



The Role of Family Farming in the Sustainable Development of Agriculture Sector and Poverty Reduction in Georgia

Dialogue on Inclusive Growth
December 11, 2014

ISET MA Program in Economics
Policy Institute

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Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
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Swiss Agency for Development and Cooperation SDC

State Secretariat for Economic Affairs SECO

What is Family Farming?

2



Photo: Adam Pelillo

Economic and social unit (family)

Predominant use of family labor

Important source of household income

Small scale and diversified

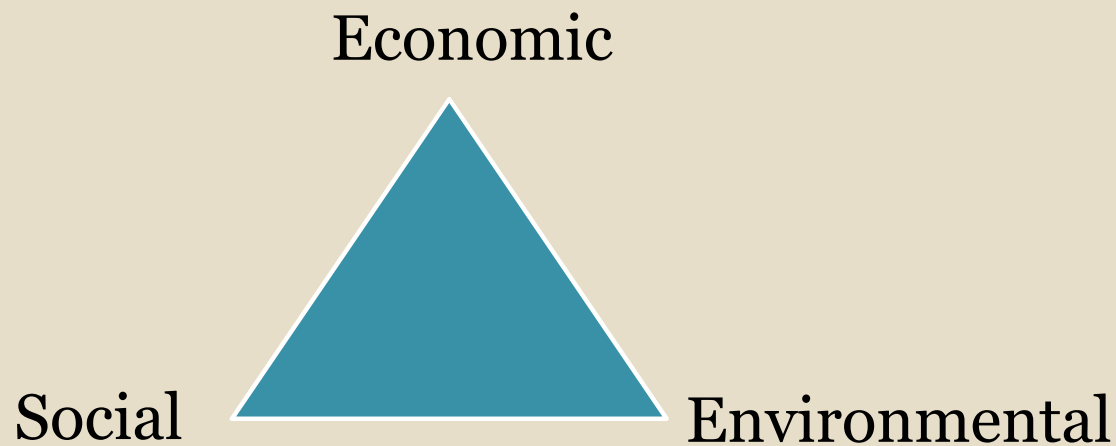
2014 International Year of Family Farming



2014
International Year of
Family Farming

3

Family Farming supports three dimensions of
sustainable development



Study goal

4

- Understand the role of Family Farming in sustainable development of agriculture and poverty reduction in Georgia
 - **Economic, environmental** and **social** benefits provided by family farms
 - Current **challenges** facing family farms
 - Influence of family farming on **poverty reduction** and **inclusive growth**
- Derive policy **recommendations**

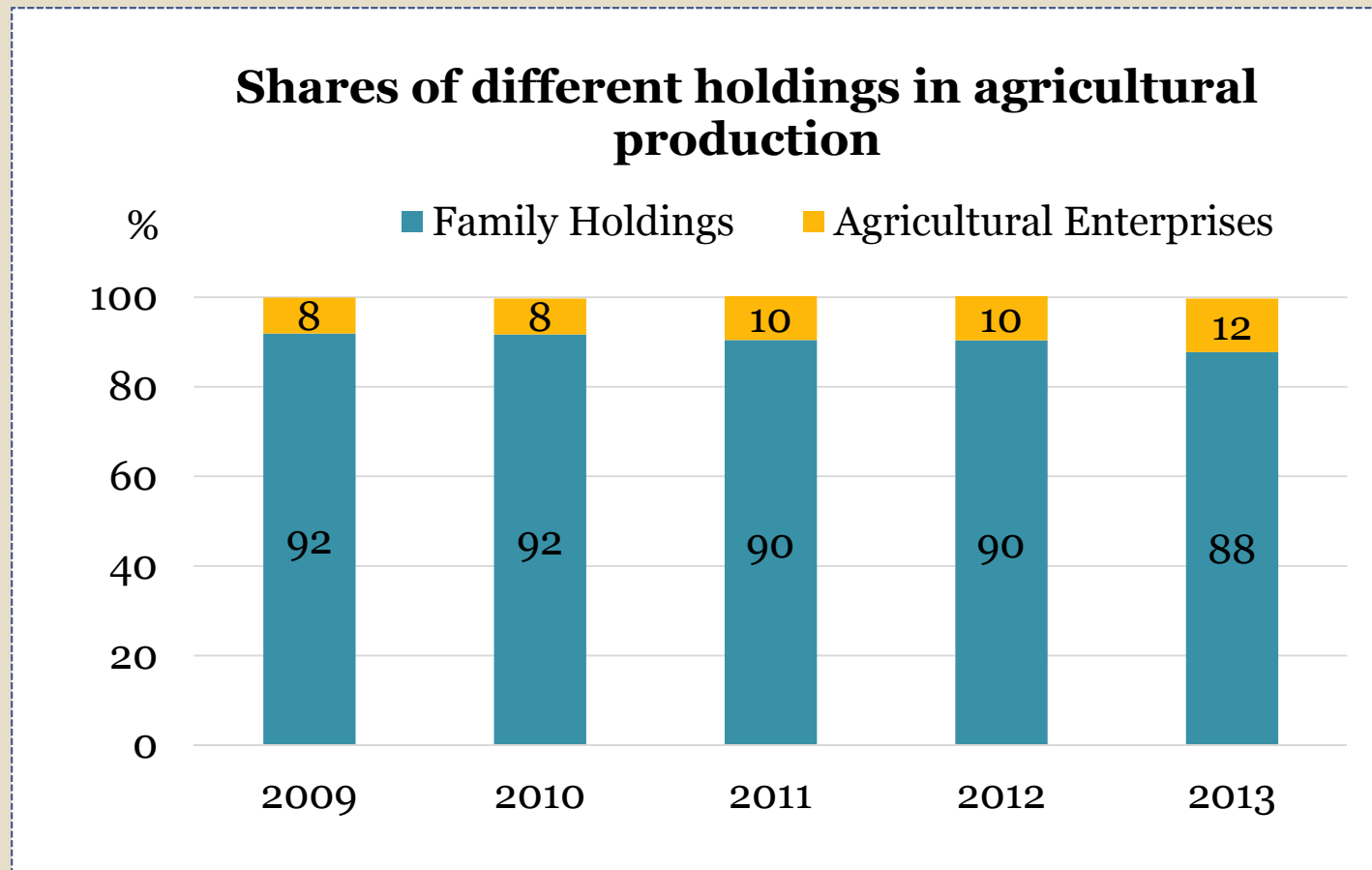
Methodology

5

- Literature review
- 37 interviews with stakeholders
 - Farmers, Agribusinesses, Representatives of the MoA, Financial institutions, Donor community, Independent experts
- Case study of a village community

Importance of Family Farming in Georgia

6



Source: Geostat, 2014

Types of farms in Georgia

7

According to a USAID report, 2011:

1. Subsistence farms

- average size: 0.42 ha
- 20% of agricultural land

Majority of rural population (75%)



2. Semi-commercial farms

- average size: 1.7 ha
- 26% of agricultural land

3. Commercial farms and agribusinesses

- average size: 34 ha
- 54% of agricultural land

2.5% of rural population

Source: Sommerville et al., 2011: 31.

Wither Family Farming in Georgia?

8

- **Economic sustainability**
 - Food security (macro) and social insurance (micro)
 - But often not competitive (low commercialization)
- **Environmental sustainability**
 - Eco-friendly if well managed and diversified
 - But lack of knowledge and awareness about environmentally friendly practices
 - Lack of coordination in managing natural resources
- **Social sustainability**
 - Preserving the countryside and traditional ways of life
 - But under threat because of poverty, outmigration and low image of agriculture

Challenges faced by Family Farms in Georgia

9

**Privatization-induced
land use patterns**

Access to finance

Knowledge, skills

**Innovation and adoption
of new technologies**

**Low quality of services and
amenities in rural areas**

**Access to markets
and services**

Enhance role of woman and youth

Current policy framework

10

Broad-based/unimodal strategy

- Covers the large majority of small farms without favoring particular types
- Motivation: alleviation of **poverty**

Policies adopted:

- agriculture related subsidies
- development of infrastructure
- promotion of cooperation
- general income support

Outstanding challenges:

- Increase productivity
- Improve quality of services and amenities
- Promote transition to non-farm employment

Towards a European model?

11

“European Model of Agriculture”

- Modern and competitive family farms **conforming to the European model can be a great complement to larger scale commercial agribusinesses**
- Can provide **high quality** goods (e.g. organic, hygienic, region-specific) desired by consumers
- Can capitalize on **DCFTA** to gain external market share
- Will help preserve the **countryside and unique regional cultures**
- Will have great **synergies with the tourism sector**

Recommendations (1)

12

- To promote a modern Family Farming sector Georgia would have to employ **targeted agricultural policies** focusing on successful commercial and semi-commercial farmers (farmers «by vocation»). The following measures could be employed to improve farmers' productivity:
 - Enabling environment for **innovation** and **commercialization**
 - Agricultural **education** and **research**
 - **Advisory** services
 - **Awareness** raising
 - **Public-private partnerships**
- The quality of services and amenities available to rural dwellers should be dramatically improved to overcome the stigma of agricultural employment. This is essential in order to keep strong population in rural areas and overcome the rural-urban divide.

Recommendations (2)

13

Broader regional development policies should be employed to facilitate economic diversification and modernization

- Promote transition to non-farm employment for less successful farmers (“farmers by default”)
- Shift from narrow agricultural development models to **integrated** and **territorial models** for sustainable development, considering synergies with tourism, energy and other sectors of the economy
- Territorial rural development policies
 - Comprehensive, mostly place-based, multi-sector, bottom-up
 - In rural areas they should include **agriculture** (...but if too much, they lose effectiveness)

Thank you!



Panel Discussants

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