



Georgia

After gaining its independence in 1991, post-Soviet Georgia struggled with a variety of problems, including civil unrest and economic crisis. These issues were slightly relieved by the Rose Revolution of 2003, when a new government introduced democratic and economic reforms.

Agriculture has been key to Georgia's economy, and ACDI/VOCA has focused on strengthening its agricultural institutions and market linkages.

Early Technical Assistance to Agriculture and Cooperatives

In the years following Georgia's independence, ACDI and VOCA implemented various projects that provided technical assistance and training on rural credit, private farming and cooperatives. In 1992 USAID awarded funding to VOCA to open volunteer opportunities in Georgia and other former Soviet countries for the first time. Through this three-year, \$5 million cooperative agreement, VOCA provided short-term technical assistance to support development of private farming enterprises and agribusiness systems.

Early VOCA consultants provided expertise in agricultural policy and agribusiness investment. Working with the Georgian Ministry of Agriculture, they offered guidance



on policy reform and agricultural legislation related to land ownership, rural credit and soil conservation. In addition, VOCA experts helped assess agribusiness investment opportunities in Georgia.

ACDI's early work in Georgia also involved on-site training and studies to further agricultural knowledge in the country. In 1995 ACDI conducted several seminars under the **NIS Exchanges and Training Programs** on the role of cooperatives, commodities and factor-price relationships. In the same year, ACDI received funding from Save the Children to support a study of pesticide use in Georgia. It then used newly awarded Food for Progress (FFP) funds to implement the study's findings, and signed an FFP agreement with USDA to

monetize 1,000 metric tons of vegetable oil in Georgia. Initially, monetization was handled through a private sector public auction, the first one of its kind in the Republic of Georgia. The proceeds from this monetization contributed towards purchase of U.S.-supplied high-quality seeds.

ACDI also provided assistance to the Georgia Private Farmers' Union in the mid-1990s. An analysis of planned cooperative laws and regulations resulted in recommendations that broadened and refined the country's cooperative law. With ACDI's assistance, the Private Farmers' Union established a center to support farmers in forming cooperatives.

Strengthening Rural Finance and Credit

In addition to providing technical assistance, our work in Georgia has focused on making financial resources more accessible to small-scale farmers. In 1997, ACDI/VOCA began augmenting its earlier work with Georgia's agricultural production, processing and marketing portfolio. The **Seed Enterprise Enhancement and Development (SEED)** project had a particularly significant impact. This project led efforts to create, test and institute a system that would allow Georgia to become self-reliant in the production of high-yielding seeds for wheat, maize, sunflowers and potatoes. SEED also introduced new varieties of wheat, maize and potatoes at an experimental farm to demonstrate the benefit to small-scale farmers.

The SEED project continued for many years

under different iterations and grew to include aspects of nationwide farm credit systems and the establishment of the **National Rural Credit System (NRCS)**. The NRCS is still successfully running today as a second-tier lender, mobilizing resources to support investment in agriculture and rural enterprise. All of the member institutions are structured on the U.S. Farm Credit model and operate using internationally accepted best banking practices.

Early **FFP** funding helped increase trader participation from earlier levels in the state-controlled market system. In 1997 alone, ACDI/VOCA monetized 3,000 metric tons of soybean meal, which was sold by auction to small-scale private traders. Over \$7,000 in proceeds was used to support credit and agribusiness development efforts, notably the **Enki Foundation**, a Georgian agricultural credit institution founded by ACDI/VOCA. Today, the Enki Foundation serves private farmers by on-lending to credit associations, who in turn lend to farmers who want to improve and modernize their operations.

Farmer-to-Farmer in Georgia

In 1999 ACDI/VOCA, Land O'Lakes and Winrock International, as members of the Farmer-to-Farmer (F2F) Consortium, implemented the USAID-funded Caucasus F2F Program. From 2003 to 2008, ACDI/VOCA sent 94 expert volunteer consultants to Georgia. These consultants provided technical assistance to 91 local organizations. Over the life of the project, F2F Georgia reached 3,435 direct beneficiaries (of

whom 1,114 were women) and 11,122 indirect beneficiaries.

Increasing the Competitiveness of Georgia's Agricultural Sector

More recently, ACDI/VOCA's presence in Georgia has focused on developing more efficient market chains and reworking the country's agricultural policies. In 2002 ACDI/VOCA launched the \$2 million, USAID-funded Support Added Value Enterprises Activity (SAVE), which was later expanded into the \$23-million **AgVANTAGE** project. AgVANTAGE's goal was to strengthen the capacity of Georgia's agricultural sector to respond to export opportunities by mitigating critical constraints. Such strategies increased exports and enabled Georgian producers, processors and marketers to successfully compete in their respective markets. The AgVANTAGE project also helped remove older constraints that impeded growth and development in the agricultural sector.

By December 2009, AgVANTAGE had developed 10 new market chains in Georgia, including five in the fresh fruit and vegetable sectors, three in the processed fruit and vegetable sectors, and two in the area of specialty products and wine. The project also introduced 10 new products and 154 new crop varieties to the Georgian market, and developed 17 new technologies and four packaging innovations. In financial terms, AgVANTAGE facilitated over \$34 million in export sales of Georgian products, which was \$14 million higher than anticipated target sales. Additionally, the project supported local

food processors in obtaining Hazard Analysis and Critical Control Points (HACCP) certification in order to be recognized and accepted in EU market.

Through the AgVANTAGE project, ACDI/VOCA also helped influence Georgian agricultural policy. The project provided advisory support to the Ministry of Agriculture to develop their long-term National Food and Agricultural Strategy. Additionally, ACDI/VOCA developed and assisted in the adoption of a new Food Safety Law and helped establish the Georgian regulatory entity in charge of food safety, veterinary services and plant protection. These governmental measures have helped minimize damage to the agricultural sector during crises such as the avian influenza virus in 2005-2006. AgVANTAGE took a lead role in responding to the 2005 virus, distributing safety equipment and coordinating outbreak simulation exercises.

In the future, ACDI/VOCA hopes to continue strengthening the agricultural sector of Georgia. We will aim to help farmers, processors and producers access the resources they need while also supporting governmental policies that boost quality and competitiveness.

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