

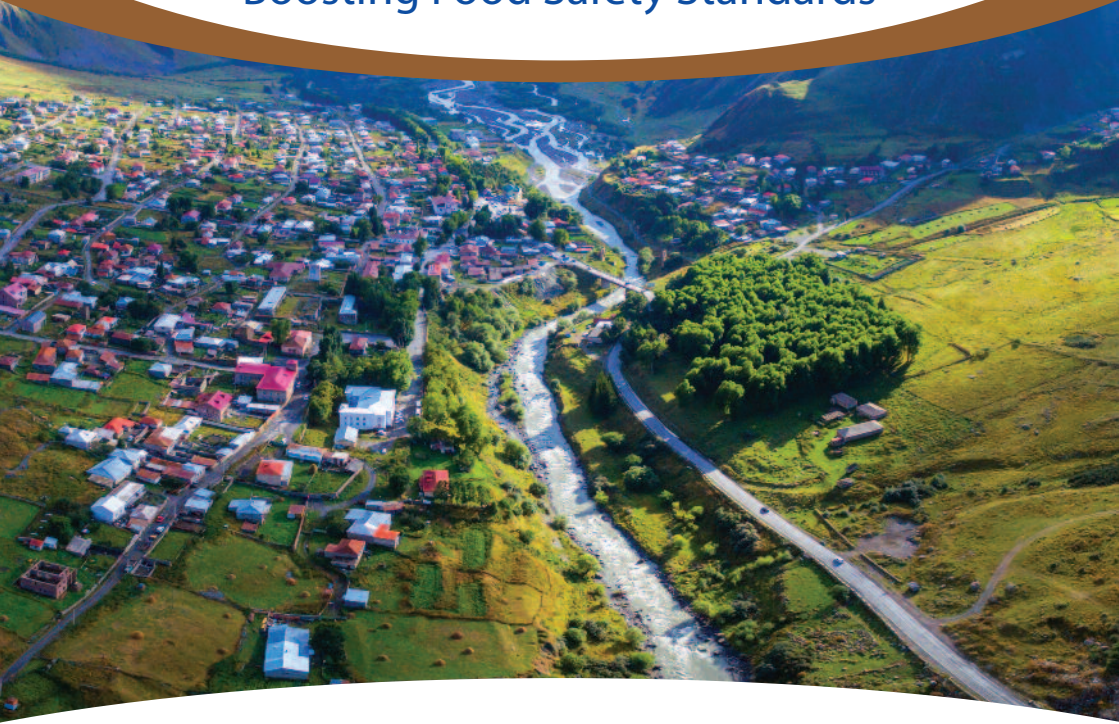


The European Union
for Georgia

ENPARD: Support to Agriculture
and Rural Development

ENPARD – Strong Rural Economy for Better Life

Improving Agriculture
Promoting Rural Development
Boosting Food Safety Standards



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A photograph of a vineyard in autumn. The leaves are mostly yellow and orange, with some green still visible. The vines are in the foreground, and the background shows a dense field of similar vines stretching towards a hazy horizon. The lighting is warm, suggesting late afternoon or early morning.

The Association Agreement (AA) and the Deep and Comprehensive Free Trade Area (DCFTA) with the EU allow Georgian products to reach 500 million European consumers.

Background

Agriculture has been central to Georgia's economic and social fabric for centuries. It played an important role in the formation of Georgia's statehood and contributed much to its economic growth. The sector, which was hit hard by the breakup of the USSR in the early 90s, has been steadily developing in the country over the past years.

In Georgia, over 42% of the population lives in rural areas (Geostat). Agriculture and rural development, therefore, play a key role in increasing employment, reducing poverty and strengthening the country. Reinvigorating the sector is of particular importance now, given that the Association Agreement (AA), which Georgia signed with the European Union (EU) in June 2014, has fully entered into force, and the Deep and Comprehensive Free Trade Area (DCFTA) is opening the door for Georgian products to reach 500 million European consumers.

Under the EU-Georgia Association Agreement, Georgia is committed to promote agricultural and rural development, in particular through progressive convergence towards EU policies and legislation, including sharing knowledge and best practices of rural development to promote economic well-being for rural communities and enhancing the administrative capacities at central and local level.

The Georgian government's commitment to revitalising agriculture is reflected in significant increases in national expenditure, as well as in speedy structural and legislative reforms. The EU has been supporting the sector through the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD). ENPARD I, the first phase, is a € 52 million (≈ GEL 135 million) programme that started in 2013. From 2016, the second phase, ENPARD II, will inject a further € 50 million (≈ GEL 130 million) to widen and deepen the agricultural and rural development measures launched under the first phase.

ENPARD I (2014-2017) – Main achievements

1. Strengthened cooperation between farmers

To date, over 1600 farmer cooperatives have been registered in Georgia, producing a wide range of products – including dairy, wine, vegetables, fish and honey. ENPARD supported the creation of business-oriented cooperatives allowing farmers to achieve economies of scale and reach markets that they could not reach on their own.

2. Improving extension services (ICCs)

At present, 59 regional information and consultation centres (ICCs) have been created at district level. These provide information, advice and training to farmers on best practices, new technologies, and demand/supply on both national and international markets.

3. Supporting the Ministry of Agriculture

The Ministry of Agriculture and its line agencies have improved their performance and adopted key pieces of legislation to enhance agricultural competitiveness. Achievements include the establishment of a policy unit to oversee the implementation of the Agricultural Strategy, the creation of the Agriculture Cooperatives Development Agency and the establishment of the Agriculture Scientific Research Centre.

4. Piloting Rural Development

Three pilot rural development projects have been implemented in Borjomi, Lagodekhi and Kazbegi to strengthen nonagricultural sectors such as eco-tourism, manufacturing, and services, and to create a vibrant labour market in rural areas, where half of Georgia's population lives. These pilot projects have provided useful lessons for the design of ENPARD II, which has a stronger focus on rural development in Georgia.

Large scale and voluntary cooperative based agriculture is the norm in Europe, where it facilitates the pooling of knowledge and lowers the costs of equipment and supplies for farmers.

ENPARD II (2016-2020) – building on strong foundations

ENPARD II will continue to support the Ministry of Agriculture in its implementation of the recently updated Strategy of Agricultural Development of Georgia (SADG) 2015-2020. EU assistance will come through direct budget support to the government, as well as complementary grant programmes.

ENPARD II will focus on three areas: (1) improving agriculture; (2) promoting rural development; and (3) boosting food safety standards.

1. Improving agriculture

ENPARD II will continue providing technical support and training to the Ministry of Agriculture initiated under ENPARD I. This includes assisting in the creation of a farm registry, and the implementation of a seed certification process and climate-resilient agricultural practices. Moreover, through direct budget support, ENPARD II will continue to encourage the creation and sustainability of business-oriented farmer cooperatives in Georgia.

Examples of cooperatives supported by ENPARD

Large scale and voluntary cooperative based agriculture is the norm in Europe, where it facilitates pooling knowledge and lowers costs of equipment and supplies for farmers. In Georgia, however, farming takes place on small plots with each farmer working individually, with higher costs and risks. Helping Georgian farmers benefit from the European experiences requires overcoming painful memories of forced collective farms (or “kolkhoz”).

Satsuri, wine making on the Black Sea

“I had doubts about forming a cooperative, because of its soviet legacy,” explains Vazha Davitadze, head of a wine-processing cooperative in Batumi, in western Georgia, named Satsuri after the only indigenous grape variety from the Adjara region. He was not alone. With EU grant in the amount of GEL 24,600 (≈ € 9,500), the 4-member group purchased grape processing and wine bottling equipment. With further technical assistance on production and marketing, they increased the quality and quantity of their wine, highlighting the benefits of cooperatives as a business model.





Tapli Sachino, beekeeping in Imereti

In February 2015, five primary-production honey cooperatives in the villages of Vani and Bagdati in central Georgia joined forces to set up Tapli Sachino, one of Georgia's second-level cooperatives (whose members are cooperatives, rather than individual farmers). "Beekeeping requires knowledge in multiple areas," says Mindia Kavtaradze, Tapli Sachino's director. "We divide the roles among our members: some make the hives or the waved trays, others look after the bees or treat the hives. This approach makes the work easier and allows us to cut production costs almost by half." Together, they can cover almost all of the value chain – from production to processing, packaging, storage and marketing. The total value of material resources provided by the EU to Tapli Sachino as co-financing amounts to more than GEL 200,000 (\approx € 76,600).



Kulichkari, hazelnuts in Samegrelo

The 11 members of Kulichkari, a nut cooperative in Samegrelo, Western Georgia, with the support of ENPARD received training in business planning and agro-technique as well as grant in the amount of GEL 36,432 (\approx € 14,000) to purchase equipment. Higher quality equipment, such as a moving plough and sowing machinery purchased at a preferential rate has led to increased efficiency, decreased losses and higher revenues. To date, the group plants 52 hectares with hazelnuts. They are not alone: joining forces has allowed hundreds of other small hazelnut producers to increase the quality and quantity of their production. Today, nuts are the country's largest exported agricultural product, outpacing wine.





2. Promoting rural development

The key to boosting employment and improving living conditions in rural areas is diversifying the economy and moving away from an over-reliance on agriculture. ENPARD works with relevant ministries, civil society and local communities to promote lasting rural development in a variety of ways.

• *A National Strategy for Rural Development*

At the central level, ENPARD provides technical assistance to support the development and implementation of a National Strategy for Rural Development. The strategy is founded on three core axes: competitive agriculture, the sustainable management of natural resources, and a diversified local economy.

The strategy is based on the European Union's LEADER approach which has been piloted in three municipalities: Borjomi, Kazbegi, and Lagodekhi under ENPARD I. The LEADER approach considers each rural area distinctive and maintains that no one understands the unique traits of a region better than its inhabitants. It adopts a "bottom-up" approach in which local action groups (LAGs) mobilise communities at the local level. Once the needs are identified, the process will finance promising project ideas.



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• ***New Economic Opportunities***

ENPARD II focuses on rural development and aims to create new economic opportunities for the rural population. In rural and mountainous areas not everyone has to be a farmer: the programme assists, supports, and fosters the creation of micro, small and medium enterprises, helping potential entrepreneurs to identify ideas, design projects, and detail budget and business plans. This also entails the need to improve rural services, which are often limited or insufficient and impede efforts to boost economic development and curb rural poverty.

The programme will benefit the whole of Georgia, while its concrete rural development actions will be implemented in selected municipalities of the country. It will also support pilot rural development activities in the breakaway region of Abkhazia, in line with the EU's principles of non-recognition and engagement. Moreover, ENPARD II will actively promote the core EU principles of gender equality, environmental sustainability, and mitigation and adaptation to climate change.

3. Boosting food safety standards

Food safety and sanitary and phyto-sanitary (SPS) measures have long been neglected in the country. Yet during the negotiations of the EU-Georgia Association Agreement, the issue came back onto the legislative agenda: Georgia can only take full advantage of the free trade opportunities to the EU if it approximates to EU standards.

As a result, the Ministry of Agriculture set up the National Food Agency (NFA) in 2012, which is tasked with control and inspection of food safety and SPS. In 2013, it adopted the Code on Food and Feed Safety, Veterinary and Plant Protection. Building upon separate support to the NFA from the EU's Comprehensive Institution Building programme, ENPARD II will



support the government to upgrade laboratory capacities, food safety and SPS standards for inspection and control. It will support the strengthening of border inspection and controls and the upgrading of food import and export standards, and encourage farmers to abide by them – a crucial step if they are to sell their products to the large European market through the DCFTA.



Adjara Agroservice Centre in Kobuleti – fumigation process



Kobuleti Nursery Phenological observation process of agricultural and biological peculiarities of the vine and fruit plant varieties

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ENPARD II - Breakdown by Activities

Total budget of ENPARD II is € 50 million (≈ GEL 130 million)

● **Budget support – € 27 million (≈ GEL 70 million)**

1. Enhanced competitiveness, climate-resilience and sustainability of the agriculture sector

- 1.1 Creation of the farm registry
- 1.2 Development of farmers' cooperatives
- 1.3 Implementation of the seed certification process
- 1.4 Improvement of the organisational structure, human resources management and training systems of the MoA
- 1.5 Improvement of the agriculture analytical capacity and database management
- 1.6 Implementation of sustainable and climate-resilient agricultural practices

2. Improved SPS, food safety and food quality standards and procedures for inspection and control

- 2.1 Upgrading of laboratory capacities and food safety/SPS standards for inspection and control
- 2.2 Strengthening of capacities for border inspection and control and upgrade of standards for food import/export monitoring
- 2.3 Adoption of improved food safety/quality schemes by farmers

3. Improved employment and living conditions in the rural areas through the diversification of the rural economy

- 3.1 Development of state-promoted initiatives to encourage non-farm rural development
- 3.2 Implementation of targeted support measures under the National Strategy for Rural Development in Georgia, following the principles, models and lessons learned from the EU Member States

● **Complementary support – € 23 million (≈ GEL 60 million)**

1. Enhanced competitiveness, climate-resilience and sustainability of the agriculture sector

- 1.1 Technical Assistance to the MoA for the effective implementation of the Strategy of Agricultural Development of Georgia (SADG)

2. Improved employment and living conditions in the rural areas through diversification of the rural economy

- 2.1 Implementation of rural development measures in support to the poor population
- 2.2 Technical Assistance for the establishment of a National Strategy for Rural Development
- 2.3 Technical Assistance for the implementation of the Strategy for Rural Development in Adjara
- 2.4 Implementation of pilot rural development measures in support to the poor population in Abkhazia





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