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How to Handle Food Security in the Light of Agricultural Development. A Look at Georgia Through the Southern Caucasus

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Abstract

Food security encompasses not only thorough and strategic planning for agriculture but also careful considerations for health and education. This article presents a brief overview of the issues in relation to policies and strategies to be addressed in Georgia and the Southern Caucasus that are aimed at ensuring food security and improving nutrition, the key for which is the improvement of the competitiveness of local farmers and the increase in local food production. This requires complex support policies and programs favoring small-scale farmers through providing resources and education, land reforms, promoting biodiversity, developing infrastructure, supporting growth in export of agricultural products as well as promoting and saturating local markets with locally produced quality and nutritious food.

One Region, Three Predicaments?

Discussions of food security in the Southern Caucasus region generally focus around food independence and are often overwhelmed by agricultural development policies. It is quite understandable why this occurs. In this region, visions for agricultural development are driven by a strongly grounded perception that agricultural development could hold the key to improvements in employment, poverty reduction, economic growth and security. These are important issues, although they are production-oriented. In contrast, the definition of food security used by the FAO [Food and Agriculture Organization of the United Nations] is far more consumption-oriented. In our analysis, we try to combine both production and consumption issues.

To understand the likely trajectories for food security in the region, it is also important to understand the economic and political context within which this is occurring.

Despite being close neighbors, the Southern Caucasian countries are substantially different in a range of important ways. The most defining characteristic of Azerbaijan's economic context is its oil and gas resources. This provides massive resources to support economic development and public services. However, it also encourages "Dutch disease," namely, problems of economic unification that undermine economic diversity and promote dependence and corruption. The biggest food security risk for Azerbaijan in the long term is whether hydrocarbon resources will make the country fully dependent on food-imports without creating growth in the non-extractive sectors.

Second, all three states are only partial democracies, but differ significantly on their levels of democratization. This impacts the general governance environment, which subsequently impacts food security. In The Economist's democracy index for 2015, Georgia is ranked the 82nd

most democratic; Armenia is 116th, and Azerbaijan is 140th out of a total of 167 countries. Armenia and Azerbaijan both experience considerable corruption, which makes public policy in any area difficult, particularly if the policy involves the distribution of resources. In the food security sector, this also means that Armenia and Azerbaijan face higher-than-necessary local prices as a result of corruption on the border and "market capture" by local sector monopolists inside the country.

The third major contextual issue is the geopolitical orientation of the country. Armenia has recently dropped its plans to join the Association Agreement with the European Union, opting instead to join the Eurasian Customs Union. At least for the time being, Azerbaijan remains uninvolved, while Georgia has just signed the EU's Association Agreement. This may cause Armenia to expand its food exports to Russia, while Azerbaijan and Georgia would face an external tariff if trying to sell to the region. On the other side, Georgia will experience considerable pressure to align its phytosanitary, nutritional and health standards with the EU. This should improve food safety but may also increase food prices. Access to the EU market for Georgian goods could be a huge opportunity for producers but will depend on how successfully it makes the necessary changes and modifies its production processes to suit EU supply chains.

The Shackles of Import

The latter represents a considerable challenge for Georgia, as its food production sector is currently very weak and is grounded on the recently emerged, rural, small holders strata that has been re-born upon the crash of totalitarian socialist system as a result of massive land privatization during the early 1990s. Smallholder farmers are at the heart of Georgian agriculture, with almost 700,000 small farms (with one hectare of land as an

average) and with 53% of the working population being (self-) employed in this sector. Despite its high agricultural potential, Georgia has significantly low agricultural productivity due to its low competitiveness. As a result, with over 70% of its food products being imported, it is highly import-dependent. Consequently, Georgia has disproportionately high food prices. On average, 54% of the household income of the population is spent on food. The country and its society run a high risk of physical and economic inaccessibility of diversified and nutritious food, particularly in mountainous regions, making the country food insecure.

Fourteen percent of the households in Georgia systematically borrow money to purchase food, and due to logistical constraints, such as poor infrastructure and natural calamities, food availability is more unreliable in its high mountainous regions. In addition, non-communicable diseases, child stunting and obesity, all of which are linked to nutrition deprivation, have become some of the biggest challenges that the nation faces today. Non-communicable disease is the leading cause of death in Georgia, accounting for over 90% of deaths in total. Therefore, how can Georgia shape its food systems to ensure better food security and improved nutrition for the population? The level of food security in a country is strongly determined by the functioning of its food system. Public and private investments addressing gaps on either the supply or demand side can contribute to shaping healthy food systems that encourage healthy diets and improved nutrition.

Investments, however, need to be suited to the level of development in the agriculture sector of the country, which can then be accompanied with gradual layers of more complex investments. Therefore, in light of the current situation, a greater emphasis needs to be placed on investments targeted at increasing the productivity of smallholder producers, which can replace imports, stabilize food prices, and reduce susceptibility to global food price shocks. An overhaul of agricultural policies and state interventions could lead to healthier food systems. Food systems influence the availability and accessibility of diverse, nutritious foods, and thus, the ability of consumers to choose healthy diets. Therefore, if Georgia strengthened the link between agriculture and nutrition in policy design, it could considerably support advancing nutrition. To close the circle for both food security and nutrition outcomes policies in different sectors, common objectives must be supported; the best way to achieve this is through continuous inter-ministerial cooperation.

The State as a Catalyst

The current government of Georgia has already taken important steps in this direction. The Ministry of Agri-

culture has set up a multi-agency working group comprised of the Ministry of Health, the Ministry of Education, the Ministry of Regional Infrastructure and a number of NGOs, mandated to develop a plan and strategy to supply healthy and safe food to schools and preschools. The Ministry of Health has also elaborated and approved guidelines for healthy food in schools with menus and recommendations. It is only advisory in nature and can be used to introduce healthy food in schools. This approach, while commendable, can be further strengthened by creating direct links to local production through public procurements. Two excellent examples are the Hungarian school canteen and the Brazilian school feeding programs. These state interventions not only support smallholder farmers to access local markets but also simultaneously contribute to nutritional outcomes.

In addition, Georgia has drafted a national nutrition strategy that explicitly refers to food access, availability, and the importance of food production and import substitution. Investments discussed in this article can complement the national nutrition strategy, as investments increase a stable food supply to the population. The current context of globalization and market liberalization further exacerbates the challenges to food security in Georgia. The recently signed Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU places considerable pressure on the country. On the one hand, it can increase the diversity and quality of available food on the market. On the other hand, it has a potential to pose a serious risk of further undermining local production development unless suitable policies are put in place to mitigate the risks for smallholders. The DCFTA Agreement requires Georgia to reform its regulations on food safety standards. While this may significantly boost the export of agricultural products, there is a risk that it will take considerably longer to harmonize food safety regulations to that of EU standards than for EU products to flood the Georgian market, potentially giving EU member states an unfair advantage over Georgian producers.

What to Do?

It is now more important than ever for Georgia to focus on import substitution, increase the competitiveness of small holders in a globalized market, and design impact-oriented long-term investments while focusing on improved nutrition. Expanding exports is important for the economic prosperity of Georgia. However, rather than focusing solely on products with high export potential (e.g., wine and hazelnuts) and neglecting other products necessary for nutritional diversity, it is also crucial that the government make nutritional outcomes also

a priority. Going from state-led interventions to private property agriculture and independent farms, this type of market transition demands changes in the expectations of both the government and farmers. Farmers must be motivated and capable of learning and receiving information, while also innovating and meeting market challenges.

To achieve something for the sake of small-scale farmers, such government interventions should not be purely social relief in nature. Instead, they should be supporting business-oriented farmers and their organizations, assisting in local market development, infrastructure, transport, water management and clear land legislation, designing long-term support programs as well as building capacity and education. Small holders need access to information and extension services to keep up with the changing market, to enable them to optimally use resources, and to adopt innovative and cost efficient practices. Effectively establishing extension services requires significant financial investment by the government. The international experience shows positive outcomes in strengthening extension services: China, India and the US serve as examples of countries that have substantially invested in extension services and received double the amount in turnover.

As we experience on-going economic transition in Georgia, it is important to understand that the demand for local products may not remain the same. The global history on similar issues has a lot to teach us in terms of investing in popularizing rural life. Promoting local production and supporting small family farms increases the availability of quality products on the market and can also preserve tradition and culture. The promotion of local production can be accomplished through local gastronomy, rural tourism and traditional culinary practices. Equally important is creating the demand

for locally grown and nutritious food. In that respect, Oxfam in Georgia has launched a campaign, branded as “Local production, Healthy food”, to inform stakeholders and the public of nutrition and food security. It advocates for political institutionalization of food security and nutrition as well as inclusive policies for small-holder farmers. It executes a public-facing campaign on nutrition, raising awareness of the importance of a diversified diet and the effects of malnutrition.

Triple Win

As a long-term perspective, the government would also be encouraged to adopt a similar approach towards launching long-term educational campaigns, creating a demand, and as a result, linking local producers with previously untapped markets, such as schools, creating rural and urban linkages, etc. The U.S. also provides a noteworthy practice in this area through the “Buy fresh, Buy local!” program, which targets consumers through education and outreach components. These include pilot projects, such as nutrition education built into the curriculum of various schools. As a result of the program, local food purchases from restaurants, food cooperatives, and local institutions increased by over a million dollars. Georgia, as a state and society, faces a unique opportunity to beneficially utilize its attractive potential in agricultural produce and if performed right can improve food security and nutrition. It also has the opportunity to establish strong links between nutrition, traditional gastronomy and agriculture. If investments can target rural infrastructure, facilitate access to credit and markets for small and medium producers and support agro-tourism, it can significantly change the dynamics of rural life in the country as well as create positive outcomes in areas of the triple win: critical growth, poverty reduction and food security.

About the Author

Levan Dadiani is an experienced agriculture and rural development professional with over 20 years of work experience in both the private and public sectors. Throughout his career, he has been engaged in designing and implementing development strategies, business investment projects, conducting relevant consultancies with regard to rural development policies and rural businesses, managing investments and funding activities through investment grant schemes, and designing and managing development programs/projects. In his current role as the Economic Justice Program Manager of Oxfam Georgia, he oversees the implementation of rural livelihoods development and related activities that incorporate strategic planning, capacity building, investment schemes, networking, campaigning, influencing, lobbying and work in policy advocacy.

Recommended Reading

- International School of Economics at Tbilisi State University (ISET), Assessing food security data relevance and collection Mechanisms in the South Caucasus, ISET Agricultural Policy Centre, 2016 <http://foodsecuritysc.com/wp-content/uploads/2016/09/Publication_FS-FINAL-Report-06.07.2016-3.pdf>
- Rural and Agricultural Policy Development Institute (RAPDI), *Food security and nutrition challenges in the high mountains of Georgia*, RAPDI, 2016 <http://foodsecuritysc.com/wp-content/uploads/2016/05/Kveba_Mtebshi_en.pdf>
- Biological Farmers' Association ELKANA, *National nutrition research of Georgia*, ELKANA, 2016 <http://foodsecuritysc.com/wp-content/uploads/2016/05/Oxfam_Nutrition_Research_en.pdf>

DOCUMENTATION

Agricultural Statistics and Maps

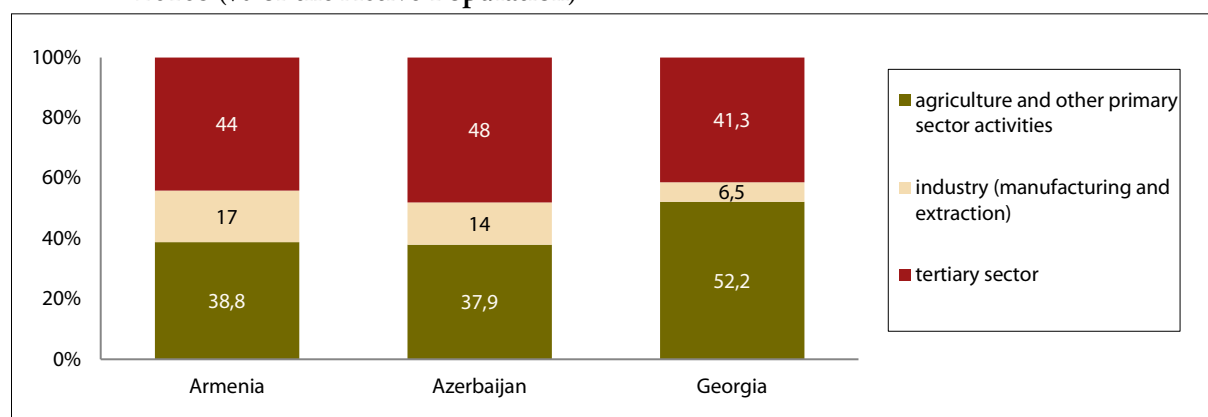
The figures may differ from figures used by the authors in the respective articles.

Table 1 : The Share of Value-Added Agriculture in the Gross Domestic Product of the Southern Caucasian Countries in 1995 and in 2014 (in % of Official GDP)

	agriculture		industry and extraction		tertiary sector	
	1995	2014	1995	2014	1995	2014
Armenia	42.3	20.8	32	28.6	25.8	50.6
Azerbaijan	27.3	5.2	33.6	58.3	39.1	36
Georgia	52.2	9.3	15.8	24	32.1	66.7

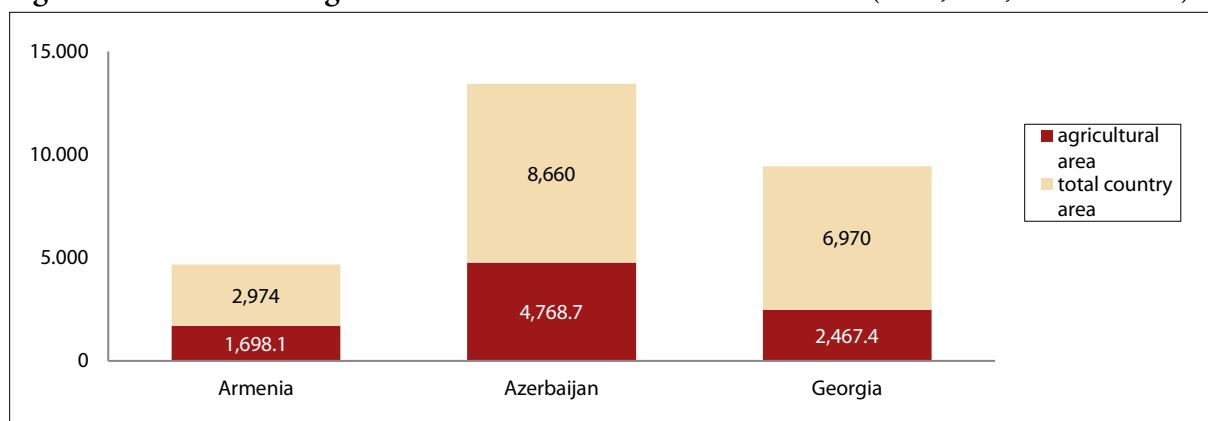
Source: Bruno De Cordier, on the bases of figures from The World Bank Development Indicators database.

Figure 1: Agricultural and Other Primary Sector Employment Vis-à-Vis Other Sectors in the 2010s (% of the Active Population)

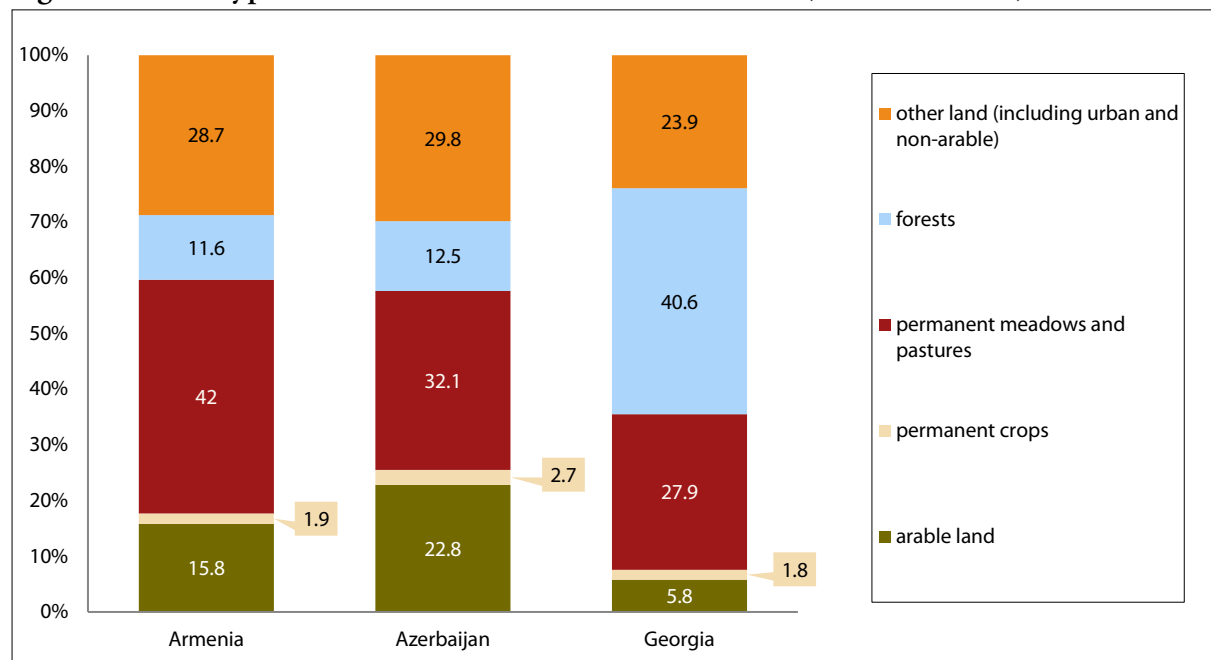


Source : Bruno De Cordier, on the bases of figures from The World Bank Development Indicators and the Food and Agriculture Organisation Statistics Division databases.

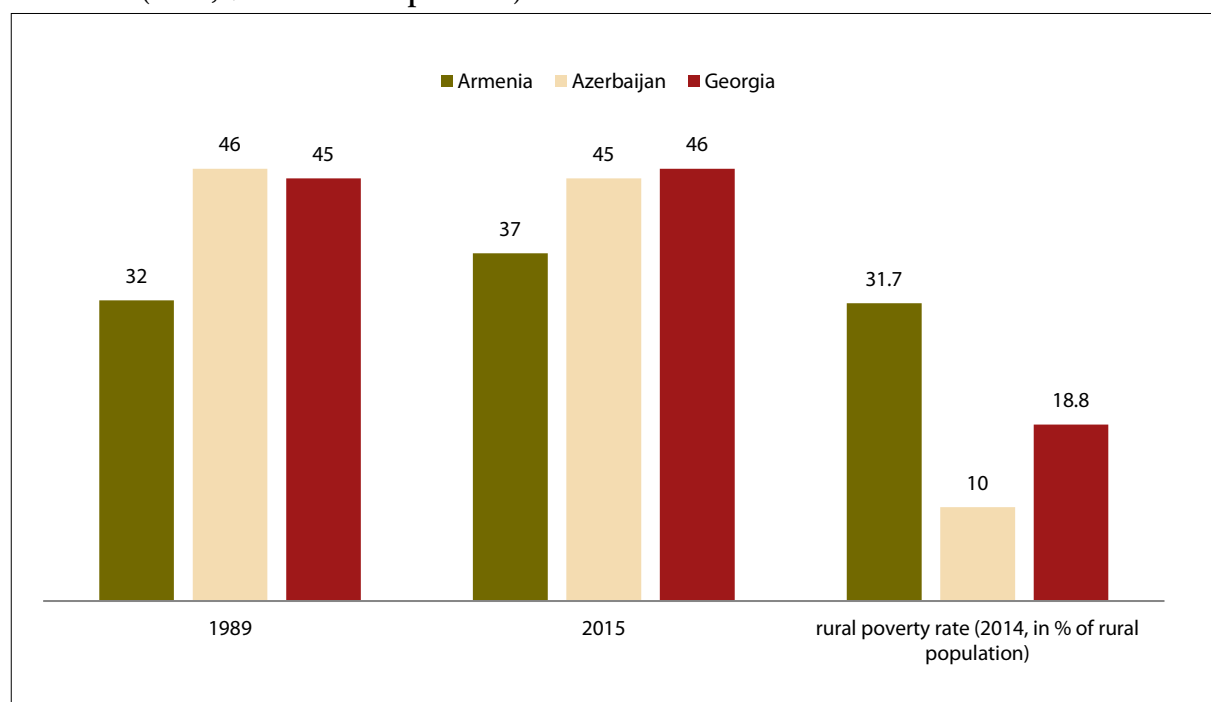
Figure 2: The Share of Agricultural Land in the southern Caucasus (2014, in 1,000 Hectares)



Source : Bruno De Cordier, on the bases of figures the Food and Agriculture Organisation Statistics Division database

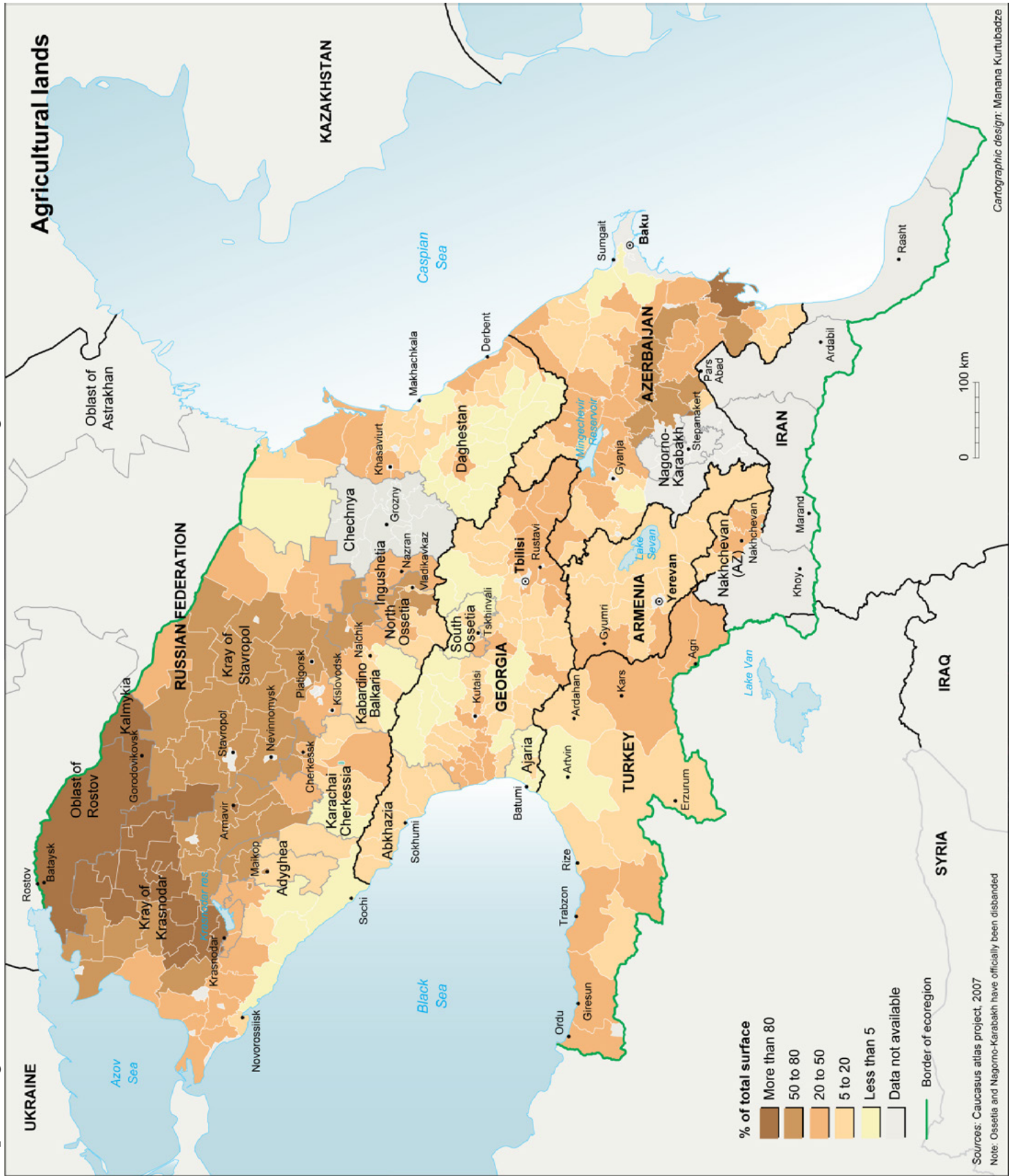
Figure 3: Land Type and Land Use in the Southern Caucasus (2014, % of Area)

Source: Bruno De Cordier, on the bases of figures the Food and Agriculture Organisation Statistics Division database.

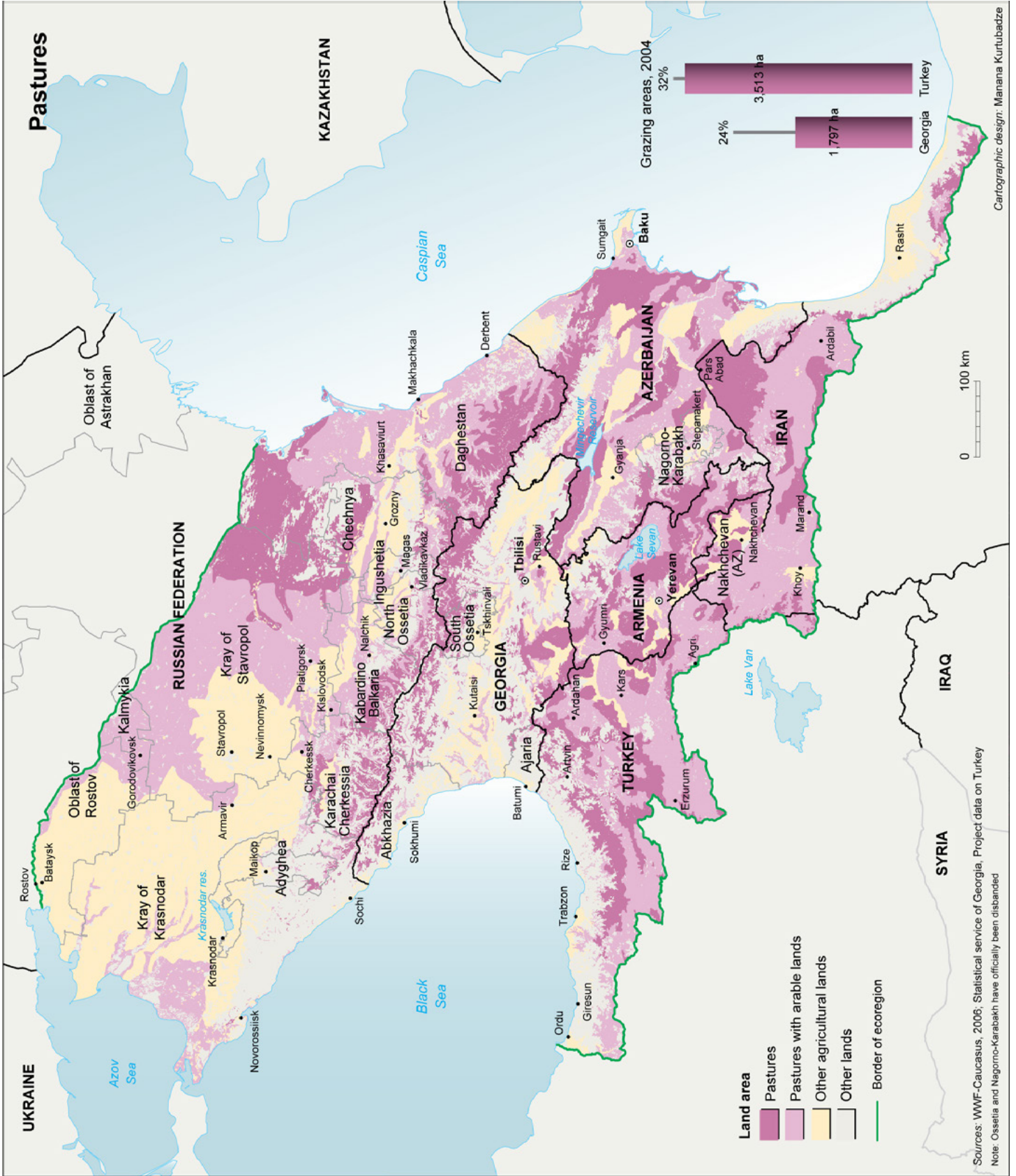
Figure 4: Rural Population (1989 and 2015, % of Total Population) and Rural Poverty Rate (2014, % of Rural Population) in the Southern Caucasus

Source: Bruno De Cordier, on the bases of figures and extrapolations from *The World Bank Development Indicators* and the *Rural Poverty Portal of the International Fund for Agricultural Development*.

Map 1: Agricultural Land in the Southern Caucasus and the Wider Caucasian Ecoregion



Map 2: Pasture Land in the Southern Caucasus and the Wider Caucasian Ecoregion



Sources: WWF-Caucasus, 2006; Statistical service of Georgia, Project data on Turkey
 Note: Ossetia and Nagorno-Karabakh have officially been disbanded