

# Improving Agriculture, Improving Lives



**Nationally, agriculture remains an important sector in terms of GDP contribution. In 2011, agriculture represented the 8% of GDP.**

**A**gricultural output can be broken down into a few major categories: livestock (beef and lamb, pork, chicken), grains, vegetables, fruits, grapes/wine, and nuts. Primary international investments have been with tangerines, mandarins and nuts. In total Georgia is a net importer of food including in wheat and cereals.

The sector provides an important safety net for the rural population, with some 50% of the labour force employed in the sector. 95% of farmers are small farmers, typically cultivating around 1ha of land and owning an average of 2 cows. The slow pace of agricultural modernization, coupled with land abandonment, has also meant that rural poverty has proved persistent.

In 2011, agriculture has been announced as a top development priority for Georgia. This new emphasis on the sector was underlined in the 10 Points Plan 2011/2015, which proposes develop-

ing commercial agriculture in addition to household production. Further, in 2012, the Government increased the budgetary expenditure on agriculture by 60%.

An Agriculture Strategy of Georgia for the period 2012-2022 was adopted by the Government in March 2012. Later on, in December 2012, the Agriculture Action Plan of Georgia has been approved.

**The current European Neighbourhood Policy (ENP) Action Plan also sees agriculture as a priority for Georgia and specifies, as one of its priority lines for action, sets out the need to enhance agricultural production and rural development. Furthermore, the modernisation of agriculture constitutes the basis for a developed food safety system which is, in turn, a key element in the negotiation of the EU-Georgia Deep and Comprehensive Free Trade Area (DCFTA).**





To support the Governmental initiative the European Union launched in 2012, the European Neighbourhood Program for Agriculture and Rural Development (ENPARD) was developed by the European Union to boost the production of food in Georgia and to reduce rural poverty.

The duration of the project is five years (January 2012 – January 2016)

ENPARD's expected results include the strengthening of co-operation amongst small farmers; improved performance of the institutions engaged in agriculture. The levels of the Georgian food production and the index of rural poverty will be used as the key indicators of progress.

### How ENPARD will work:

The Ministry of Agriculture as well as other line Ministries/Government Agencies, Regional Departments of Agriculture, Local Authorities and Agricultural Service Providers will be the main partners for the programme. Farmers, farmers associations, rural fam-

ilies as well as other private sector stakeholders will be the ultimate beneficiaries.

### Budget

The Budget of the programme is eur 40 million.

18 million for Budget Support. The transfer to the Georgian state budget is allotted in three single tranches, if the general and specific conditions set out in the Financing Agreement are met. These conditions include the process of the enhancing the competitiveness of farmer's and Rural entrepreneurs through improving the policies and legislation, to stimulate investments in agriculture, to implement the institutional developments and organizational modernisation for the better performance of the ministry, to develop the Regional and agricultural infrastructure, etc.

The grants totalling € 15 million have been awarded to four consortia: Oxfam Great Britain, Care Austria, People in Need and Mercy Corps Scotland, which bring together some 16 national and international organisations, includ-

ing agriculture associations and academic institutions. The projects will assist the establishment of more than 160 cooperatives with technical assistance, development of new capacities, and direct investments covering 45 districts, and targeting all the regions of Georgia.

The EU funded cooperatives are business oriented voluntary-based organisations of small farmers, created in order to gain economies of scale, enhance their efficiency and improve their linkages to the markets. The cooperatives will be engaged in joint activities such as common storages, transport, processing, marketing and sale of agriculture products.

Oxfam Great Britain consortia:

Biological Farming Association Elkana;

Foundation Action Against Hunger (ACF);

Rural Communities Development Agency;

**Care Austria consortia.** Within the framework Enpard-project, CARE international in the Caucasus contributes to the development of agricultural cooperatives in the 7 municipality : **Senaki, Abasha, khobi (Samegrelo region), Ozurgeti, Lanchkhuti Chokhatauri (Guria region) and Tsageri (Racha-lechkhumi region).**

### Their Partners are:

Reginal Development Association (RDA);

ISSET Policy Institute

People in Need Czech Republic Consortia. Currently **People in Need** is implementing projects in Imereti, Racha, Shida Kartli and Tbilisi funded by the European Union and the Czech Development Agency.



**Their Partners are:**

Biological Farming Association Elkana;  
Young Economists Association

Mercy Corps Scotland Consortia. **Mercy corps** is working in 16 Municipalities of 5 regions of Georgia: Imereti: Sachkhere, Chiatura, Vani, Samtredia.; Shida Kartli: Gori, Kareli, Khashuri, Kaspi ; Kvemo Kartli: Gardabani, Marneuli, Tetritskaro; Samtskhe-Javakheti: Akhalkalaki, Ninotsminda; Kakheti: Sagarejo, Gurjaani, Kvareli.

**Their partners are:**

Union Agroservice;  
Association of Business Consulting Organizations of Georgia "ABCO Georgia";  
Georgian Institute of Public Affairs.

**3 million as Contribution Agreement-** the region of Adjara will particularly benefit of a joint programme co-financed with UNDP. It is intended as a sub programme in support to agriculture in the Region of Adjara in a joint management with the UNDP. In addition, UNDP will support this component with € 300.000. The activities under this component are the following:

Increasing and improving services to small farmers (71 demonstration projects will be launched in fields such as gardening, vegetables, animal husbandry and others as well as developing postharvest consolidation centres).  
Development of business oriented small farmers groups, associations and other forms of profit-based collaborative actions between farmers.  
Institutional Development of Ajara regional Ministry of Agriculture (including Agriculture Development Studies, Investment profile and investment promotion study).



**2 million as Contribution Agreement.** The Ministry of Agriculture will benefit from this programme managed jointly with FAO. It will help the ministry to develop the capacity needed in order to carry out the *Strategy for Agriculture* and its *Action Plan*. This is a very significant component of the ENPARD, since it will aim to improve the competitiveness of the agriculture sector in Georgia. It will improve both the policy making and the effective implementation of the Strategy for Agricultural Development. Modernization of agriculture is a key ingredient to comprehensive functioning of the food safety system, which in turn, is a major element within the context of EU-Georgia Deep and Comprehensive Free Trade Agreement negotiations.

**2 million in Technical Assistance.** The technical support will contribute to train institutions engaged in agriculture and will enhance the capacity building process that the European Union is strongly support.



Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) that the EU and Georgia already initiated and will sign in a few months' time, will bring Georgia closer to Europe, not only in terms of trade and further economic links but, even more importantly, in terms of joining certain important values. Paying sufficient attention to the needs of rural areas, as well as ensuring inclusive growth models that take into account food security and food safety concerns, indeed, core aspects of these values.



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