



The European Union
for Georgia

ENPARD: Support to Agriculture
and Rural Development

Interagency Forum: Access to Finance for Agricultural Cooperatives

Tbilisi, Georgia
November 29, 2016



Results from the Annual Cooperative Survey: Access to Finance

Interagency Forum on Access to Finance for Agricultural Cooperatives

Irakli (Rati) Kochlamazashvili

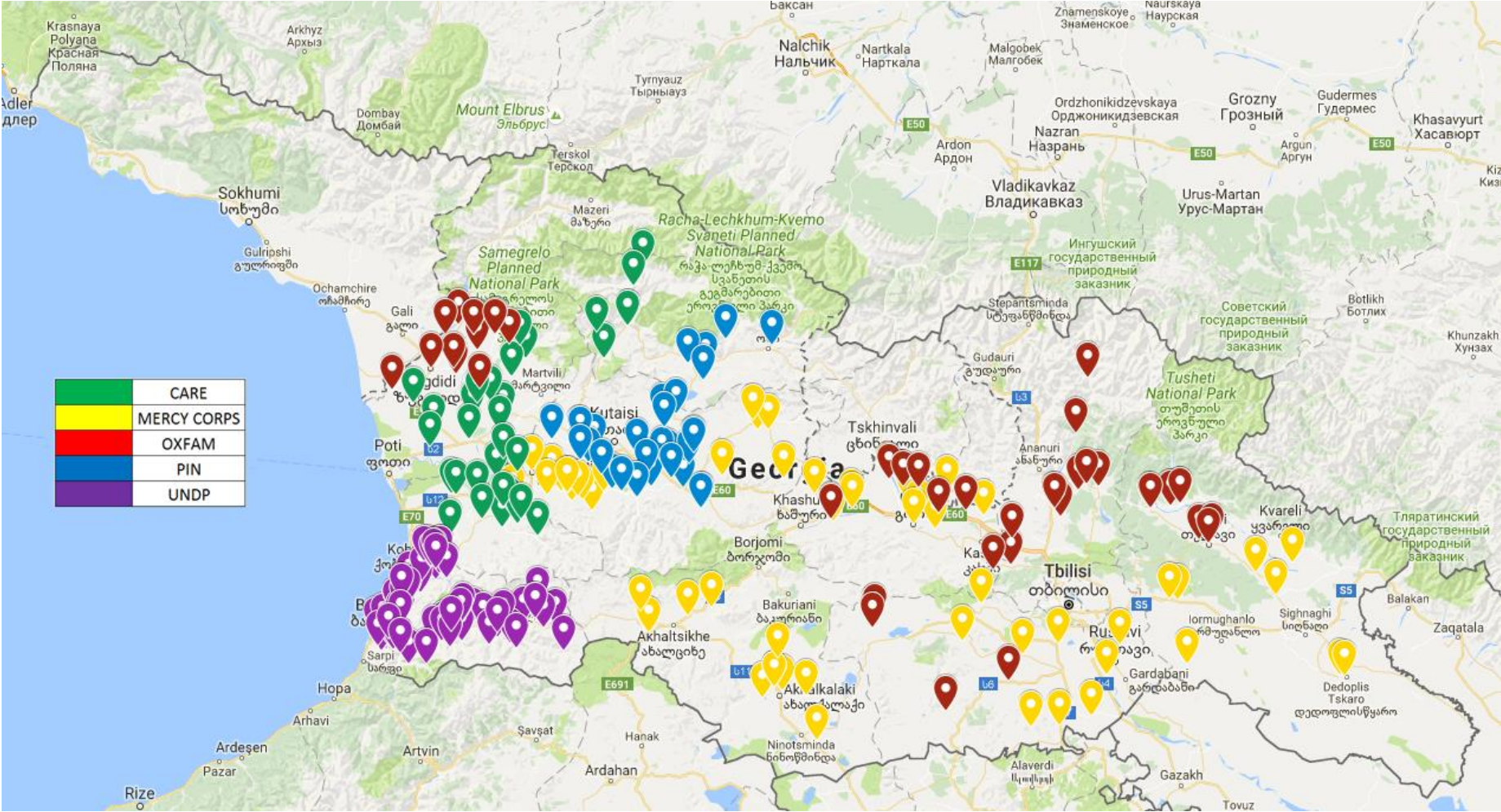
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“In any intellectual inquiry, at least half the job consists in asking the right question; similarly, in the process of social and economic change, an obstacle clearly visualized is an obstacle half overcome.”

Albert Hirschman

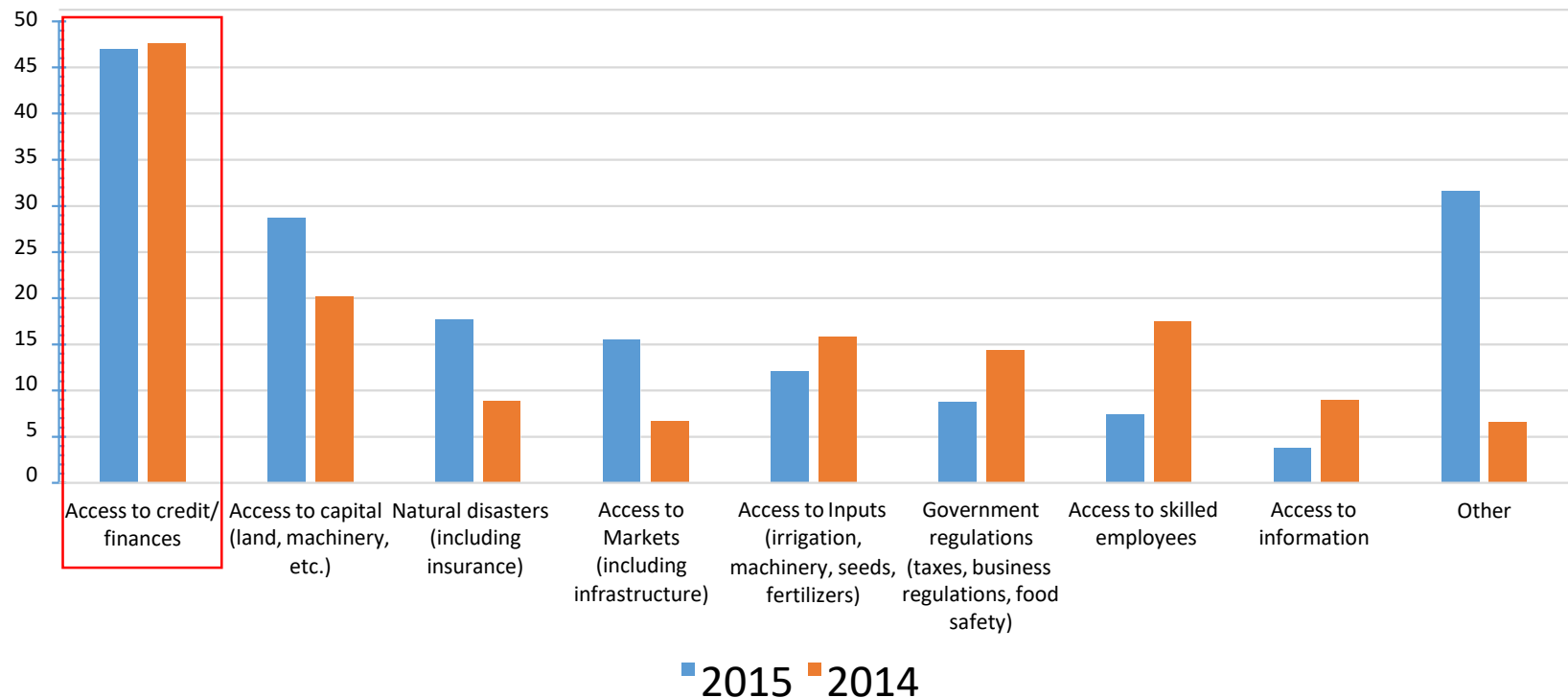
The Strategy of Economic Development (1958)

ENPARD Supported Cooperatives Across Georgia (247 cooperatives)



Source: ENPARD supported cooperative database, ECU & ENPARD consortia (October, 2016)

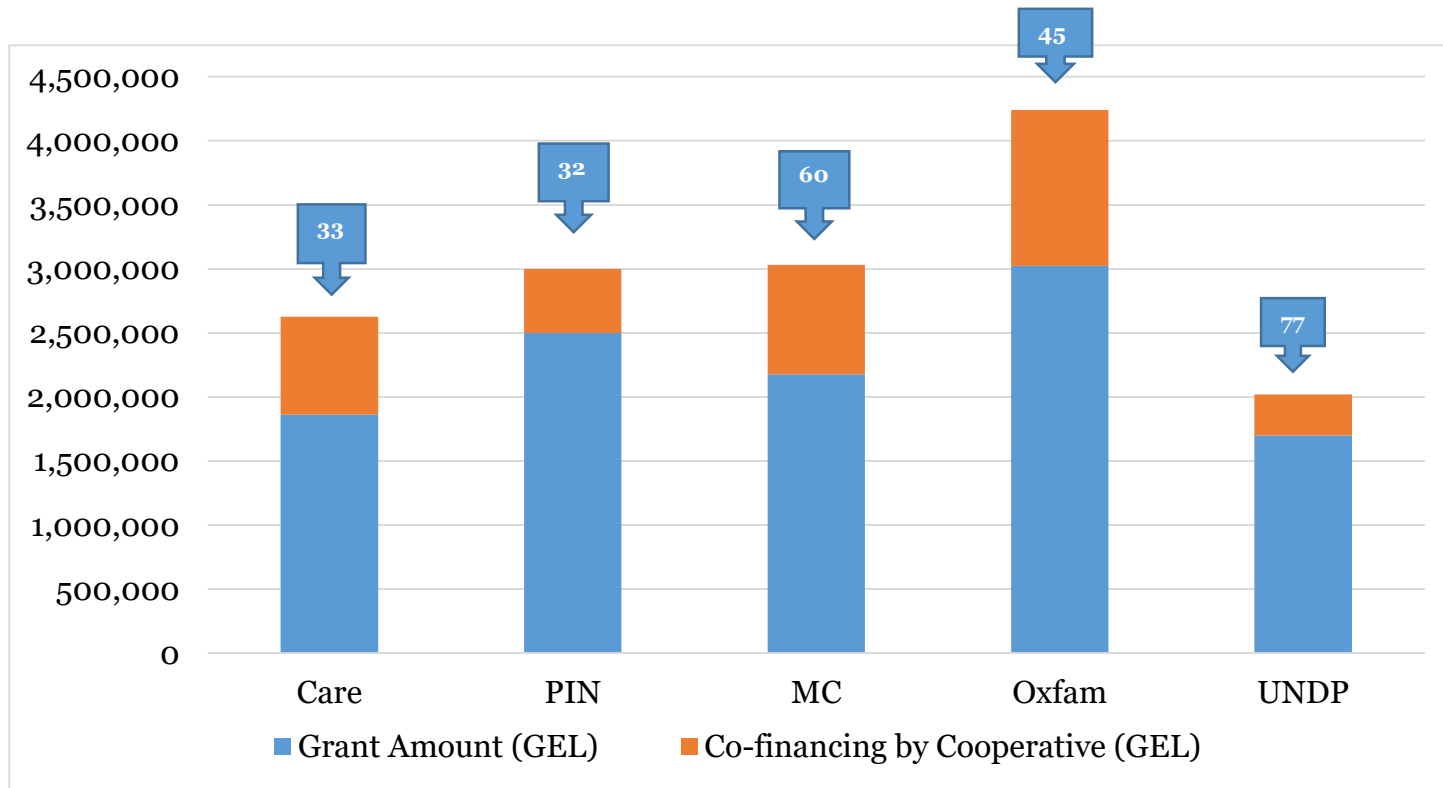
Access to credit/funding is the number one constraint for Georgian cooperatives



A ranking of factors inhibiting the development of ag coops, based on **self-assessment** by 82 coops in 2014 and 118 coops in 2015

ENPARD is a major source of funding for Georgian ag coops

- ENPARD supports a total of **247** Agricultural Cooperatives;
- **GEL 11'265'800** was invested by ENPARD, leveraging an additional **GEL 3'651'909** of co-financing by the coops (**Total: GEL 14'917'710**)
- On average, each ENPARD-supported coop invested about **GEL 60,000** (75% of which was financed by ENPARD)

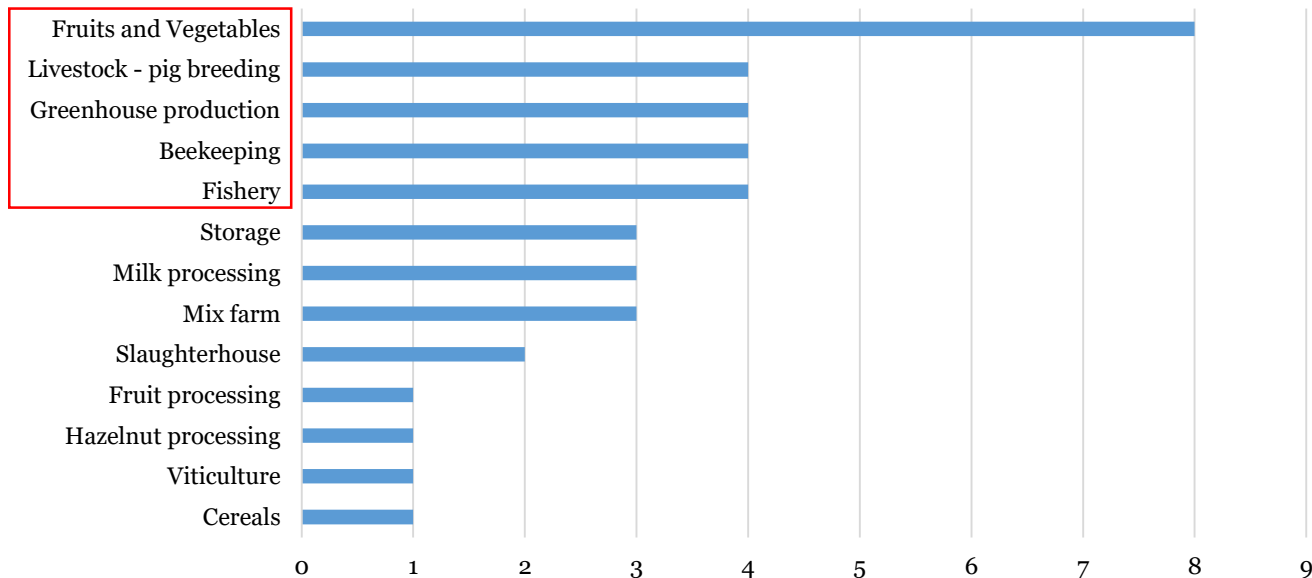


Another important funding source for coops is Preferential Loans by APMA

- **39** preferential loans issued since 2014

Currency	# of Cooperatives	Total Value	Per Cooperative
Total	39	GEL 3.86 mln	GEL 99 K

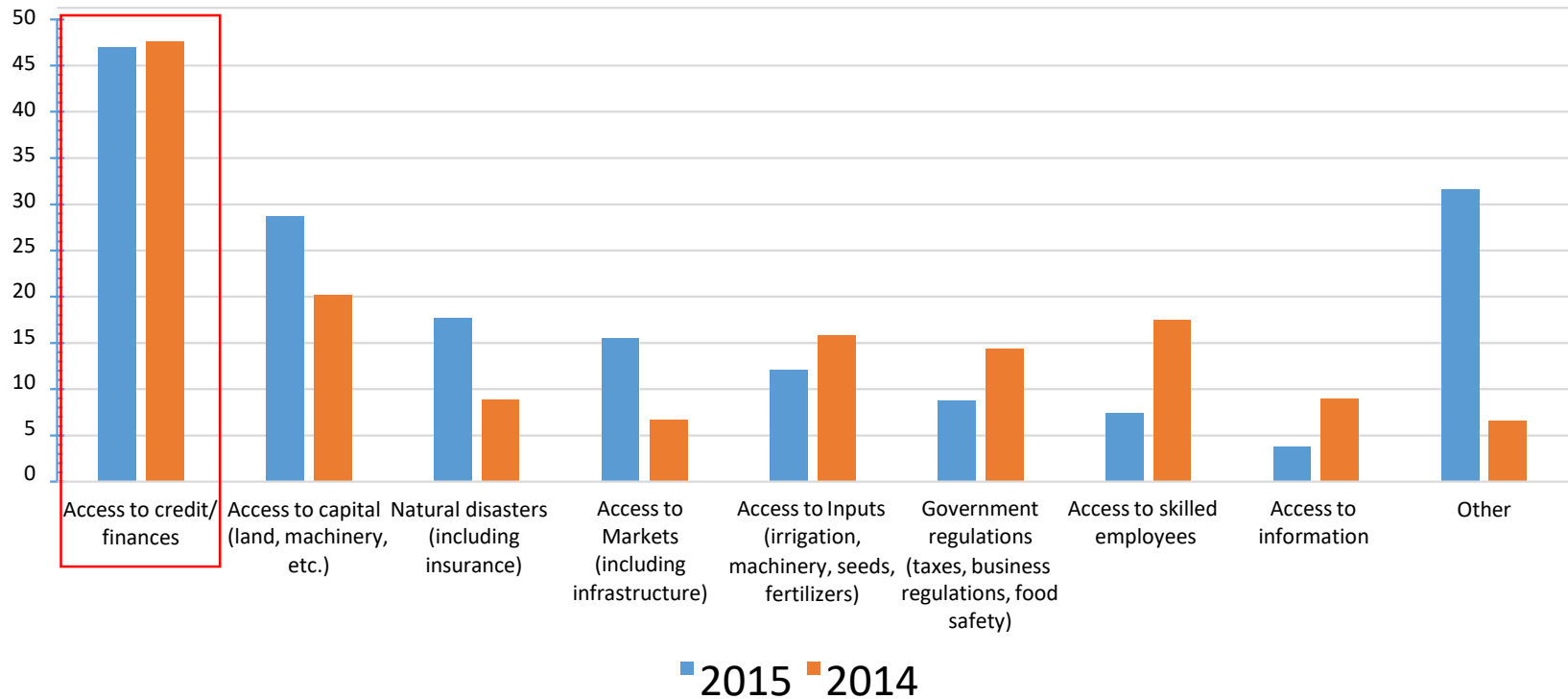
Sub-sectors of agriculture



And there is also ACDA funding!

- About 6 mln GEL for coops operating in specific value chains, such as beekeeping, dairy, etc.

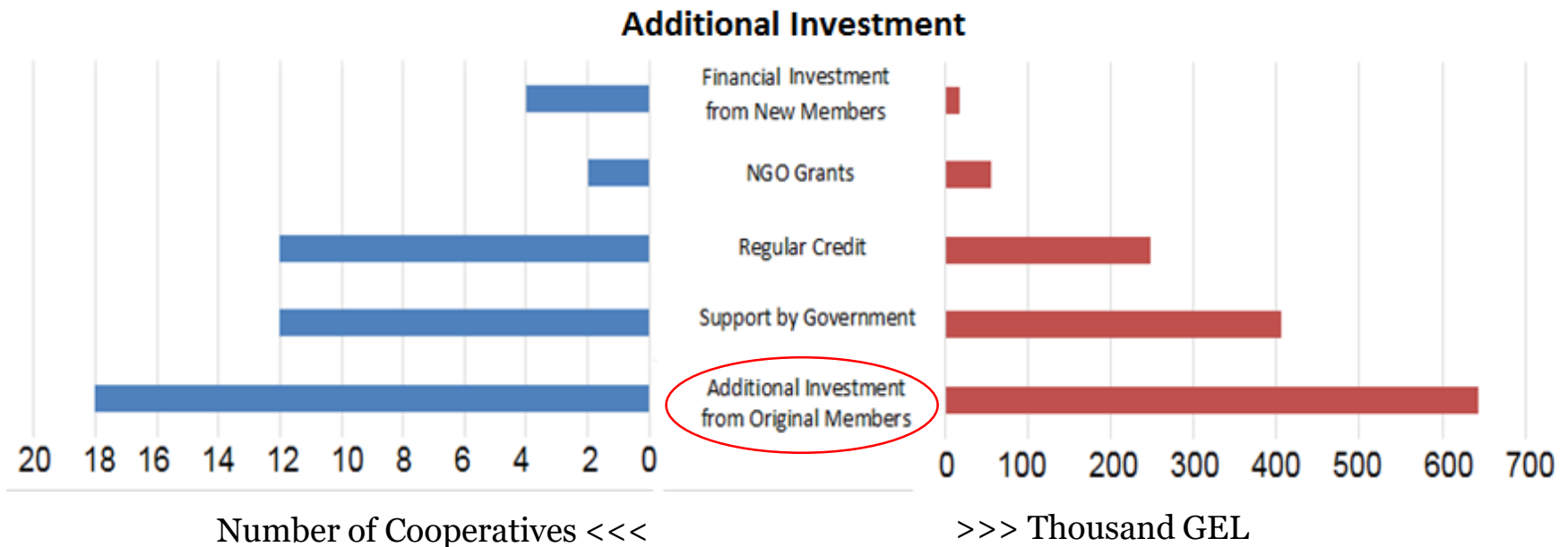
Still, funding is considered the number one constraint!



A ranking of factors inhibiting the development of ag coops, based on **self-assessment** by 82 coops in 2014 and 118 coops in 2015

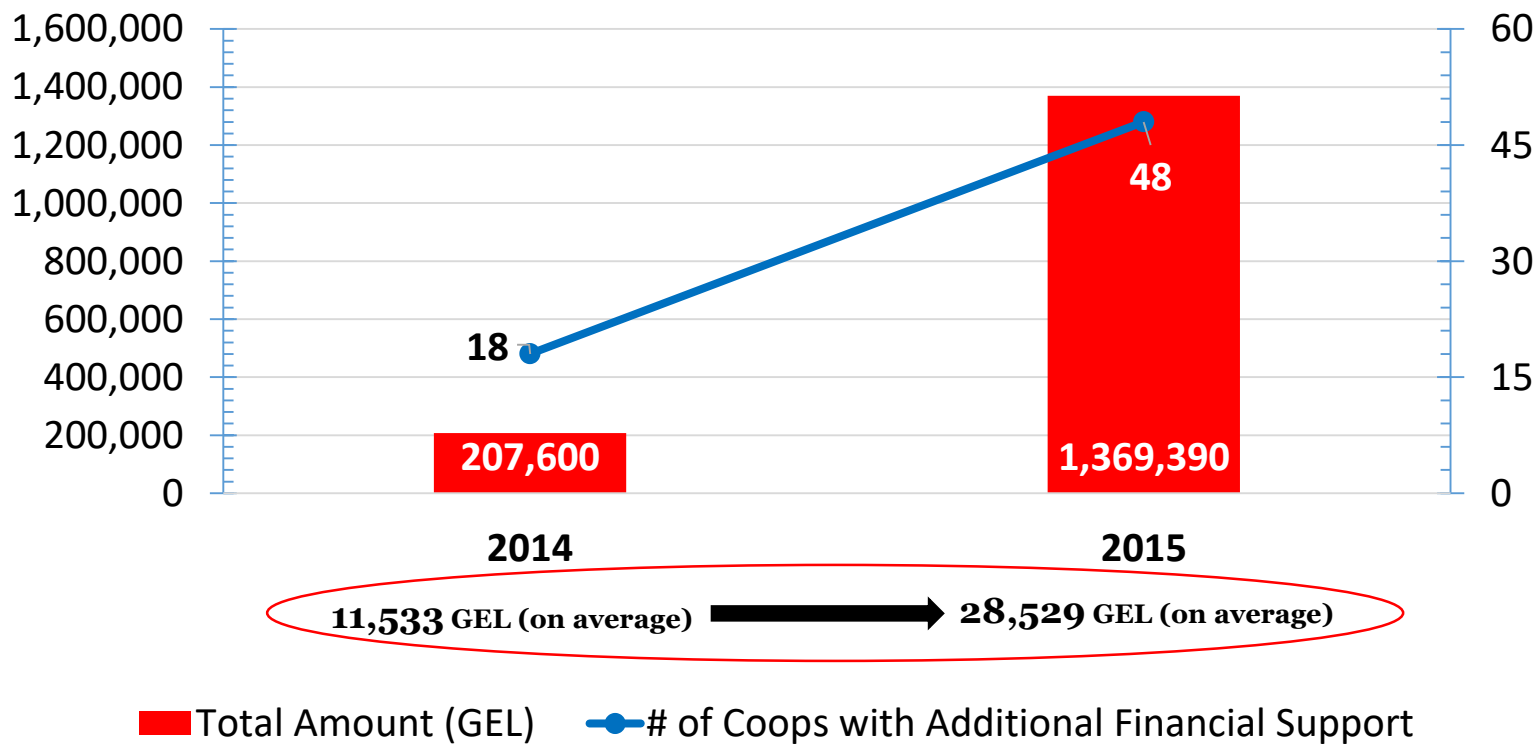
One way to learn how coops can overcome the financing bottleneck is to look at successful cases

- Out of 118 surveyed ENPARD cooperatives, 48 managed to invest additional money in 2015 (beyond ENPARD's grants);
- In total, additional investment comprised **1'369'390 GEL**



Note that additional investment by coops is on the rise!

2014 vs. 2015



We conclude with questions:

- What explains the success of some coops to raise additional capital? (leadership, certain skills, size of assets, specifics of the value chain, etc.)
- What can we learn from the failure of other coops to raise capital?
- How can we (government, donors, value chain partners, and the farmers themselves) make coops bankable?

Thank you!

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Acknowledgement



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