



EUROPEAN NEIGHBOURHOOD PROGRAMME
FOR AGRICULTURE AND RURAL DEVELOPMENT



**Supporting
Agriculture
Empowering
Farmers
Improving
Lives**



**AGRICULTURE EMPLOYS 55%
OF GEORGIA'S WORKFORCE
BUT CONTRIBUTES TO 9.3%
OF NATIONAL GDP**



The failure to modernise agriculture is one of the root causes of poverty in Georgia.

Agriculture has always been key for Georgia's economy: In 1990 agriculture was responsible for 29.7% of GDP. But the break-up of the Soviet Union sent the sector into free fall. Despite employing over two-thirds of the workforce, production has plummeted: in 2013 agriculture contributed to only 9.3% of GDP. Productivity also dived, leaving Georgia behind its regional peers.

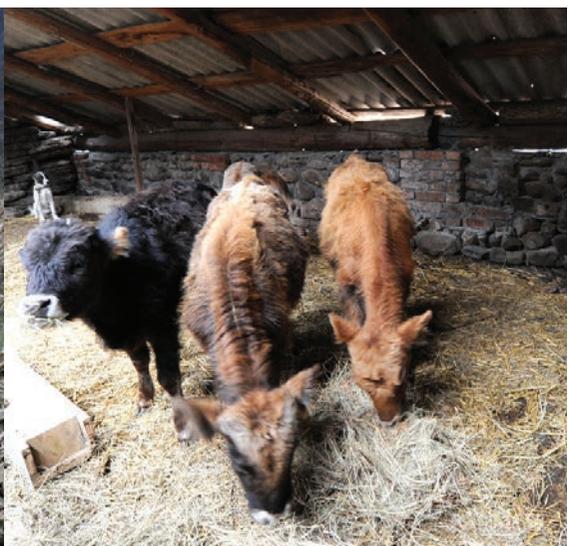
About 95% of Georgian farmers are small farmers, typically cultivating around 1 hectare of land and owning an average of 2 cows. Limited production leaves them unable to compete with imports, while low incomes mean they cannot re-invest to improve the productivity of their

land and cattle. The result is a vicious cycle of subsistence farming and poverty.

Improving agriculture is therefore vital to boost Georgia's economy. The current European Neighbourhood Policy (ENP) Action Plan places a high priority on developing the sector and making it more competitive at home and abroad.

That is timely. In June 2014, Georgia and the EU signed a Deep and Comprehensive Free Trade Agreement (DCFTA), which opens the doors for Georgian products to the 500 million consumers who make up the European market.





ENPARD IN FIGURES (millions of euros)

Financial Support to the Government of Georgia ('budget support') 24.5

Implementation of the Agriculture Development Strategy 2014-2020 7

Establishment of advisory services for the farmers in at least 30 districts 5.5

State programmes to support at least 350 farmers cooperatives 8.5

Creation of the Policy Unit of the Ministry of Agriculture 2

Improvement of agriculture statistics 1.5

Technical support to agriculture institutions 7

FAO Expert team assisting the Ministry of Agriculture 2.5

Technical support to the Cooperatives Development Agency 2.5

UNDP technical support to the Ministry of Agriculture of Ajara 1

UNDP technical support to the Agro Service centre of Ajara 1

Grants to NGOs 19.75

4 Grants for financial and technical support to 160 cooperatives 16

Grants pilot rural development projects in 2 districts 3

Grants to support high education and research 0.75

Evaluation, monitoring, visibility 0.75

TOTAL 52

Note: In 2014, the original ENPARD budget of EUR40 million received a top-up of EUR12 million to reward Georgia's progress in democratic reforms



What is ENPARD?

The European Neighbourhood Partnership Agriculture and Rural Development (ENPARD) is a five-year programme (March 2013 – March 2018) to reinvigorate the agricultural sector in Georgia with a thorough cooperation of government, civil society, and farmers. The EUR52 million programme aims to:

- **support the capacity and efficiency of the institutions involved in the sector, and particularly the Ministry of Agriculture;**
- **improve farmers' know-how with district-level consultations and information centres;**
- **strengthen co-operation with and amongst small farmers to increase productivity and reach economies of scale; and**
- **develop employment and living conditions in rural areas.**

Supporting Agriculture

In 2014, the Georgian government adopted its Agriculture strategy 2014-2020, which outlines the reforms needed to revamp the sector, starting from developing education and know-how of institutions involved in agriculture and cooperation. ENPARD supports the Ministry of Agriculture to strengthen its capacity to implement the reforms.

ENPARD provides EUR 24.5 million financial support –

or budget support – to the Ministry after conditions negotiated between the European Commission and the Georgian government have been met. These conditions include passing laws that enhance the competitiveness of farmers and rural entrepreneurs, modernising the Ministry of Agriculture to improve its performance, and organisation of an information network – or extension system – based on district level information centres.

The extension system aims to improve farmers' knowledge of best agricultural practices, new technologies, and national and international market conditions. 52 information centres have been established across the country, hosting a total of 350 specialists advising farmers on a daily basis. In the autonomous region of Ajara alone, some 20,000 farmers are regularly receiving this expertise advice.

Another priority area is improving the knowledge and efficiency of state institutions working in the sector. At the Ministry of Agriculture, ENPARD has been working with the Food and Agriculture Organisation (FAO) to create a policy unit, develop monitoring and evaluation systems, and regularly collect accurate statistics in order to provide a rigorous basis for sound investment and



CARE: ●	PEOPLE IN NEED: ●	OXFAM: ●	MercyCorps: ●	UNDP: ●

Empowering farmers

In Europe, farmers' cooperatives enable small farmers to reach economies of scale and target the market. But in most former Soviet Union republics, when you say “cooperative”, people hear “kolkhoz” – the notoriously unpopular form of collective farming in the former Soviet Union. Georgia has been no exception: before 2013, cooperatives were virtually non-existent.

ENPARD has worked at many levels to reverse this attitude, ranging from legislation down to the attitudes of individual farmers. In 2013, the Georgian Parliament approved the Law of Georgia on Agricultural Cooperatives, which created incentives for farmers to join forces – specifically tax exemption on property, revenues, and grants. The Agency for Development of Cooperatives was established to promote business-oriented cooperatives and to provide capacity building to the farmers. The agency works in every region, and provided information and training to over 32,000 farmers in the first 18 months of activity.

ENPARD also reaches farmers through civil society organisations. A total of sixteen Georgian and international organisations grouped in four consortia – led by CARE Austria, Mercy Corps Scotland, Oxfam UK, and People in

Need – have received grants to support the establishment of 160 cooperatives in 45 districts in the country. In addition, the autonomous region of Adjara will benefit from a joint programme co-financed with the United Nations Development Program (UNDP).

The results are encouraging. In May 2014, a survey conducted in 8 regions showed that annual percentage of small farmers aware of cooperation increased by 104%. By November 2014, over 300 small farmers' cooperatives had registered across the country, and the figure is growing quickly. The cooperative produce a wide range of products – from dairy to wine, from citrus to vegetables, from fish to honey, to flowers.

Improving lives

Half of Georgia's population lives in rural areas, where averages incomes are less than half of those in Tbilisi. But fighting poverty in rural areas does not only mean improving agriculture. It means also reducing dependency on agriculture as the primary source of income. ENPARD has allocated EUR3 million to two pilot projects to strengthen other sectors such as eco-tourism, manufacturing, and services, and to create a vibrant labour market. The two pilot projects will focus in areas with low-productivity agriculture, such as the highlands.

Vardi: Growing Roses in Abasha



Located at the intersection of the Abasha and Noghela rivers, Abasha is home to a group of women who early this year set on an unlikely business adventure for the 6,400-strong town in Western Georgia: growing roses in greenhouses.

Aged between 40 and 60, Leila, Nana, Manana, Inga and Nana are lifelong friends – all educated, passionate, and unemployed. All experienced farmers, they have been working together in their day-by-day activities for years, but never with a market-approach.

What they needed to make the jump was a little bit of help – EUR7,790 to be precise.

ENPARD and recent changes in Georgia's legislation to support farmers' groups convinced the five women to formally register as a farmer cooperative. In April 2014 they applied, and were selected, for funding and technical assistance by ENPARD. In October 2014, they regularly registered as a coop called "Vardi 2014", which means rose in Georgian. A recoverable grant – a zero-interest loan to be 'recovered' to finance future loans for cooperative projects – of GEL18,000 (EUR7,790) allowed them to set up a 250m² greenhouse with 1,600 rose plants in the small plot owned by the chairperson of Vardi 2014, Nana Pantsulaia. And they got started.

Growing roses was their dream – specifically Avalanzhi and Black Baqara – but to make the business sustainable, market research, technical knowledge, and determination were key.

Vardi 2014 found that flower production is rare in the Samegrelo-Svaneti region and two of the members are trained in greenhouses production and specialised in flowers growing. As for the determination, that is something these five women are not short of.

"According to our business plan, we will add one more greenhouse biannually. Currently we can grow 1,600 plants, which, in nine active months, can produce about 38,000 roses worth a total of GEL38,000 (EUR16,559). This means a profit of GEL11,000 (EUR4,793) which we can reinvest in the business," says Leila Chochia, who initiated the greenhouse idea following a specific training with USAID.

Vardi 2014 is a pioneer, not only because of its all-women board. It is also the only start-up business among the 11 cooperatives selected by the CARE-led consortium and it was the first group in the municipality resulting from the information and mobilisation campaign – since then four other farmers' groups were formed.

But the coop is more than just a business. Back at the beginning of 2014, one of the members was planning to leave for Turkey in search of work to sustain his family.

"The ENPARD project gave me opportunity to stay in my country, look after my family, and have an income."



This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of Action Global Communications and can in no way be taken to reflect the views of the European Union.



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