



Georgia's Input Subsidy Program

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Content

- Input subsidy programs in developing countries
- The program in Georgia
 - Overview of the program
 - Key statistics
- Assessing the effectiveness of the program
- Outlook

Input subsidy programs in developing countries

*Killing two birds
with one stone*

Since the mid-2000s: Programs are back on policy agendas

”Smart subsidies”:

(i) targeted to poor farmers who otherwise could not afford buying inputs

(ii) contribute to commercially viable input supply systems,

(iii) limited in time

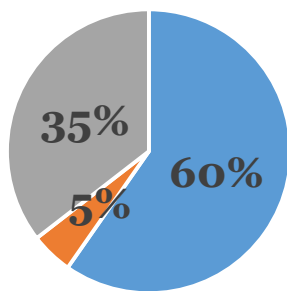
1) Economic objective

2) Social objective

The program in Georgia

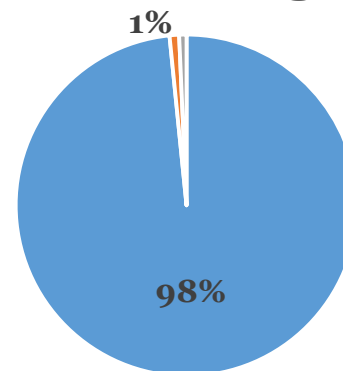
- Total number of agricultural holding: 700,000
- Average farm size: 1.22 ha

Area of holdings by size



■ under 4.99 ha ■ 5-9.99 ha ■ 10 ha and over

Number of holdings by size



■ under 4.99 ha ■ 5-9.99 ha ■ 10 ha and over

Source: Geostat, Agricultural Census 2004

The program in Georgia

Agricultural Card Program (ACP)



- Started in Spring 2013
- Budget
 - 2013: 200 mln GEL*
 - 2014: 90 mln GEL
 - 2015: 50 mln GEL
 - 2016: 50 mln GEL

Total state budget for the
Ministry of Agriculture:
260-280 mln GEL

1. Plowing card

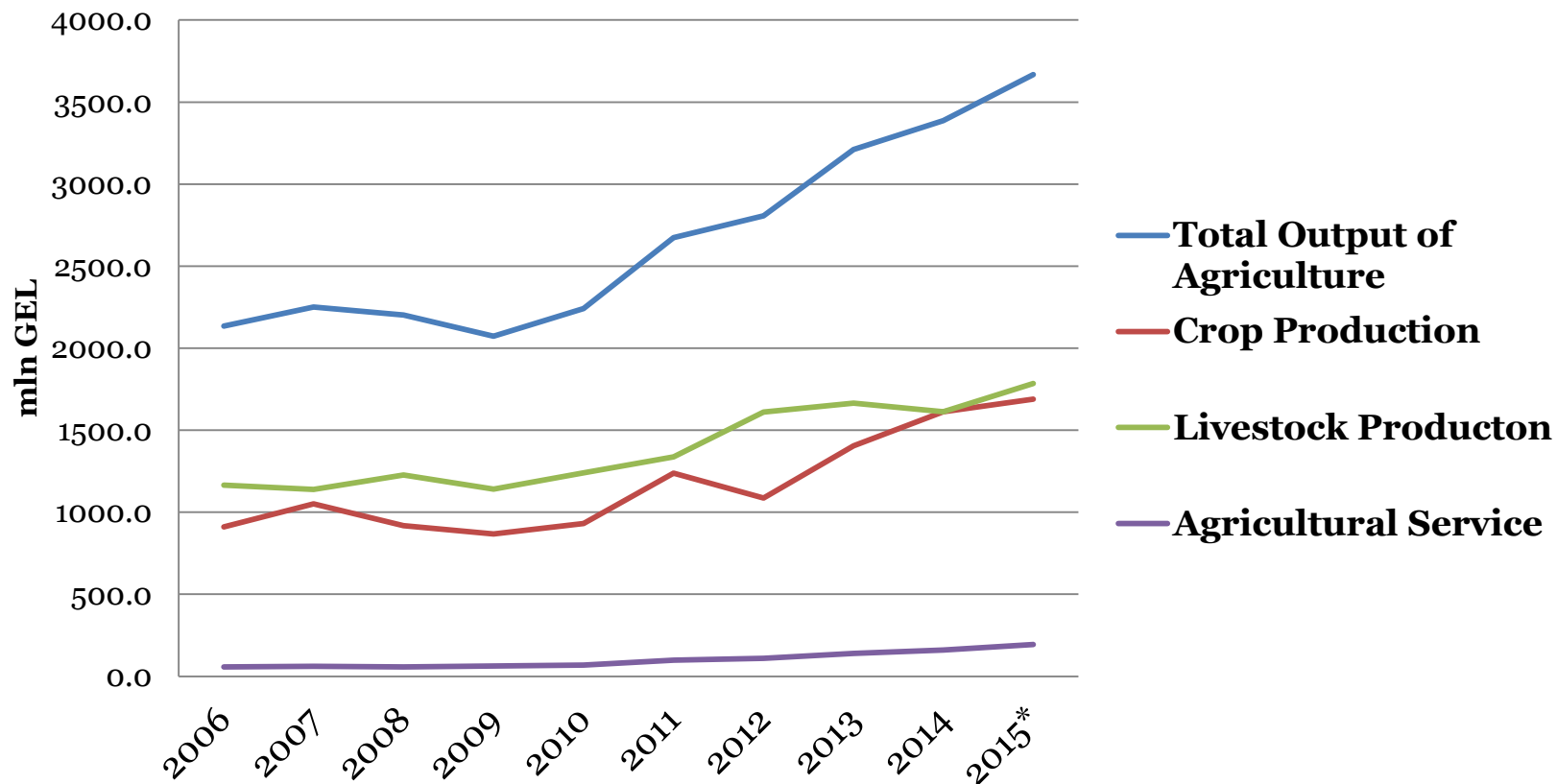
2. Agro card (for seeds, fertilizers, pesticides)

The program in Georgia

Key statistics

Output of Georgian Agriculture

(in current mln GEL)



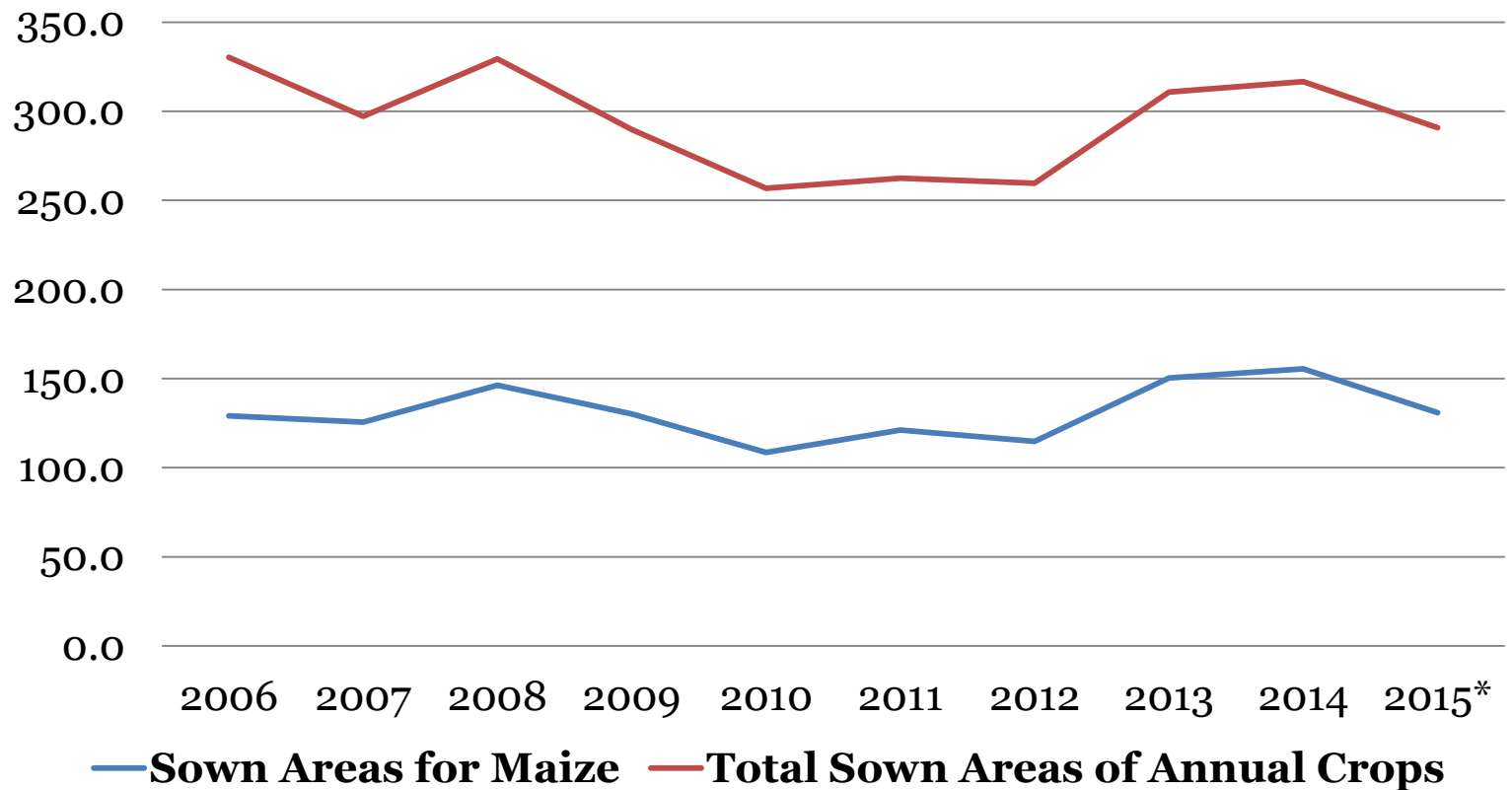
Source: Geostat, 2016

The program in Georgia

Key statistics

Sown Areas in Georgia

(thousand ha)

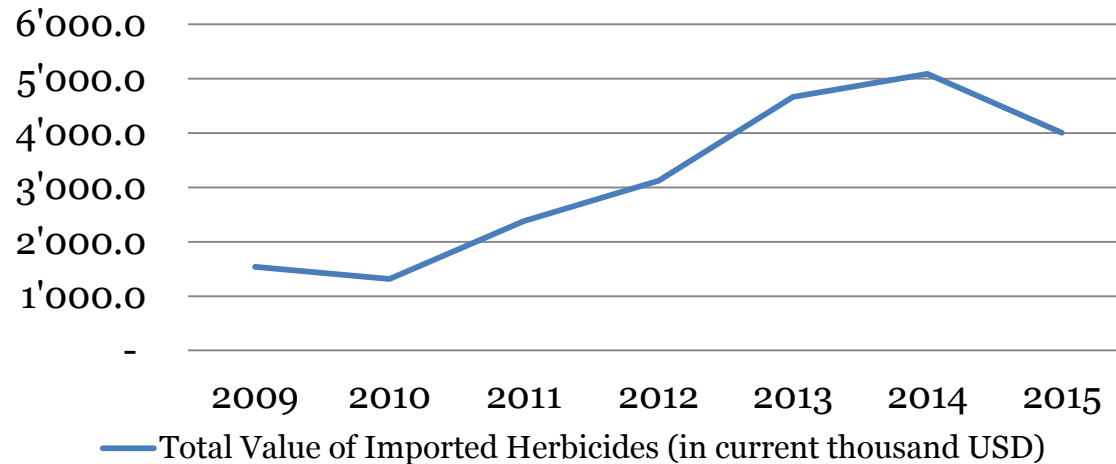


Source: Geostat, 2016

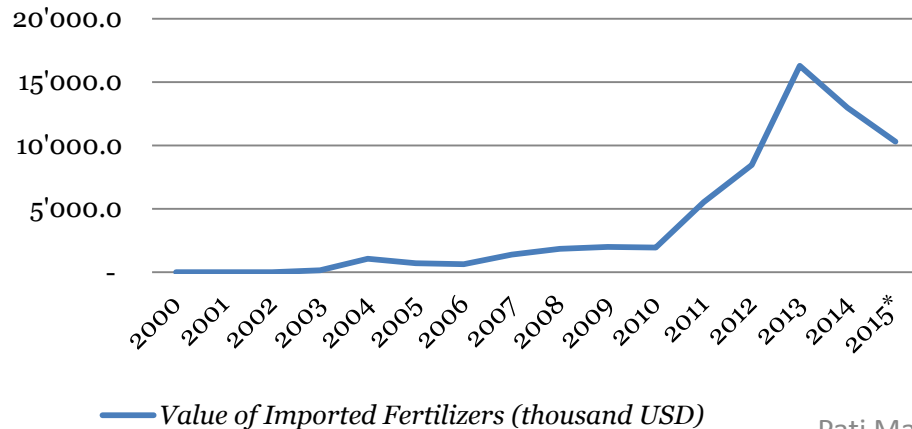
The program in Georgia

Key statistics

Total Value of Imported Herbicides (in current thousand USD)



Value of Imported Fertilizers (in current thousand USD)



Source: Geostat, 2016

Assessing the effectiveness of the program

Method: Qualitative assessment of the program

Collection of data (March-April 2015)

- Focus Group Discussions with farmers
- Individual interviews with input suppliers and service providers

In 6 regions of Georgia: different agro-economic zones (e.g. irrigated arable lowland east, arable and fruit west, upland mixed crop and livestock including some close to input/output markets and others more distant from markets).

Assessing the effectiveness of the program

Results

- Overall: a positive feedback from farmers/input suppliers
- **Program administration**
 - Information about the land ownership: mostly informal
 - Some problems with timely delivery of vouchers
 - A lot of cases of returning plowing cards

Assessing the effectiveness of the program

Results

- **Access to machinery and inputs**
 - access to machinery and fertilizers increased
 - more input suppliers are available in the municipality centers
 - variety of inputs increased
 - access to quality seeds is still a problem
- **Plowed land, input use and output**
 - Increase in the amount of land plowed
 - Increase in the amount of fertilizers applied
 - No increase in outputs due to damages from droughts

Assessing the effectiveness of the program

Results

- **Input suppliers and input prices**
 - Increase in the turnover and revenues of input suppliers.
 - Threshold for maximum price was set by the government
 - Some increase in input prices (mostly because of the exchange rate)
- **Linkages**
 - New linkages
 - Strengthening of linkages
 - Sometime consultations are also provided (seldom)

Assessing the effectiveness of the program

Results

General problems identified

- Some more important issues than plowing and input use
 - Absence of irrigation is a big problem in East Georgia
 - Remoteness to markets is a big issue in West Georgia
- No **targeting**, neither geographic (priorities for different regions) nor by poverty considerations
- No clear **exit strategy**
- No consideration of **farmers knowledge** (e.g., proper use of fertilizer and pesticides)

Assessing the effectiveness of the program

Main recommendations and outlook

Phasing out??? But 2016 is the election year in Georgia...

- Improving access of farmers to information about better agricultural practices.
 - Better targeting. **Targeting possibilities:**
 - Marginal productivity of inputs (e.g., fertilizers)
 - Poverty scores
- **But** high administration costs and higher risk of “elite capturing”
-
- Agricultural Input Survey 2014 (4000 farmers)
 - Follow up survey is planned in autumn 2016
- **Quantitative assessments**

Thank you!

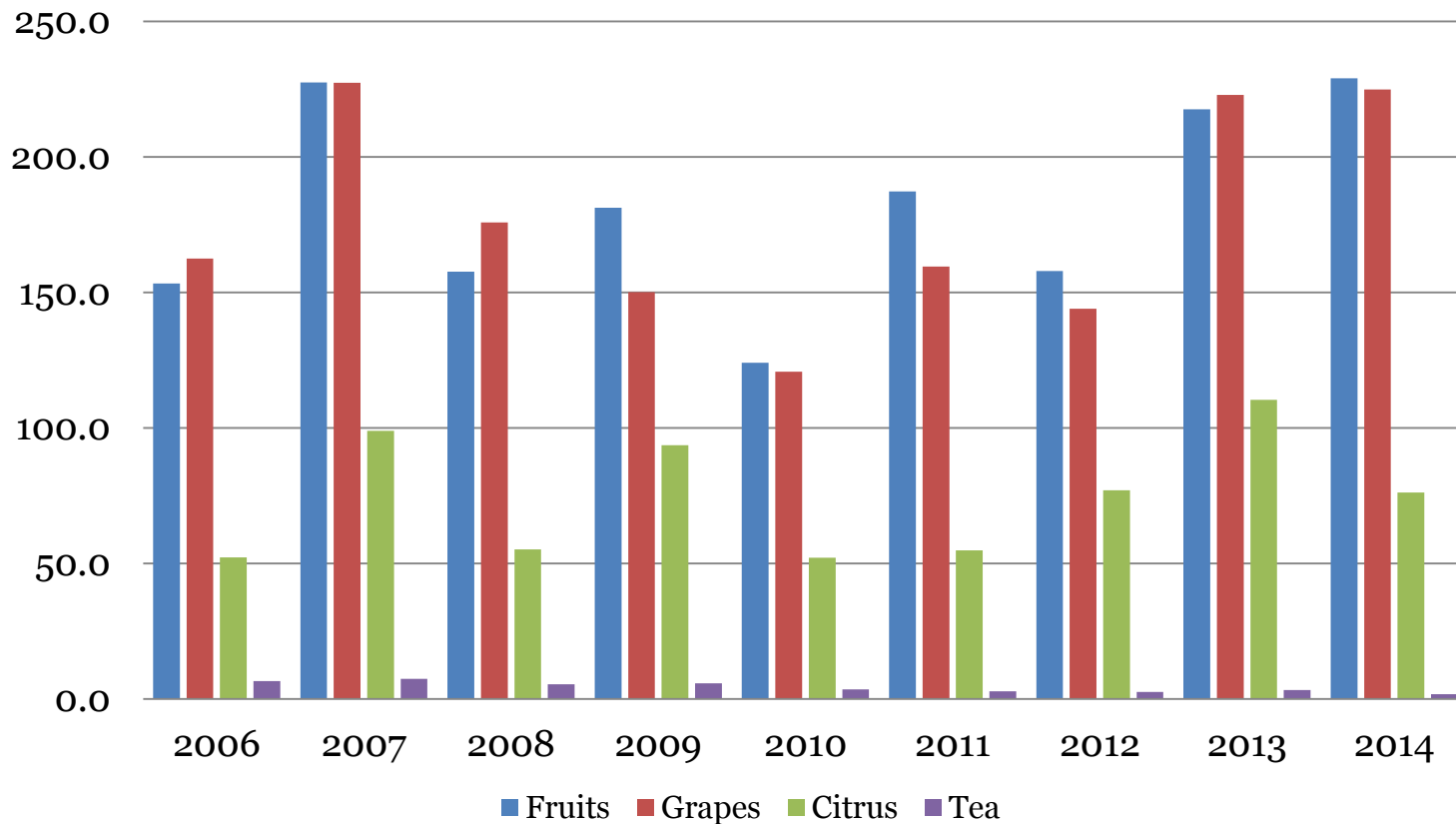
Questions



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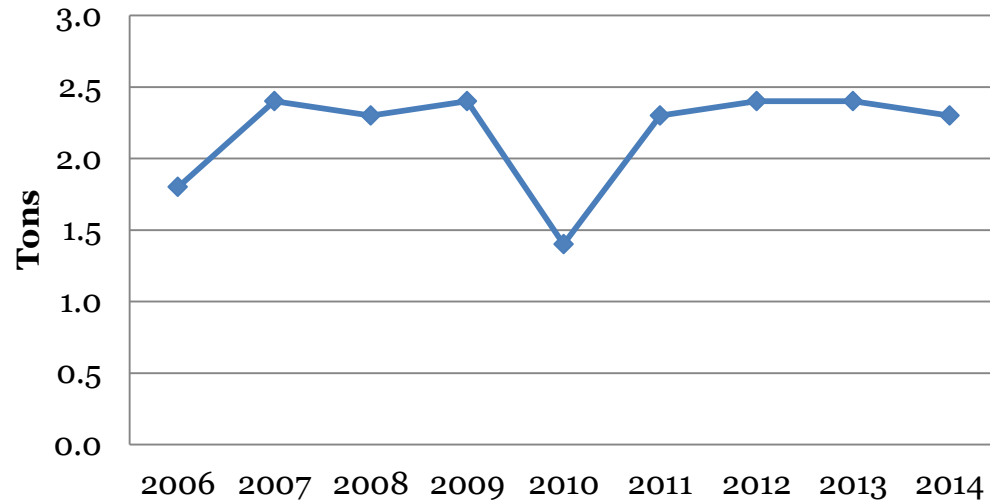
Annex

Output of permanent crops by category
(thousand tons)



Annex

Productivity of Maize (tons per ha)



Productivity of Melons (tons per ha)

