

Agricultural Cooperatives in Georgia

Local Preferences in Energy Production

Sharing of experiences from the region and the world

Çanakkale

2017



RURAL COMMUNITIES
DEVELOPMENT AGENCY

Agriculture of Georgia

Brief overview

49 % of rural population lives in rural areas

In total there are 700,000 agriculture holdings

Agriculture accounts for about 52% of the country's labor force

98% of farm workers are considered self-employed.

Major sources of livelihood are:

low-input, subsistence and semi-subsistence farming

Government policy for the agriculture and rural development

Agriculture has become a development priority in Georgia since 2012

And nowadays Agriculture development strategy is adopted and Agriculture action plan is in place

Main Goals of the above strategy and action plan:
Effective, competitive and sustainable agro-food sector

Objective: Development of agriculture through improving value chains and business oriented agriculture in addition to traditional household based farming

Agricultural Cooperatives

- A new law “On Agricultural Cooperatives” was adopted in 2013, defining tax benefits to all cooperatives holding the agricultural status.
- Goal of this legislation - *to support agriculture and rural development in the country by strengthening agricultural cooperatives*

Positive moves:

Number of registered agricultural cooperatives -1500

Number of farmers in cooperatives - 13,000

Rural population does not have many alternative employment opportunities

Monitoring and control

- Agricultural Cooperatives Development Agency (ACDA) under the Ministry of Agriculture in Georgia is the institution responsible for granting the agricultural status to all applying cooperatives.
- It also directly monitors and supervises activities of agricultural cooperatives in Georgia.

The cooperatives deprived of the status of an agricultural cooperative also lose their tax benefits

Cooperatives seek to realize economic benefits for its members from services that reduce cost, increase members' income, improve quality and provide improved service

Constraints faced by agricultural cooperatives in Georgia:

- fragmentation of land
- lack of knowledge and technology transfer
- high costs of agriculture inputs
- expensive financial resources
- absence of modern machinery services,
- poor connectivity to markets
- *and* generally degraded rural infrastructure

The current situation in agricultural sector significantly affects poverty indicators.

Goals of the Agriculture Sector Strategy

- Enhancing competitiveness of entrepreneurs and farmers
- Institutional development of the sector
- Development of different value chains of production
- Development of the regional and agriculture infrastructure
- Ensuring food security

Types of Cooperatives

- Machinery/Service cooperatives
 - Manufacturing, processing /marketing cooperatives
- ❑ **Machinery Pool**- local farmers get together to form a machinery pool that purchases the necessary equipment for all the members to use
 - ❑ **Manufacturing, processing /marketing cooperative**- is a business organization owned by farmers to collectively process and sell their products.

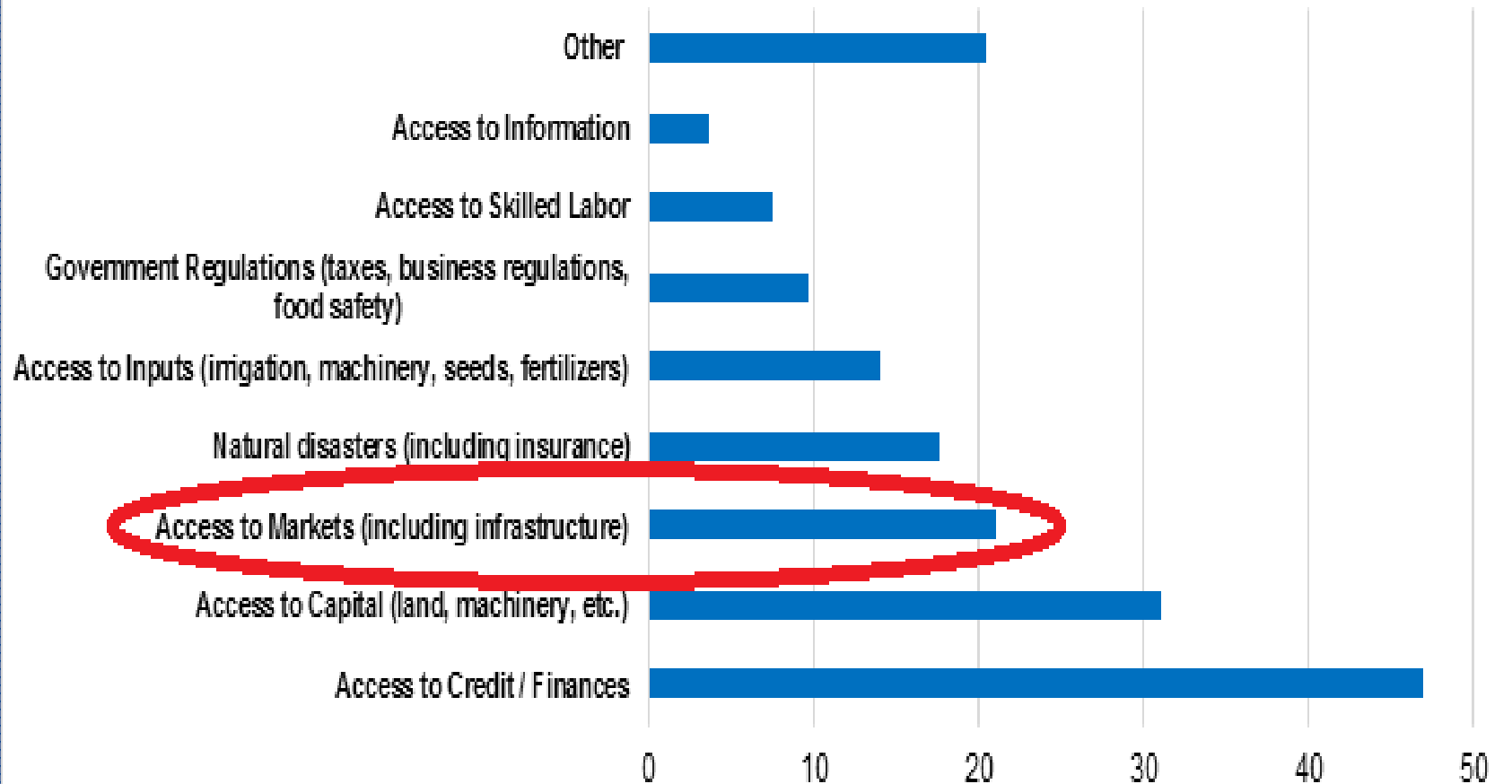
Cooperative Value Chains

Cooperative production Value chains

1. Animal food production
2. Hazel nut
3. Honey
4. Vegetable production in green houses
5. Fruit and Berry production
6. Tea production
7. Mushroom production
8. Milk and dairy production
9. Non-timber forest product drying, cooling and storage facilities

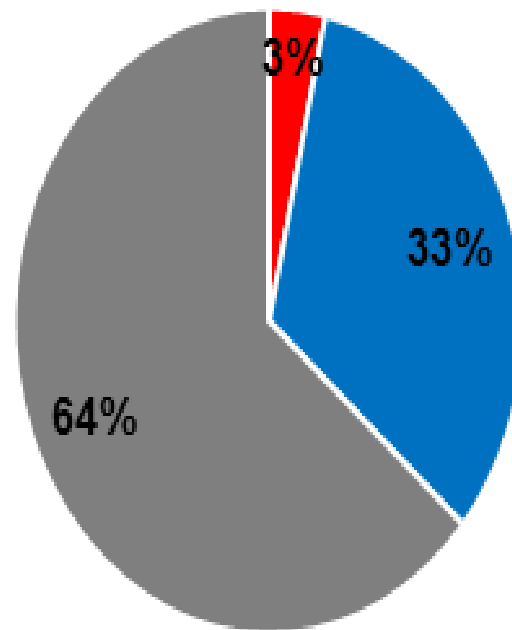


Constraints faced by coops in Georgia



Access to Markets and Sales products

- Geographic area where the cooperatives sell their products



■ Exporting ■ National Market ■ Local Market (inside the region)

Needs

Cooperatives need prolonged support to become sustainable in a long run

- Creation of well-functioned marketing cooperatives
- Providing incentives for farmers and cooperatives to create marketing cooperatives
- Supporting cooperatives in developing different value chains
- Prolong of the Government and Donors support to become sustainable in a long run

ENPARD (European Neighborhood program for agriculture and rural development) in Georgia

- The EU funded project supported Georgia in establishment of agricultural cooperatives by granting them funds for future development
- More than 50 agricultural cooperatives had been established within mentioned project.
- Main requirements for participation in the grant competition were: women coop. members and equality of shares within cooperative members



Thank you