

## RESULTS OF THE MONITORING OF THE AGRO-DIESEL SUPPLY PROGRAM

IN ACCORDANCE WITH THE AGRICULTURAL ANTI-CRISIS PLAN, THE PROGRAM TO SUPPLY FARMERS WITH AGRO-DIESEL WAS INITIATED ON MAY 20, 2020. SPECIFICALLY, THE PROGRAM ENCOMPASSES THE SELLING OF DIESEL FUEL TO THE INDIVIDUALS AND LEGAL ENTITIES OWNING PLOTS OF LAND BETWEEN 0.25 AND 100 HECTARES OF AGRICULTURAL DESIGNATION THAT ARE REGISTERED WITH THE NATIONAL AGENCY OF THE PUBLIC REGISTRY AT A DISCOUNTED PRICE. WITHIN THE FRAMEWORK OF THIS PROGRAM, THE FARMERS WOULD BE ABLE TO PURCHASE THE DIESEL NECESSARY FOR AGRO-TECHNICAL WORK FOR GEL 1 LESS THAN THE MARKET PRICE. PER THE CALCULATIONS OF THE GEORGIAN GOVERNMENT, APPROXIMATELY 200,000 FARMERS WILL BENEFIT FROM THE PROGRAM AND ACHIEVE SAVINGS OF NEARLY GEL 40,000 MILLION.

THE STUDY EVALUATES THE EFFECTIVENESS OF THE STATE PROGRAM FOR ASSISTANCE WITH AGRO-DIESEL AFTER NEARLY 6 MONTHS FOLLOWING ITS INITIATION. TO THIS PURPOSE, THE STUDY ANALYZED THE DEGREE OF CORRESPONDENCE OF THE RESULTS OF THIS PROGRAM ENVISAGED BY THE ANTI-CRISIS PLAN WITH ACTUAL OBSERVED INDICATORS.

### KEY FINDINGS



Within the scope of the agro-diesel state program, as of 30 November 2020, discount cards for 30,854,470 liters of diesel fuel have been handed out, while the beneficiaries **have only acquired 10,225,460 liters (33.1%)**.



The possibility of the highest discount for farmers was provided for 10 days after the program was enacted, and **instead of GEL 1, it comprised 74 tetri**.



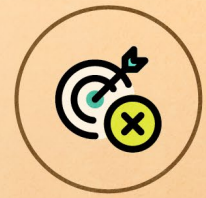
After June 1, 2020, the discount for diesel fuel varied between 25 tetri and 65 tetri.



Within the framework of the program, on average, beneficiaries purchased diesel **with a 45-tetri discount at gas stations and 55-tetri discount at oil depots**, instead of the GEL 1 envisaged by the plan.



The significant variation in the values of the discount in different periods of the implementation of the agro-diesel state program **is explained by the imbalance** between the market prices and the tender prices of the supplier company for the program, Ltd. "SOCAR Georgia Petroleum".



As of November 30, 2020, the value of the benefits to the farmers constituted approximately GEL 4.6 million. One month before the end of the program, this value is **9 times smaller than the ultimate target of the program** (40,000 million benefit to the farmers).



The program envisioned providing assistance to nearly 200,000 farmers, although only 80,675 persons expressed interest in taking advantage of the proposed discount at the I stage of the program, 37,156 at the II stage, and only 6,021 at the III stage (until November 30).



## CONCLUSIONS



- THE STUDY RESULTS GIVE RISE TO SIGNIFICANT QUESTIONS REGARDING THE EFFECTIVENESS OF THE PROGRAM IN GENERAL.

- ON ONE HAND, THE RESULTS SHOWN 1 MONTH PRIOR TO THE END OF THE PROGRAM GIVE A CLEAR INDICATION OF THE EXISTING **PROBLEMS WITH THE PLANNING AND IMPLEMENTATION** OF THE PROGRAM. ON THE OTHER HAND, THEY ALSO GIVE RISE TO DOUBTS REGARDING THE POSSIBILITY OF AN ATTEMPT BY THE GOVERNMENT TO **ARTIFICIALLY GENERATE INFLATED EXPECTATIONS** FOR THE SCOPE AND EFFECTIVENESS OF THE PROGRAM AMONG THE PUBLIC IN THE PRE-ELECTION PERIOD.



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