratings regarding the **overall satisfaction with UNDP average 4.81 out of 5**, with 6 ratings of 5, one rating of 4.5 and one rating of 4. It is important to note that after the end of ENPARD II (2020) the LAG have not been receiving funding from the EU and the grants which LAGs managed under the UNDP’s calls for proposal have been particularly important in order to ensure the continuation of the LAG’s activities in rural development. That said, there has been a drop in the overall membership level as LAG members had initial expectations that membership might bring some direct benefits. Although the mid-term evaluation raised the question of the legal status of LAGs as a problem, the final evaluation found that if compared with the very different legal status of the LAG in different EU countries, the legal basis for LAGs in Georgia does not create a problem for them in accessing funds or for participating in tenders. LAGs in Georgia are members of the GALAG (Georgian Association of LAGs) and pay a yearly membership fee of GEL 300. There are according to KII currently 40 LAG members in GALAG. GALAG is also a member of the ELARD (European Leader Association for Rural Development) and as such is a member of the network, which enables to strengthen LAG experience and partnerships.

IPs are the implementing partners of the calls for proposal. They are, together with LAGs, responsible for implementing the grants that UNDP has been giving under the IRDG and they are a mix of NGOs and CBOs that have been actively involved in the implementation of the various project initiatives. The evaluation held two FGD with IPS and had two individual interviews with IPs in the municipalities, with a total of six women and seven men. When discussing the process for obtaining and implementing the grants and the support and procedure followed by the UNDP, the IPS showed also a **very high level of satisfaction with UNDP; with an average of 4,79 out of 5 from the thirteen IP representatives** (providing ratings of eight times 5, three times 4,5 and one 4). Their views reflect an important level of trust, effective communication, constant support from the UNDP, responsiveness and transparency, and despite one IP having one of the contracts cancelled, it gave the general impression that UNDP was working very well with its IPs under the IRDG.

Some of reasons behind the lower ratings were based on the delays from service providers in supplying energy efficient materials on time for the cold weather and in one case the IP had difficulties in reaching the number of target beneficiaries given COVID-19 restrictions. Finally some IPs expressed that there were some delays in the payment of the tranches from the UNDP and that the timing in the launch of the calls for proposal (summer) gave a compressed timeframe for IPs, so that results could be better if a longer implementation period had been possible.

When considering the feedback from the various stakeholders interviewed as shown above (municipalities, LAGs, IPs) the overall level of satisfaction with the UNDP under the IRDG project is very high with average ratings per stakeholder category that are systematically in the range of 4.8 out of 5. Although this does not negate that some challenges and shortfalls were experienced during the implementation of the various interventions, it shows nonetheless that there is a systematic and positive appraisal of the manner in which UNDP provided its support under this project. Key recurrent characteristics of UNDP which explain the high ratings are based on the following strengths: commitment, dedication, adaptive management, flexibility, effective communication, responsiveness, genuine desire to provide constructive support. While the 40 direct beneficiaries visited were not asked for a rating regarding their satisfaction because they were at various stages of their business plan, they also showed a sincere appreciation for the grants and, in some cases, indicated that the support had been critical to enable them to start the business (4 cases).

In terms of challenges, Output 3. experienced more challenges on various fronts: service providers did not deliver on time and in some cases did not perform adequately, which caused one intervention to be cancelled. The mountainous areas were underserved because of logistical and access consideration so the short timeframe for implementation affected more the remote locations than the others. The design of the Green Matching Grant did not always achieve the originally expected results, and some of the Renewable Energy (RE) and Energy Efficiency (EE) aspects (such as insulation) did not achieve the same level of popularity as other components which had much greater success (e.g. solar panel installation, which had systematically higher demand in the municipalities than the available funding). Solar water heaters were also quite well accepted. While the different technical solutions designed for EE and RE were sound, the acceptance and interest of the population was also based on their mindset, and the introduction of new approaches require a change in mindset that may take additional time to be able to incorporate more fully environmentally friendly approaches. Comparatively the approaches using digitalisation proved somewhat easier in certain municipalities than some of the environmental approaches. The evaluation found that the insulation is certainly useful, and the houses still use mostly firewood for their heating – and that those beneficiaries who had their houses insulated have clearly reported a much lower consumption of firewood.

***Table 11 – List of Green Matching grants by municipality – source: UNDP***

| **Municipality Name** | **Number of House-holds** | **EU funding**  **GEL** | **EE/RE household Unit Co-financing** | **Matching Grant Total Amount** | **Gender** | | **Project Type** | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Woman** | **Man** | **Solar water heater** | **Complete insulation** | **Insulation of the first floor** |
| Akhalkalaki | 22 | 60560 | 15140 | 75700 | 3 | 19 | 22 |  |  |
| Borjomi | 25 | 165013,48 | 82696,8 | 247710,28 | 7 | 18 | 16 | 6 | 3 |
| Dedoplistskaro | 5 | 15557,33 | 5136,34 | 20693,67 | 1 | 4 | 5 |  |  |
| Kazbegi | 2 | 6698,3 | 3842,7 | 10541 |  | 2 |  | 1 | 1 |
| Keda | 19 | 117873,3 | 47279,73 | 165153,03 | 2 | 17 | 16 | 2 | 1 |
| Khulo | 19 | 245498,88 | 133130,23 | 378629,11 | 6 | 13 | 4 | 7 | 8 |
| Lagodekhi | 4 | 16915,11 | 6543,54 | 23458,65 | 1 | 3 | 4 |  |  |
| Tetritskaro | 10 | 39336,02 | 11561,3 | 50897,32 | 2 | 8 | 10 |  |  |
| **Totals** | **106** | **667452,42** | **305330,64** | **972783,06** | **22** | **84** | **77** | **16** | **13** |

The Ajara AR interventions were placed in the project design under output 4, but the evaluation team did not separate the findings from Ajara AR from those of the other municipalities as the approaches were largely similar as were the implementation modalities. The output 4 is an aggregate of the contents of Outputs 1,2,3 but specifically targeting the Ajara AR level. Since the field work did not yield evidence that there were substantial differences in the approaches to the project implementation, the findings are presented under the three outputs which include the results of the work in the Ajara AR region (e.g. in the five municipalities visited by the evaluation team and the three others interviewed through virtual means – phone or Zoom).

The main differences are that at the Ajara AR level, there is a government which has also been supported by the UNDP under the IRDG. A rural development council (RDC) was established at the Ajara AR level, playing the same role as the IACC at the national level. The only major difference found in the administrative structure in Ajara AR is the creation of the Union of Citizens, an initiative of the Ajara AR Government, which exists at the village level, and has reportedly been trained by UNDP. However, during the visits to the municipalities of Keda and Khulo, AMAG was not known or mentioned by municipalities, so there seems to be a direct connection between AMAG and the Government of Ajara AR which did not seem to include the implementation of the IRDG initiatives, at least in regard to the grant structure. UNDP also has an office based in Batumi, which enables much closer communication with the government of Ajara AR and municipalities, LAGs and IPs in the region. The office is an important added value for UNDP considering the travel time required to reach Ajara AR by road or by train from Tbilisi.

Two other noteworthy differences regarding IRDG implementation is that the timeline to complete the interventions or projects were the end of November 2022, whereas the deadline was set at the end of September 2022 for the rest of Georgia. Another key aspect is the co-funding provided by the Ajara AR government, which allocated € 203 200 for their five municipalities for supporting RD (of which € 83 200 under the IRDG project which went for Keda and Khulo municipalities). This shows the ownership and importance given by the Ajara AR government to the project and also allows more equitable coverage since all five municipalities were eligible for funding, although under the IRDG only two were part of the project.

Overall the project was able to meet very strong results in key areas under each of the project outputs. Qualitative appraisal of the 42 KII held with 59 persons from the different stakeholder constituencies, plus five FGD with another 23 persons, showed a very high average of over 4.8 out of 5 in terms of satisfaction with UNDP from 82 key informants. Similarly 40 direct beneficiaries interviewed expressed their high level of satisfaction with the grants and support received through the project. From this total of 123 people interviewed from all levels and in five municipalities, there is, in addition to the indicators mentioned in the RF, no doubt that the project, despite some challenges and shortcomings, was largely able to achieve the expected results under each of the project output statements.

### 9.4.2. To what extent are the outcomes achieved (e.g. more diverse rural services are delivered to population in more efficient, effective and sustainable manner)

In addition to the two indicators of the RF which measure the outcome, the qualitative analysis indicates that the project was key in introducing alternative approaches to non-agricultural rural development interventions, something which was a new challenge for the MEPA. Through the piloting of innovative and creative approaches, the IRDG had a share of good practices generated through the bottom-up and participatory identification process that was followed in the design of the interventions. Although, as can be expected when piloting new and innovative approaches, not all the interventions were equally successful, there has been a clearer understanding from national to local levels, about how non-agricultural rural development approaches can be designed. These, considering their variety and the technical support provided for the projects’ implementation, and the feedback the evaluation obtained during the data collection process, have certainly contributed to more diverse rural services being delivered to the population. Whether this is more efficient, effective and sustainable is not an assessment that can be made, considering the lack of existing initiatives before the project, and the fact that some initiatives are still under development, so it is not possible to assess whether the current project has contributed to service delivery in more efficient, effective and sustainable manner. What the evaluation found was that stakeholders considered the service provision to have been efficient and effective, with a recommendation for an extended timeframe of certain interventions in order to maximise the potential results. Anecdotal evidence indicates that awareness campaigns undertaken also contributed to not only raising awareness but also in some cases introducing changes in mindset in order to accept and support diversified rural development services.

### 9.4.3. To what extent is the project goal achieved (e.g. to assist the Georgian government in eradicating poverty, promoting sustainable and inclusive growth, and consolidating and improving democratic and economic governance).

In addition to the two indicators mentioned in the RF which are expected to measure the impact of the project, the evaluation based on the qualitative analysis found that the project strongly contributed to the goal. The number of jobs and the unemployment rates are two indicators that the project is tracking, and although it is not clear why the national average monthly income and the national unemployment rate are used as impact indicators, since the project is only covering 8 of the 64 municipalities in the country. The sizable investments that have been made through the multiple interventions have generated or sustained not only direct jobs, but also indirect jobs (which are not being monitored) through all the physical and infrastructural works undertaken as part of the various business projects implemented or in preparation for starting businesses. The fact that UNDP considered various categories of intervention, including the social needs and vulnerability as a result of the COVID-19 pandemic, indicates that there has been a clear drive toward poverty reduction through increased economic activity, increase in income levels, and equitable coverage for more vulnerable categories, with youth and women led initiatives. The whole package of interventions and the variety of approaches and implementation modes have directly supported the goal. Bottom-up participatory identification to respond to local priorities was a key aspect towards improving democratic governance, and the inclusion of both state and non-state actors at the local level has contributed to higher interaction between the different local actors.

UNDP’s intervention upstream has been critical in order to allow MEPA and RDA to position themselves adequately for their new roles and function. The fact that the project manager had formerly been a deputy minister in the ministry of agriculture was an invaluable asset in order to understand the government’s institutional needs and provide adequate support in line with MEPA’s needs and priorities. The results at the policy level have been achieved and while further progress can be made in the formulation of the policies, the current ARDS 2021-2027 and related APs are key results stemming from the project, which also provided the direction in which the MEPA may evolve over time and during the ENPARD IV programme.

Downstream the UNDP was able to work with all local players and participated in a series of awareness raising, technical training, hand-on support, in areas of monitoring, of reporting, which proved to be a contribution to better and more integrated understanding and collaboration on RD initiatives. In many cases innovative approaches were tested for the first time, some of which were replicated by other donors. The process was inclusive, bottom-up and participatory, which means that the interventions largely responded to local priorities.

In terms of supporting the SGDs, the project directly contributed to SDGs 1, 5, 7, 8, 9, 10 and 13.

### 9.4.4. What are examples of good practices and lessons learnt?

The project has used a large number of good practices and lessons at different levels. At the project management level, coordination structures were established that allowed to ensure continuous communication between project stakeholders and this facilitated a common vision and oversight of the project evolution and performance.

Secondly, the open communication channels meant that UNDP was able to show adaptive management to review implementation modalities, especially in line with the COVID-19 pandemic, which triggered a change into the co-funding of the grants by the beneficiaries down from fifty percent to twenty percent, something that entailed a much higher number of applications. This was done with the knowledge and agreement of the key stakeholders.

Thirdly, information campaigns at local level are important when introducing new concepts and approaches, and when these are supported by practical demonstrations (i.e. equipping a classroom in a school for energy efficiency or having houses insulated as demonstration for the communities), it allows to work on changing mindsets and opening venues for more different approaches to issues that were traditionally dealt with differently.

Fourthly, the bottom-up participatory approaches used at local level means that the majority of the interventions and projects were actually supporting both national level and local level priorities, something that is essential in order to generate local ownership and buy-in. In those cases where municipalities were able to provide co-funding, this also allowed to develop closer interaction with local authorities and provided a venue for supporting capacity development through training and other technical support provided.

Fifthly, not only was the main grant scheme carried out by RDA – a state agency under MEPA but also direct grants to municipalities contributed to institutional strengthening, positioning and development. All municipal tenders and state tenders were done using the government procurement system and according to the government procedures, thereby strengthening ownership and developing capacity for direct implementation of state institutions and agency.

Sixthly, the inclusion of LAG and IPs meant that the effort was jointly divided by state and non-state actors. While the private business was the primary recipient of the RDA direct grants, the calls for proposals from UNDP allowed to articulate at the local level the collaboration between the different actors, both from municipalities and from the civil society sector. Unlike projects where all implementation is contracted out to international NGOs, the administration and management of grants from national and local institutions means that capacity development and sustainability concerns were part of UNDP’s agenda.

Seventhly, the development of a comprehensive database and the ensuing monitoring and evaluation system is a valuable tool and process that leads to capacity strengthening and allows the MEPA to make evidence-based decisions and contributes to policy formulation. The challenge with such a large database is to focus on the type of data required, as the amount of data can lead to fragmentation and dispersion. Hence the use of the database should always be clearly aligned with the expected results of its use. The level of detailed contained in the database is not necessarily relevant for all of the reports that need to be produced, so a careful data selection has to be made.

### 9.4.5. What capacities have been developed as a result of the project?

First and foremost under Output 1 UNDP has provided an enormous capacity development support to MEPA and to RDA. Interviews show that the UNDP was not only able to support the establishment of the ARDS 2021-2027 and the related APs, but more importantly, it allowed both MEPA and RDA to have a vision regarding the way forward and how the institutions should evolve. Both MEPA and RDA have undergone a reform or transformation process, and UNDP support has been critical in showing the way towards EU standards and requirements, hence giving a clear roadmap regarding how these institutions will evolve in the coming years. With a view towards EU AA and the concept of Managing Authority and Paying Agency, both MEPA and RDA have nearly completed their reform process to be aligned to the EU requirements. As indicated by one key informant, the main result of UNDP support is to have catalytically projected MEPA and RDA four years ahead of where they would be today without this support.

Capacity development of MEPA and RDA has taken place at various levels: in terms of defining policy (ARDS and APs), in terms of institutional reform and looking at organisational change management, in terms of technical capacity development in the management of the grants and in the establishment of a comprehensive database and M&E system to monitor policy enactment and action plan implementation, and more generally in terms of reporting. The direct effects of these efforts have been a substantial improvement of institutional capacity, something that is reflected according to respondents in the contents of the annual reports (comparing MEPA’s most recent annual reports). Closer alignment with EU standards and requirement is a benchmark and a priority for Georgian institutions. The provision of technical experts from countries with similar experiences as Georgia was found to be another strength of the UNDP support, and not only was the attitude of the UNDP project staff praised by the respondents, but also that of the technical experts that were brought in by UNDP to support MEPA and RDA. There have been some unintended positive effects as, for example, the study visits to Latvia triggered some collaboration agreement with the Paying Agency, while informal contacts through the UNDP experts also allowed to link RDA to the Irish Paying Agency. Capacity development at all these levels has been a key reason why the overall rating from 11 government counterparts was a very high 4.86 out of 5 regarding their level of satisfaction with the UNDP support, as mentioned in the key results section.

At the local level substantial capacity development has also taken place with the various project stakeholders. Municipalities have benefitted from learning by doing methodology in the direct management of the grants, as well as receiving some specific training on a range of issues. In some cases it proved highly valuable for the municipality, as mentioned in Keda with the participatory budgeting methodology that was considered as a best practice and that can be replicated in other municipalities (local capacities allowing).

Similarly LAGS and IPs were able to develop their skills and experience through the implementation of various projects, not only at the project management level, but also in the preparation of the project implementation through the awareness raising campaigns and the preparation and selection of the target beneficiaries. The selection process was established according to a list of criteria. The only challenge was that when dealing with social support to vulnerable groups, the definition of “vulnerable groups” according to the government did not necessarily match the UNDP criteria. This FE understood that if beneficiaries of state subsidies (e.g. the most vulnerable) receive direct support from other organisations, they may lose their right to continue receiving the subsidies. In this case it meant that when identifying solar panel installation with cost-sharing funds for vulnerable groups (including the disabled) it was not necessarily those with the lowest economic status that were selected, but rather those that met the eligibility criteria as defined in the project.

Finally at the direct grant beneficiary level feedback obtained showed that there was good responsiveness from UNDP and close monitoring from RDA with support from UNDP. While most beneficiaries did not require technical support for their business as they had a clear idea of what they wanted to do or previous experience in the business or both, there were some examples where beneficiaries took advantage of the on-site monitoring of their grants to ask for additional information. Capacity development of beneficiaries was an indirect effect of the project for RDA grantees.

### 9.4.6. To what extent has the project contributed to improved governance for effective implementation of the RDS, RDAP and related programmes?

The project was decisive to enable effective implementation of the ARDS and RDAP and related programmes. The groundwork was established at both institutional and capacity development levels with the database and M&E system which are the cornerstone of the monitoring process for tracking ARDS and RDAP implementation. Without the project institutions would still be finding their way and possibly would not have such a clear roadmap on how to move forward on non-agricultural rural development in conjunction with EU requirements. The support of the project has been instrumental in improved governance for implementation of the RDS, RDAP and related programmes, as recognised by all key informants interviewed during the data collection phase.

### 9.4.7. What effects has the project had on improved rural economic diversification, employment and services?

The project has been using various approaches and innovative practices to stimulate rural economic diversification, employment and services. Through the different types of grants provided through the RDA, 70 entrepreneurs across the eight target municipalities have been able to develop very different types of business. From the 33 RDA beneficiaries interviewed, a third developed guesthouse or hotel or restauration services, another third went into product manufacture, with a majority working in the wood manufacturing industry (toy and furniture), and various others created interesting and new businesses including paper plastering for the inside of buildings, an ecological straw production made from non-plastic materials (in line with the need to avoid the use of single-use plastic), rubber glove production, knitting services, services related to tourism industry, among others. The RDA grants are therefore a good example of the variety of businesses, including some quite creative ideas, which support economic diversification and services. Grantees have two years to actually complete their project, and it is the understanding of the evaluation team that the number of jobs reported in the RF corresponds to the current number of jobs directly created by the business development grants. If this is the case, and considering that a number of businesses are not yet producing or functional as they are still in the preparation phase, the final number of jobs created when all businesses are operational should be significantly higher.

In addition, the other types of interventions and initiatives implemented through LAGs, IPs or the municipalities also covered a wide range of diverse business projects and services, including innovative interventions in the environment sector, particularly in regard to climate change with solar panelling installation, solar water heating, house insulation. For municipalities, the focus was more on infrastructure repair in most cases, with for example insulation and/or solar installation of public buildings (kindergarten), but also covered some aspects such as rehabilitation of public parks in response to local priorities. As mentioned already the employment provided by these initiatives indirectly (e.g. through the services performed by contractors under the LAG/IP or municipality grants) are not being monitored, but there has been clearly a higher number of jobs and employment created overall in the eight target municipalities than has been reported in the indicators that only track direct job creation. Similarly the support to digitalisation through the various initiatives can have a positive effect on the efficiency of project management and also on a more dynamic and diverse economic performance at the local level.

The evaluation found clear evidence that the project had a direct effect on rural economic diversification, employment and services. In the environmental sector for example, the demand for grants for solar panel based on 80% funding and 20% co-funding proved much higher than the available resources (in one municipality with 200 people interested versus 20 households targeted). Solar water heating and house insulation were also established on demonstration basis, for example in Khulo and Keda in Ajara AR, and the beneficiaries were quite satisfied with the system, reporting important saving on their electricity bill or their firewood consumption. It is not possible to establish whether this will in turn develop the local businesses for energy efficiency in the future, but at least for the solar panel installation, other donors (such as IFAD) are now making provisions also for solar panel grants through RDA.

The evaluation also discussed with one of the Vocational Education Training (VET) service provider the situation of VET in Georgia. It was mentioned that several courses offered under the IRDG have now been officially recognised by the Ministry of Education, which is an incentive for teachers giving the course as this allow them to obtain a pay raise for each new course that is certified.

Under the IRDG the VET partner reported that a range of six different courses were offered to 75 students and 11 teachers were retrained. The courses ranged from a very technical level (e.g. wielding, electrical skills) to more generic training (guest house management). Graduates obtain a non-formal diploma from the training institution. For those courses that are recognised and certified by the Ministry of Education, there are two types of recognition: diploma (more generic) and certificate (more specialised). However, there does not seem to be a large demand from the potential employers when hiring staff to request VET diplomas or certificates. Anecdotal evidence during interviews with potential employers indicated that it is not traditionally a requirement to access the job market. At the same time, the evaluation found that VET has been supported by UNDP since ENPARD I, and that other projects on VET are being implemented. It is not possible to come to a clear conclusion on the added value of the VET courses because, while they are offered based on labour research surveys, it is not clear to what extent they provide an advantage to the job seeker over a person who has no such documentation.

Personal contacts appear to be more decisive than the VET for hiring job seekers, and although 2 113 people of which 1 559 women have benefitted from VET interventions under the IRDG, it is unclear how this has impacted on their employability.

### 9.4.8. To what extent did the project contribute to the Improvement of environment, sustainable management of natural resources and climate action?

The project had a specific output (Output 3) dedicated to this objective. As reported in the RF, the two indicators were the number of hectares of forest and protected areas using sustainable climate resilient practices, and the number of households in rural areas benefitting from energy efficiency and climate-related benefits. Under the first component, the project supported the National Forestry Agency (NFA) in order to train taxation experts to undertake a high-quality forest inventory. 40 taxation experts including two women were trained, and the Taxation Training programme is expected to be officially recognised by the Ministry of Education next year. Started as an internship programme, the course has allowed to develop the institutional capacity and human resources in NFA, and anecdotal evidence shows that trained NFA staff in taxation is being hired by private companies as they offer a higher level of quality services in the job market. In addition for the Agency of Protected Areas (APA) 31 forest rangers were trained in enforcement of the forest management plan in protected areas.

Regarding the target households under the second indicator, these included a range of different EE aspects and the Green Matching Grants schemes. A number of beneficiaries were also identified on the basis of their vulnerability (disabled, minorities, women-headed households) and the provision of the benefits included different technologies, mostly solar panel installation.

In three municipalities (Khulo, Keda, Kazbegi) demonstration sites were established, where the population can obtain additional information on the costs and the technologies that have been used in the houses. With the support of the LAG, some demonstrations of EE were also done in school classroom (e.g. Lagodekhi). With the COVID-19 pandemic and the need to provide social support as part of the response, a number of EE interventions targeted households identified as vulnerable in the target municipalities. However, given the Georgian legislation provisions, if a beneficiary of a state subsidy also receives benefits from other organisation, she/he will lose the subsidies. Therefore, those targeted by the social component had to be vulnerable (e.g. disabled, belonging to minority groups, large households, etc.) but had to have some level of economic resources and not be registered as beneficiary of government subsidy programmes.

The evaluation found that NFA capacity development was a strong push towards improved environmental management, and that the household programmes allowed to both raise awareness about EE and also provide a needed environmentally friendly cost-reduction scheme for electricity and water supply, while in the case of house insulation, substantial savings were reported regarding firewood consumption.

In both cases the targets mentioned in the RF have been met.

### 9.4.9. What were the key challenges and shortfalls experienced during project implementation (e.g. COVID-19)?

The project had to face many challenges during implementation. The first was related to the project design, with a target coverage that was not informed by common needs or geographical similarities, or an area-based programme that would enable economies of scale of cross-municipality fertilisation and experience sharing. By having eight target municipalities scattered across the country with distinctive characteristics, UNDP had to undertake a thorough individual needs assessment in each municipality (through the MAR) in order to inform how it would proceed in each target location. Considering that every municipality had a different level of capacity, diverse needs and capabilities, this required a substantial level of preparation before the actual project implementation could be satisfactorily carried out. What worked in one municipality did not always work in another.

Similarly at the national level, the reform process of the national counterpart, MEPA and of the RDA, meant that the support to institutional reform had to be prepared and had to be under way to support the manner in which the interventions would be carried out downstream. In particular, the grant scheme that was implemented through RDA took a long time in the making and in its approval, thereby causing that a number of RDA grants are still in the inception stage and are not yet showing the expected results. This indicates that capacity development and technical support were required to prepare the Ministry and the institutions to deal with a new approach towards RD. While before MEPA used only the term of Agricultural Development, the project was able to introduce key concept in the terminology of the institutions and terms such as agricultural and non-agricultural rural development are now in the ARDS and in the reports from MEPA. While there remains a challenge to work on certain aspects where both ARD and RD share a fine line, and also between environmental aspects and agricultural aspects, such as for beekeeping, which require the support from expertise from different sectors, MEPA is now learning to deal not only with agriculture, but with non-agricultural RD and also how environmental concerns can be linked to RD objectives, through the third project output.

One unforeseen challenge was the COVID-19 pandemic which, since 15 March 2020, caused the disruption of many activities as physical meetings and events had to be cancelled or postponed, and to the extent possible, moved to digital platforms and virtual means. This had a major incidence also on the administration of the grants. Initially the breakdown for cost-sharing was 50%, but with the socio-economic effects of the COVID-19 pandemic which sharply increased the level of vulnerability of the population, the decision to lower the co-funding to 20% proved instrumental in ensuring that the grants could be implemented in the project timeframe. UNDP showed adaptive capacity, together with the EU, MEPA and other stakeholders, to ensure that the IRDG could continue to commit to results by adapting its approach to the grants and with the development of social grants for vulnerable households.

A challenge which was also an opportunity was linked to the fact that the project design did not contain a full theory of change, or a clear roadmap on how the expected results were to be achieved. On the one hand this offered UNDP an opportunity to develop innovative and creative approaches, but on the other hand it proved more time consuming as different approaches had to be specifically targeted to each specific location in line with the existing needs, capacities and capabilities. The project had a high level of complexity which entailed a close monitoring and support from the project management team.

A challenge affecting the grant beneficiaries was the time allocated to submit all the necessary documentation to RDA (2 months). Given COVID-19 pandemic and sometimes the delays or administrative difficulties with some state agencies (e.g. the Forensic Bureau), a number of beneficiaries was not able to provide all the necessary document to secure the grant. Therefore some had to provide bank guarantees (which entailed additional costs to the beneficiary) and other could not be eligible for the grant. Sometimes there were issues with the audit firm selected by the beneficiaries which was not accepted by RDA, or the trustworthiness of proforma invoices submitted. The evaluation team was not able to triangulate how many grant beneficiaries were affected, but anecdotal evidence suggests that up to 13 grantees had to submit bank guarantees or were found not to be eligible for the grant.

Regarding the project management, despite a seemingly long period of five years to implement the project, the end of the project came quickly as many activities were still on-going or had just been started. It is not clear to the evaluation team why an additional six months no cost extension was not required as it would have facilitated the project implementation, particularly considering the seasonal aspects of all project related activities. For example, recent solar panel beneficiaries reported they still had to rely on electricity network as with bad weather energy generation of solar panels does not enable to cover the electrical needs for the business, so installation during spring instead of late autumn would have entailed substantial improvement in energy generation. Another aspect which also supports a longer timeframe is the fact that some service providers failed to deliver the promised materials on time, particularly in remote municipalities, something which negatively affected implementing partners, LAGs and beneficiaries. In certain cases the contract had to be cancelled as the contractor defaulted on its obligation.

### 9.4.10. Has the project incorporated UN programming principles in its implementation (gender equality and women empowerment, HRBA, LNOB, disability) and if so, have they leverage specific results?

The project was not designed as a GEN3 project, meaning that in terms of Gender Equality and Women Empowerment (GEWE) it was not transformative project addressing GEWE at its centre. That said however, the project did attempt to incorporate GEWE to the best of its possibilities and in line with emerging opportunities in the various activities and interventions it supported. Both at the general level when holding events and in the staffing there were efforts to ensure that gender considerations were incorporated, and women participation was encouraged in all activities. The project undertook specific interventions targeting women and women-led organisations in various municipalities, with the support of local CSOs and LAGs. The data generated by the project and in the MEPA M&E database includes gender disaggregation to the extent possible (although some respondents from the IACC WG and RDC WG indicated that sometimes they do not have all the data in gender disaggregated form), but it would be incorrect to appraise the level of GEWE receptiveness from the project based only on the disaggregated statistics. Interviews with grant beneficiaries showed a majority of grants were actually involving more than one family member in the business. So even though women are underrepresented as grant beneficiaries in the statistics, the fact that the business is registered under a man’s name is no indication that women are not participating in the business, or even holding some management role in the business (particularly hotel and guest houses). Conversely, even though the grant may be ascribed to a woman, it does not entail that the business is solely undertaken by that person or without the support or management from other family members, women or men. Therefore it is important to understand that the actual numbers may not represent well the real involvement of women in the businesses and activities undertaken by the IRDG. Particularly in rural areas, women’s traditional role may be less visible than that of men, so they do not appear at the front of the business. But it would be an over-simplification to consider gender statistics as an indicator of women’s participation.

The evaluation considers that the project has done its best to include GEWE considerations and achieved an acceptable level of results. There have been initiatives promoting women-led businesses and women-specific activities, but there was no possibility for the evaluation to undertake an in-depth analysis of the gender mainstreaming in the project. Youth were given similar concern in order to involve them as much as possible. Considering the strong migration trends both within Georgia (from rural to urban) and from urban areas to other countries, the inclusion of youth and women as priority targets in rural communities was well founded in order to provide alternatives to migration through the creation of new business opportunities.

The Leave No One Behind (LNOB) programmatic principle is difficult to apply when working on developing entrepreneurship and local businesses. Not everyone can be a successful businessperson, so when targeting grant beneficiaries, there has to be some level of capacity linked to the previous experience of the grantee. This means that the project does not have as its primary target the most vulnerable population, since they would be the ones assisted through state programme and the most socioeconomically vulnerable. However, given the COVID-19 pandemic, a number of interventions were re-designed as social support and targeting vulnerable population in line with the government priorities. These included households of people with disabilities, minorities and large families. Again the effort to be inclusive was present in these interventions, to the extent possible. In addition, the lowering of the co-funding from 50 to 20% also allowed more socioeconomically disadvantaged persons to participate in the projects.

The other programmatic principle of Human Rights Based Approach was also applied during the project implementation. HRBA is closely linked to LNOB as often those excluded are those that do not have rights recognised. In various municipalities the targeting of non-Georgian minorities was specifically undertaken in the social interventions. The setting up of digital platforms provided a form of inclusion and participation for all types of population groups.

## 9.5. Sustainability

### 9.5.1. Has the project implemented hand-over or exit strategies for the continuation of its benefits? If so with which results?

The IRDG has provided substantial support to technical capacity and capacity development at both national and local levels. It has strongly invested into the capacity development process and as result MEPA and RDA have achieved a substantial transformational change in terms of institutional capacity when dealing with RD. IRDG has equally supported local level efforts: its role with the LAGS and IPs was essential. For the LAGS, after the end of ENPARD II in 2020 the EU funding stopped, so the past two years were challenging in order to mobilize funds to support their activities. In this the funding and support from UNDP proved very important both for the needs of the municipalities and for ensuring that the LAG remained active and, in some municipalities, did not simply stop operating. At the same time, it is clear that in the majority of the municipalities the number of active LAG members has decreased since the end of EU funding. Now LAGs may be leaner but more efficient, and almost all LAGs interviewed reported having other projects and support from other donors, although these can be also small projects. But the financial survival of LAGS was a concern for a number of LAGs interviewed. The confirmation that MEPA will be providing funding to the LAGS in 2023 will contribute to the sustainability of the LAGs, even though the funding allocation may be a small one.

At the municipal level, different municipalities have different funding sources, some have received large amount of donor funds and have been co-funding IRDG initiatives, while others have not. It is however evident that the municipalities have a strong interest in continuing the processes initiated with the IRDG, even though there is not a single model given the characteristics of each municipality. Most municipalities have a strong interest for infrastructural projects, and in some case the EE/RE projects were strongly appreciated (e.g. Ajara AR). Municipal capacities have developed their grant management capacity as the IRDG grants to municipalities put them in charge of the tender process, using the government procedures and systems. This was at times a cause of concern and entailed some delays, and in some municipalities, capacity limitations were experienced to provide timely implementation and oversight. But the process was useful and necessary and has contributed to capacity development of local partners through learning by doing. In this, municipalities, LAGs and IPs have all participated in this process of grant management. Capacity development also included the preparation and information campaigns in order to select the beneficiaries and the location of the interventions, so local partners have all been exposed to the support and training under the IRDG. They have the knowledge to continue leveraging funding for project implementation along the lines of the IRDG experience.

### 9.5.2. Are the institutional conditions at national level and in Ajara AR supporting the sustainability of the benefits?

MEPA will be providing funding for the LAGs from 2023 and this will contribute to the sustainability of the benefits. In Ajara AR, the government provided co-funding with EUR 203 200 for all five municipalities of Ajara AR, so there is an interest and commitment to pursue these efforts. With the results obtained during IRDG, it is likely that the process will continue even beyond the end of the project, although the institutional capacities may be less efficient without the support from the UNDP. At both national and Ajara AR levels, strategies have been developed and APs are being implemented. Support to MEPA and RDA in their institutional reform process means they are now better equipped and capacitated in fulfilling their respective roles, with a view on the Managing Authority and Paying Agency European models. The MEPA IT system and database is almost complete but needs targeted further support. Capacity for government inter-agency coordination has been strengthened through the creation of the IACC and RDC, as well as their respective WGs, at national and Ajara AR levels. The preparation of the annual reports shows evolving capacities of the MEPA. RDA has shown its grant management capacity. Some specific challenges remain to be addressed in the future namely:

* MEPA has to complete and finalize the database and its IT set up, in order to sustain the M&E system. It could consider developing dynamic annual reports (e.g. including recommendations and showing progress from year to year).
* MEPA could fine-tune its strategy including a better defined conceptual framework for RDS in which linkages between ARD, RDA and EP are explicitly addressed in the priorities
* RDA has developed grant management and oversight capacity. However it only monitors the grant disbursement and not the effectiveness of the grants (i.e. no outcome level indicators regarding the default rate, business survival rate, once the businesses are in operation), so that the only evidence of results is the grant amount disbursed and the number of jobs created. RDA could benefit from an integration of ex post grant monitoring to inform on the status of the businesses it funded two years after the completion of the grant project. This would also allow for a verification of the final number of jobs created since many business grant projects are still at the initial starting stage.
* RDA should develop better financial forecasting capacity to ensure that the UNDP (or other donor) tranche payment procedures does not affect its cash flow projection in order to disburse funds timely to the grant beneficiaries
* Review the procedures for vetting the audit firms selected by grant beneficiaries and define the specific requirements linked to an acceptable proforma invoice to avoid delays during grant management
* Municipalities depend on their capacity, human resources, access to information, and on decentralisation process to sustain the benefits. There is an important need to further develop their institutional capacities, although their handling of the direct IRDG grants means they have some hands-on experience in grant management. However, their capacity development is linked to the decentralisation process and should be closely integrated into the wider efforts of good governance and decentralisation.
* LAGs have shown to be active in most municipalities, with different dynamics across the different municipalities based on personalities and the membership of the LAGS. All shared sustainability concerns since the end of ENPARD II at the end of 2020 ended their funding. However, almost all LAGs indicated having expanded their funding sources. In some cases municipalities were able to provide funding to work on joint projects with LAGs. The expected funding to LAGs from MEPA in 2023 is an important step contributing to their sustainability.
* AMAG: The Union of Citizens created through the Ajara AR Government was discussed but no persons from AMAG were met in the municipalities and when asked municipalities seemed disconnected from this structure and have no direct contacts with AMAG.

### 9.5.3. Is national ownership sufficiently developed to ensure sustainability?

As mentioned above the co-funding from the Ajara AR government indicates a strong ownership of the process. This is expected to continue although there are still uncovered needs that would benefit from the support from the UNDP. Similarly in other municipalities there are also opportunities to pursue further some initiatives, which may be done by the local authorities as long as there is enough support and oversight. So the willingness to pursue these efforts and the interest appear to be there. There is strong ownership at the national level, but the institutional capacity development process has yet to be fully completed and further support would increase the prospects of sustainability.

Even though the FE team did not receive specific information about the funding to UNDP under ENPARD IV, there is a possibility that UNDP may receive funding to pursue its institutional support and capacity development efforts, but reportedly in different municipalities than those of ENPARD III, so at the downstream level there would not be a continuation of the support, something which may indirectly negatively affect the sustainability of the local results.

# Conclusions

IRDG was a large project with a high level of complexity, introducing a new approach to rural development through both upstream and downstream interventions and initiatives, with critical support to the institutional transformation and the capacity building of its major national partner, MEPA. As a new ministry which took over the function of Environmental Protection and Agriculture, there was a challenge in the definition of the work stream that would be pursued by the non-agricultural rural development which forms the heart of the IRDG project. An informal technical agreement was reached with FAO, who is implementing another part of the ENPARD III funding in support of agriculture, to avoid overlap and in order to help MEPA address the two aspects of agricultural and non-agricultural rural development. Considering that certain activities, such as beekeeping and honey production, also involve environmental considerations, the project took place in a complex conceptual scenario in which MEPA had to receive support to adjust to its new structure while also developing its capacity to implement the project and address both aspects of agricultural and non-agricultural rural development, while also learning to address the aspects related to the environmental component under output 3 of the project. In many ways, this was an innovative approach that provided substantial learning by doing and should be further supported.

The main reference framework for the country is now the EU AA and all the efforts supporting the institutions toward meeting the EU standards are deemed to be a priority. The support to MEPA in its role as Managing Authority, and the preparation of RDA as Paying Agency in line with the EU structures, have been essential in the reform, transformation and evolution of both MEPA and RDA. The IRDG has played a catalytic role in institutional capacity development, and has also developed a comprehensive database which allows evidence based policy making and the monitoring of policies, action plans and other programmes for MEPA. UNDP has played a key role in this and despite the difficulties and complexities of the task, it has been able to provide the needed support to the national counterparts. One key asset was the project manager who, as a former deputy minister in the Ministry of Agriculture, was fully cognisant of the needs and priorities of the Ministry and its institutions. Another asset was the quality of the project staff and that of the experts that were contracted to provide technical support in range of aspects, since this has been systematically recognised by the Key Informants interviewed by the evaluation. At the downstream level UNDP also was able to undertake a very wide range of diverse interventions, projects and initiatives in partnership with municipalities, LAGS and IPs in order to support interventions in both the economic sector and in capacity development of the local partners, using a participatory and bottom-up approach that was highly appreciated.

In March 2020 the declaration of the COVID-19 pandemic also required a review of the implementation modalities and UNDP, with the support of its donor, the EU, and national partners, reviewed the grant modalities to lower the amount of co-funding necessary from 50% to 20%, something which was highly appreciated and allowed a much larger number of beneficiaries to participate in the different grants provided. UNDP showed adaptive management and also included social interventions to mitigate the negative socio-economic effects of the pandemic. Innovative solutions were sought, and some new concepts emerged which were tested in some pilot locations, such as the Green Matching Grants, the Smart Villages, etc. although there was no clear roadmap for such new approaches. UNDP could have taken advantage of these concepts to turn them into visible marketing products. In the environment sector, a large number of households were exposed to energy efficiency and renewable energy technologies, and the single most successful approach, judging by the demand for such an intervention, was the establishment of solar panels to generate electricity. Other environmental aspects were also introduced (solar water heaters, solar air heaters, insulation) but with less public interest than the solar panel installation. UNDP mixed various types of projects at the local level, using different partnerships: municipalities, LAGs, IPs (including local CBOs) that all benefitted from the hands-on experience and support from the UNDP.

The level of commitment to results and the attitude, open communication, availability, responsiveness, flexibility of the UNDP project team has allowed, despite some difficulties and different levels of results according to the locations and the pilots tested, to obtain a **remarkably high average rating of over 4.8 out of 5 from 82 Key Informants from the GoG, Ajara AR government, national and local institutions, municipalities, LAGs and IPs, regarding their overall level of satisfaction with the UNDP**. This kind of result is only possible when the project team has demonstrated commitment and provided excellent support to its stakeholders, and even if some of the interventions had to be cancelled or some service providers did not perform according to the contracts, Key Informants did not blame UNDP for this, as it was understood that it was not due to their negligence or lack of willingness to help. A frank and open communication channel has enabled to create a trusting relationship within a win/win approach for all project partners.

Despite a geographical area of intervention in eight municipalities which did not facilitate synergies or economies of scale, IRDG was able to carry out 663 interventions or projects or initiatives across a wide typology of schemes which contributed to rural development from different perspectives: socioeconomic, through income generation and job creation, but also in the environment sector, with the introduction of new technologies, and institutional support to improve the governance mechanisms of local rural development efforts.

The broad scope of the project allowed UNDP to show flexibility during the project implementation, the IRDG was able to successfully carry out the large majority of its activities, with full marks in the support provided at the upstream level. It could and should be able to define better strategically its key results areas to avoid possible dispersion when looking at the transformational changes and improve reporting on the outcomes it is supporting.

While the project Results framework contains impact indicators beyond the reach of the IRDG project, qualitative analysis indicates that the project has performed quite well despite numerous challenges. Possibly and given the delays linked to COVID-19 and implementation of the grants, a no cost extension could have yielded event better results for grantees.

Most of the improvements regarding the project should take place at the design level. It is understood that there will be under ENPARD IV additional funding for RD and UNDP may be receiving part of these funds, but the target municipalities will change, and other geographical areas will be selected. If this is the case, then the main thrust of the support from UNDP in the following phase should be the consolidation of capacity development and institutional reform in MEPA and in support of RDA, with limited downstream interventions. Most of the efforts will therefore focus on the policy level as the grant component may be very small.

Taking into consideration this information, recommendations are made in the following section.

# Recommendations

**To the UNDP:**

**For this type of project**

1. Clarify conceptual frameworks and ensure proper terminology in the project documents to avoid misunderstandings in line with Project Cycle Management and Results-Base Management definitions
2. Modify reporting from the current activity and calendar based descriptive narratives to outcome-based results showing analysis and explanation of the transformational changes obtained and their process
3. Define and package new concepts tested in line with a marketing approach, defining its contents and ensuring its visibility (e.g. smart village concept) so it can be replicated and upscaled when successful
4. Facilitate RBM training for UNDP staff and especially reporting for results
5. Increase coordination and information sharing across projects in different areas of practice to leverage potential synergies (e.g. in VET projects, or local governance)
6. Spend more efforts to link IPs between them to better benefit from synergies within the project

**For a potential future phase under ENPARD IV**

1. Place a technical assistant in MEPA and/or RDA to consolidate institutional capacity development in their reform process, or if a new project is funded, provide continued support to MEPA and RDA
2. Use an RBM expert as facilitator to engage on the review and vetting of the Results Framework and its indicators to share a common vision of the expected results amongst key project stakeholders during the design phase
3. Provide technical and analytical support to fine-tune policy documents and their alignment to best practices for MEPA

# List of Annexes

## 1. Evaluation ToR



## 2. Inception Report



## 3. Bibliography



## 4. Evaluation Agenda and List of Interviewees



## 5. Presentation of Preliminary Findings



## 6. Signed Code of Conduct



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3. https://eu4georgia.eu/enpard/ [↑](#footnote-ref-4)
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