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***NRI RESEARCH PROJECT ON NON-FARM ECONOMIC  
ACTIVITIES IN ROMANIA, GEORGIA AND ARMENIA***

# **Non-Farm Livelihood Activities in Three Villages in Different Regions of Georgia**

**Results of qualitative fieldwork carried out  
during baseline phase of qualitative research**

**Ketevan Kobaladze**

***November 2002***

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# **CONTENTS**

<b>1 AGRICULTURAL REFORM IN GEORGIA</b>	<b>3</b>
<b>2 THE STUDY COMMUNITIES</b>	<b>3</b>
<b>3 STUDY METHODOLOGY</b>	<b>4</b>
<b>4 TSINUBANI-GURKELI, AKHALTSIKHE REGION, SOUTHERN GEORGIA</b>	<b>4</b>
4.1 Generational differences in attitude within the village	5
4.2 Non-Farm Activities in Tsinubani-Gurkeli	6
<b>5 NASAMKHRALI VILLAGE, TELAVI DISTRICT, KAKHETI REGION, EASTERN GEORGIA</b>	<b>7</b>
5.1 Non-Farm activities in the village	8
5.2 General differences in attitude within the village	9
<b>6 GANASTLEBIS KARI, ABASHA DISTRICT, SAMEGRELO REGION</b>	<b>10</b>
6.1 Non-Farm activities within the village	10
6.2 Generational differences in attitude within the village	12
<b>7 CONCLUSIONS AND ISSUES</b>	<b>12</b>
<b>ANNEX 1 – AGRICULTURAL ACTIVITIES</b>	<b>13</b>
<b>ANNEX 2 – NON-FARM ACTIVITIES AMONG KEY INFORMANT HOUSEHOLDS IN VILLAGES STUDIED</b>	<b>14</b>

## **1 Agricultural reform in Georgia**

This paper focuses on three communities, in southern, eastern and western Georgia. It looks at the current level of involvement in non-farm activities in these communities, in the context of involvement in agricultural activities. Although activities themselves may be non-farm, they are almost always conducted by households which are also involved in agriculture, and in most cases agriculture is the most important livelihood activity in which these households are engaged. Thus involvement in agriculture constrains and influences involvement in non-farm activities.

Agricultural reform was started in Georgia by the Decree on "Agricultural Land Reform" adopted by the Cabinet of Ministers of Georgia dated 18 January 1992. The main objective of the Decree was "the establishment of effective market institutions, of different forms of ownership of land and the means of production, the development of entrepreneurship and the creation of conditions to attract foreign investments in the agricultural sector". The main direction of agricultural reform has been towards the privatization of land and other means of production, institutional changes in the agricultural sector and the creation of relevant infrastructure. Reform has been divided into two stages. The first stage (which is still not complete) has included land privatization and the creation of peasant farms, agricultural cooperatives, shareholding societies and other forms of enterprise. Big farms were divided up into much smaller ones. The second stage has involved the restructuring of Collective and State Farms. The main objective of the second stage was to achieve a higher level of production by carrying out a reorganization of management structures in agriculture.

The agricultural reform which has taken place has led to a significant decrease in production for the market. Most peasants are not able to cultivate the most fertile land due to lack of access to inputs, infrastructure (especially irrigation) and machinery. They cultivate only enough land for subsistence purposes. A market in land has not been set up as yet so they are not able to sell the land which they do not cultivate. The net effect is that a good deal of land is currently abandoned.

## **2 The study communities**

The research was conducted in the latter part of 2001, as part of the baseline research for the wider NRI research project on the Rural Non-Farm Economy funded by DFID.

The villages selected for study were: the village of Tsinubani-Gurkeli in the Akhaltsikhe district of Southern Georgia; the village of Nasamkhrali in the Telavi district of the Kakheti region of Eastern Georgia; and the village of Ganastlebis Kari in the Abasha district of the Samegrelo region of Western Georgia. These regions were chosen because they are in different parts of Georgia; because they have different climates and therefore different types of agricultural activity; because they are all remote areas; and because they are regions where no similar research had been carried out before. They are also chosen to complement the quantitative (questionnaire) research also being carried forward as part of the same project.

### **3 Study methodology**

We covered the following categories of household residing in the village studied: 1) those who are purely peasants (families that live only on income from their land); 2) educated people; 3) mixed families; and 4) older single people. It is important to note that an equivalent term to the English word 'farmer' is not used in Georgian. Village households that support themselves solely by means of income generated from cultivating land are not commercially-oriented, and are more appropriately described as peasants.

We conducted the study on the basis of a "free interview" method. Conversations took place in the yards, at the springs, in the evenings – at the gathering places of the villagers. People were well disposed towards us as researchers, giving us a warm welcome; nobody refused to speak with us or expressed any protest in this regard. The villagers gave direct and candid responses to all our questions. It is worth noting that, in general, our visits to the villages were perceived as an expression of attention, which the village population is obviously short of. For this reason we found that we had a warm welcome and a general willingness to provide opinions and information. The subject of our conversation was very familiar to them. At home, in the office, at the village labour exchange, at the village club in the village centre or near the shop or the spring, favourite gathering places, everywhere people discuss private problems of their families, harvests, hardships, and politics, local or central authorities. And, of course, they never forget gossips and jokes.

### **4 Tsinubani-Gurkeli, Akhaltsikhe region, Southern Georgia**

The village of Tsinubani-Gurkeli consists of 140 families. It is located in a mountainous region at an altitude of 1200 m above sea level and is 22 km away from the regional centre, the town of Akhaltsikhe. The village is relatively isolated from the town, since although a bus route links the village with the regional centre, the bus only runs three days a week. Due to the small number of people living in the village, the village is administered together with a neighbouring village.

There is a school in the village which goes up to the ninth grade. Thereafter, if children stay at school, they continue their studies either in an adjacent village or at colleges in the regional centres. The village does not have a functioning church. However, almost the entire population of the village is baptized as Christian Orthodox. Currently, no cultural or educational institutions such as a village club or a library functions in the village. Neither are there any village shops at the moment. Villagers shop in Akhaltsikhe, where, we were told, they have a good relationship with the local Armenian population. However, most households shop rarely in town, since they produce almost all of their food themselves.

The majority of the houses in the village are two-storied, medium-sized buildings made of stone, most of which were built in the 1960s. The houses stand along the road. The first floor of each house, which has a relatively low ceiling, accommodates a scullery, a pantry and the room where the family lives during the day. This room contains a wood-burning stove for cooking and which also provides warmth in winter. On the first floor, which has a relatively high ceiling, there is usually a large room used for receiving guests and two or three bedrooms. On the outside the houses have closed veranda-galleries built up with windows. A wooden pit latrine stands at the rear end of the back yard of the house. The cattle-sheds are located as far from the houses as possible. Any calves are usually sold. Each household has one female pig which is slaughtered for Christmas celebration. Households also have 15-20 hens for household consumption and egg production.

The village of Tsinubani-Gurkeli is situated in a zone with scarce land resources. Therefore, at de-collectivization each family was given a plot of land of only 0.75 hectares. These plots are registered

in the name of the eldest man in the family and after his death are transferred to his immediate heir. The landowner pays 36 *lari*<sup>1</sup> in tax annually to the State for each hectare of land. For pasture, which is under collective utilization by all members of the village, 4 *lari* a year is payable annually to the State for each head of cattle. Each household has an average of 3 milking cows and the same number of calves. Any natural increase in livestock is usually sold. Those who can afford it send their livestock to the mountain pastures 22-25 kilometers from the village.

The staple starch crops in this region are maize and potatoes. The average amount of land cultivated to corn is 0.09 ha, and to potatoes 0.05 ha. Vegetables (beans, cucumbers, tomatoes and beetroot) are also cultivated, with the average amount of land utilized for these being 0.04 ha. Fruit trees are also grown (apples, pears, plums), with each household utilizing between 0.10 and 0.13 ha. for this purpose.

Land cultivation is carried out by household members, with some exchange labour between households used for sowing. There is a division of labour by gender for some tasks; men perform relatively hard work, including manual tillage of the land, mowing of hay for feeding cattle in the winter, and sawing and cutting of wood for winter. Women are responsible for processing crops for storage. Women and men together are involved in less strenuous activities such as weeding and watering, with some assistance from children. The only mechanization in agriculture is ploughing, which is carried out by renting a tractor.

Families usually keep about a third of their agricultural produce for household consumption, selling the remaining two-thirds. Proceeds from the sale of potatoes may be in the order of 500 *lari* per household per year, from beans up to 300-400 *lari*, from vegetables about 100 *lari* for each vegetable. Produce is sold at market by a family member. As a rule, it is the male or female head of the family who goes to the market to sell produce. Occasionally produce is sold through a middleman. Barter also takes place; potatoes and beans are exchanged for products brought from the other regions, e.g. citrus fruits, watermelons, melons and fish. The female household head is responsible for this kind of barter.

50-60% of the family income earned during the year is re-invested in agriculture. The remaining 40-50% is used for the everyday needs of the family. The male and female heads of the household jointly make decisions relating to family spending. The annual family income is always fully spent and families are therefore unable to make any savings.

#### ***4.1 Generational differences in attitude within the village***

There are clear distinctions between generations in terms of attitudes to the present and the future within the village. A relatively older generation (50-60 years old) remembers the positive sides of the Soviet Union period very well – a guaranteed work place and stable *salaries*. They viewed the collective farm (*kollehoz*) as the main place of work for the village. All able-bodied peasants were *kollehoz* members. A small part of the village population worked at the school and a slightly larger number of people from the village worked at the Atskuri canning factory. Today Tsinubani-Gurkeli residents are provided neither with work places nor with guaranteed wages. The older generation has fond and nostalgic memories of the Communist period for this reason.

The young people of the village are better adapted to the new period because they have understood that relying solely on the state will do them no good. Therefore, they are more willing to set up new initiatives. However, lack of cash is a serious constraint.

The principal difference between the generations is that the older generation, confused and worried, wants “someone” (by “someone” they usually mean the government) to find some kind of

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<sup>1</sup> The Georgian *lari* is worth about 1.5 euros.

a job for them, so that they can receive wages, even insignificant ones. This would provide an additional income with agriculture being, as they see it, their main activity. Young people, on the other hand, do not count on help from official agencies and are searching for a way out in other ways. Students plan to remain in the city after graduation to be able to help their families more effectively, sending back remittances of cash. The 25-35 age group tend to plan to go to work in Russia, although now, with the introduction of visas to enter Russia and with growing costs, it has become much more difficult to do this.

#### ***4.2 Non-Farm Activities in Tsinubani-Gurkeli***

In Tsinubani-Gurkeli the only non-farm business at present is a small wood-working workshop where five men work. The co-owners of the workshop told us that the following circumstances triggered the start up of their business: (1) they are professional joiners; (2) currently the economic situation in Georgia is so severe that it has become essential to do something other than farming; it is, they said, possible to live on agriculture alone if an additional plot of land is taken under lease, but this is not an option in this village since there is no free land available; (3) wood is relatively inexpensive. The income of each of these men does not exceed 100-120 *lari* per month but earning even this amount in the village today is considered a success. This sum is spent entirely on the needs of their families and they are unable to save anything. Therefore, expansion of their business and its diversification remains at the level of theoretical discussion.

There was for a short time a small shop in the village, and we included the household which ran this among our respondents. The female head of this household told us that they were obliged to shut down the shop because people had no money to pay for the goods. She said that "Our trade was mainly based on payment in instalments. Also, the villagers preferred to take the trouble of bringing goods from Akhaltsikhe and sometimes even from Tbilisi at a slightly lower price rather than pay more locally. People are obliged to save every penny they can."

Even educated individuals within the village, such as the headteacher and teachers at the school, make their living primarily through working on the land. The state pays less than half of the wages they should receive, which should be about 40 *lari* per month. The remaining half is "frozen" (the term "frozen money" is used in Georgia to describe a phenomenon where the payment of wages and pensions is suspended for years and the prospects of receiving this amount in the future are rather vague).

Apart from the income gained from working the land, some of the households in this village specialise in looking after cattle, and derive extra revenue from this. Families with young animals, mainly calves, hire men from such families at 3 *lari* per head, to take the cattle to a high mountain pasture located 22-25 km from the village between spring and late autumn. In addition to the payment, the hired person receives some of the milk and cheese which the cow produces, if she is lactating, on the basis of an agreement with the owner.

General opinion in the village unanimously states that the present authorities only verbally declare that they are determined to revive the village. In fact, they are said to do nothing to make this happen. However, people in the village believe that it would be possible to build up non-farm activities of various kinds. In particular, informants stressed the importance of developing fruit processing once more. Under the communist administration there was a canning factory nearby but this shut down after the communist system collapsed. Local people believe that re-commissioning the canning factory would be worthwhile and a profitable business.

Another potential source of non-farm income of which informants spoke of is to exploit the hot springs which exist in the vicinity. Not very far from the village (4 km away) there is simple bath operating on natural hot water, which functions for village use and is considered village property. If

this were developed fully it could, according to villagers, generate large substantial revenues for the village.

We were told by informants that it is virtually impossible to start up a “business” without money and without “a master” (an influential patron is implied). It is impossible to get assistance from the NGOs, we were told, if you don’t manage to “arrange things” with them (in other words you need to have kin or patronage links with them and/or pay bribes to them). Commercial banks extend only high-interest credit secured by collateral (real estate or gold items priced at twice the credit amount). At the moment, therefore, it is extremely difficult to develop any new non-farm initiatives due to lack of any finance.

## **5 Nasamkhrali village, Telavi district, Kakheti region, Eastern Georgia**

The village of Nasamkhrali consists of 214 households. Due to its small size, the village is administered together with the neighboring village of Kasiskhevi. Nasamkhrali village is 6 km away from Telavi and is located on the Tbilisi-Telavi highway, which splits the village into two parts. Currently, only a primary school (grades 1-4) functions in the village. The school occupies the semi-ruined building of the former nursery school. Under the communist administration, the village had a secondary school but nowadays it is in a wrecked state and has therefore been shut down. Children study either at the neighbouring village school or in Telavi. The village club, the library and the nursery school which used to exist in the village are no longer functioning.

From our conversation with the village administration (*Sakrebulo*) head it became clear that the *Sakrebulo* has almost no revenue, since it is difficult to collect land taxes. Therefore, pensions and the schoolteachers’ small *salaries* cannot be paid. The *Sakrebulo* is also unable to help the villagers in any way to develop non-farm activities or to provide relief to the poor.

Houses in Nasamkhrali are two-storied, made of stone. They resemble one another closely from the outside, because under communist rule strict control was exercised over the construction of residential houses and it was prohibited to build residential houses that would architecturally differ from one another. As in Tsinubani-Gurkeli, the kitchen, with a wood-burning stove, is on the ground floor, which also contains one or two rooms where the family gathers in the daytime, and the *marani*, where special clay vessels (*keveri*) are buried in the ground for storing wine. On the first floor there is a large sitting-room for receiving guests and 3-4 bedrooms. There is a closed veranda at the front of the house with an open balcony at the side.

At de-collectivization each family in this area received one hectare of land. This land is registered in the name of the family’s eldest male member who is responsible for tax payment. The land tax payable annually is 36 *lari* per hectare and the yearly payment for the use of the pastures under common ownership of the village is 3 *lari* per hectare. Each household has an average of only 2 cows since the village has very few pastures of its own. Households also have about 1-2 pigs, which are slaughtered at Christmas, and 10-15 hens. After the death of the eldest man in the family, the property is transferred to the immediate (male) heir.

It is important to note that of the three regions studied, only in this village in Kakheti was the sale and purchase of land recorded. This is because there is an extremely needy section of the village population which has been selling the land they received under decollectivization at negligible prices (the price of one hectare ranges between 500 - 700 *lari*). Such families are unable to cultivate the land due to the fact that they do not have the initial capital to make this possible; 60-70% of the income from the cultivation of land needs to be reinvested each year to make further cultivation possible.



Of the hectare of land which each household received at decollectivization, households generally utilize 25-30% for maize, predominantly for home consumption, with the rest devoted to cash crops: 20-25% for grape vines (with vegetables grown between the rows), 30-35% for sunflowers, 15-20% for strawberries and 10% for peaches. The key informant families studied have additional land taken under lease (for which they pay 36 *lari* per year) where they grow wheat for home consumption.

The older men in the family decide how to distribute land for sowing. Ploughing is done once using a rented tractor. Potatoes, maize, beans, vegetables are grown, primarily for consumption in the household. Those who can afford to take land under lease plant wheat, basically for their families. Grape vines are an important traditional crop in the Kakheti region. The villagers grow the black grape “Saperavi” for sale, which currently fetches a good price; the wineries pay 25 *tetri* for one kilogram of the “Rkatsiteli” variety of grapes and 2-2.5 *lari* for the “Saperavi” variety. Households also make wine, both for their own use for sale (1 litre is sold for 70-80 *tetri*) and so is vodka (1 litre is sold for 2 *lari*). Other fruit is also grown for sale, including peaches and strawberries. Strawberries are an important cash crop, generating from 1000 to 2000 *lari* income per season for each household. Sunflower seeds are also grown and sold, and generate an average income of 500-1000 *lari* in a season for each household.

Grapes are taken directly to the wineries after harvesting except for that part of the harvest which the family keeps for itself. Most sunflowers are sold through dealers and a small amount is used for making oil for family needs. Strawberries and peaches are taken to Tbilisi market (where prices are higher) and sold to dealers.

We were told by women in the focus group that women are more active and consider that they work much harder than men.

### ***5.1 Non-Farm activities in the village***

Of the ten families we selected for study, two derive their income solely from cultivation of the land, one is the owner of the only private shop, one is the owner of a zinc bucket-manufacturing workshop, two families own sheep herds, one has a male head who has leased a big truck (the so-called *kamaz*), and three have members who are educated (those of the school principal, the village doctor and the village head).

State employees involved in providing services to the villagers rely, despite their employment, primarily on the cultivation of land to provide a livelihood for their households. The principal of the village only receives 21 *lari* per month because of the small size of the school. She told us that her husband, 45-year old Giorgi, and she are ready to do any kind of additional work if anyone would be willing to employ them. “Personally, I have neither the money nor the experience necessary to start a new business”, her husband told us. The village doctor’s family is in the same condition.

One of our respondents is one of five brothers who own, together, a mini-workshop in the yards of the house of one of the brothers. Five men are employed in this workshop. Each is paid 100 *lari* per month. This business generates an income of 2000-2500 *lari* for the brothers of which 20-25% is used for family needs. A similar amount is used for the needs of each family member’s own family. The remaining money is used by the family for a greenhouse where flowers and vegetables are grown for sale in the market. To raise the family income, they also plan to set up a mini-canning factory for fruit processing. 35-year old Giorgi leads the family business. It has already been 10 years that he has been “engaged in business” and he thinks he has gained extensive experience in this area having eventually attained success.

However, the most important factor that had triggered success was that Giorgi's father had sizable cash savings and an influential circle of friends and acquaintances who helped in building up the business (obtaining a license and processing other required documents).

The importance of initial capital was another factor that was given prominence, particularly by the heads of those families that owned herds of sheep. "I bought sheep with my own money (approximately 300 head). I had no other way out. I had to support my family", 48-year old Mr. Temur told us. He supports his wife, his three young children and his pensioner mother. He has two hired shepherds to whom he pays a monthly wage of 130 *lari* each. The herd grazes on different pastures in winter and summer. After paying the pasture usage charge (3 *lari* per hectare) and covering other expenses, a monthly income of 200-300 *lari* is left. Mr. Temuri has a car and two horses for the use of his shepherds. His income is mainly derived from the sale of produce which is over and above what the family itself consumes. The family sells: cheese (of which the wholesale price 4 *lari* per kilogram), wool (1 *lari* per kilogram) and sheep themselves, the price being 30-40 *lari* per head. At this stage Mr. Temuri has no plans for starting up any other type of business. He would prefer to expand the existing business when he is able to accumulate necessary resources.

Mr. Mural, the 53-year old owner of the shop in the village, says that the revenue generated from his shop fluctuates by about 100 *lari* per month. This is mainly because it is the poorer section of his co-villagers that shops in his store. Such people are short of cash and pay for goods by installments. Mr. Murad has a wife and two children. His daughter is at school and his son is a student at the Telavi Commercial Institute. Mr. Murad told us that he would like to diversify the source of his family income. He has obtained a license to open a petrol station but has been unable to find the money yet to open it.

54-year old Mr. Jumber, a "Kamaz" truck driver, told us he has spent all his life at the wheel of a vehicle, having always been a driver by profession. Nowadays he rents his truck for 30 *lari* per month. He carries different types of cargoes in different seasons, and therefore his monthly income ranges from 200 to 500 *lari*. His family consists of five members. Mr. Jumber's wife is Mrs. Ana, who is 53. 28-year old Zura, his son, often drives the truck to help his father. 30-year old Tamila, his daughter, is mainly occupied in taking care of the family and working in the vegetable garden. Last but not least, there is 100-year old Archil, Mr. Jumber's grandfather, who does not at all resemble a century-old man. He shared the reminiscences of the good old times (under communism) with us: "We used to live well at that time, we had money, wine, bread and a kind heart", he said.

In short, it could be stated that those families and persons who are already engaged in non-farm activities are thinking of expanding and diversifying their "businesses". The others believe that since they live in a village, they can think only of expanding their agricultural (in their terms, "peasant") activities in ways that bring in cash income. Currently, the "Saperavi" variety vine is considered to be most profitable agricultural crop, together with strawberries. Therefore, peasants seek to take the land under lease and grow these crops.

## ***5.2 General differences in attitude within the village***

The young people in our focus group in this village fully comprehended that their generation, as distinct from the older one, must live in an absolutely different environment. They are more oriented towards the idea of using their own initiative and building up knowledge and experience themselves. "Today the situation in our country is unstable both politically and economically. Therefore, prior to thinking about initiating a new "business" it is necessary to acquire knowledge and experience", the students whom we met told us.

## 6 Ganastlebis Kari, Abasha district, Samegrelo Region

This village is located 8 kilometers from the regional centre. Economically, the Abasha district is considered one of the most needy in the Samegrelo region. During the communist period unjustifiable economic experiments were undertaken here that have significantly damaged the economy of the region. The region is located in the lowlands in a non-black soil zone. This village (220 families) is administered with other neighboring villages as the commune of Niori. The village population is mono-ethnic and orthodox Christian. However, the 15th century Church of the Saviour was destroyed in the very first years of the communist rule. The village has a secondary school (grades 1-9 inclusive). If they stay at school, children go on to study in regional schools or colleges.

Due to proximity to the Black Sea, humidity is high in western Georgia. Therefore, traditionally, the houses here are built of wood. Recently, stone houses have also been constructed. The houses stand on piles and are usually single-storied (sometimes one encounters two-storied buildings as well). Yards are surrounded by iron mesh fences and are distinguished by their size and abundance of green plants. Neighbors communicate with one another by internal gates made in their fences. Houses have one big room for receiving guests and 3-4 relatively small bedrooms. At the back the houses have a staircase leading to the inner yard. A separate building containing a kitchen with a wood-burning stove stands nearby. Here the family has meals and watches television. There is also a pantry. In the far end of the yard there is a wooden pit latrine, a cattle-shed for cows and pigs and a henhouse.

At de-collectivization each family was allocated one hectare of land which is divided as follows: the garden surrounding the house (about 0.2 ha) is used for growing green vegetables for the family; maize, the principal crop, is grown on 0.5 ha; soya, beans and pumpkin are grown on the remaining land.

Most families harvest about 4-5 tonnes of maize, some of which the families sell at wholesale prices. The annual income from this sale is about 450-500 *lari*. The soya harvest is about 200-300 kilograms generating 100-150 *lari* in income. 60-70% of the income generated from the sale of crops is used for land cultivation. The initial ploughing is carried out using a rented tractor. After this, the land is cultivated by the family assisted by neighbors and close relatives. Nine or ten related families work together to get the work done on the land belonging to all of them.

Most families also have a pig and 15-20 hens, as well as two milking cows and a calf. Family members take turns to take their livestock to the pastures that are common property of the village. The pasture charge is 6 *lari* per head. The land tax is the same throughout the country – 36 *lari* per hectare a year. Payment of taxes and charges for land and pastures is formally the responsibility of the head of the family, but in reality they are paid by whoever within the family has the money to do so.

### 6.1 Non-Farm activities within the village

We interviewed ten families within the village. Besides the typical farming families, we studied two families whose heads are engaged in business and several families representing the village professionals. As in the previous two villages, here our research similarly covered 10 families.

The (female) head of our host family, a 72-year old pensioner, said that she is very dissatisfied with life. The symbolic 14 *lari* pension is paid irregularly. In addition to working on the land, her son Giorgi, an engineer by education and currently unemployed, is engaged in keeping 12 bee-hives which provide the family with a 1000 *lari* annual income. Mr. Giorgi told us that for him bee-keeping is an entirely new field of activity. Several times he had tried to start various businesses

together with his friends but due to lack of money and expertise every attempt was a failure. Giorgi's wife, Mrs. Lali, who teaches physical training at a village school and earns 30 *lari* per month, described the overall situation at length: "All the money gained by the family is fully spent. One cannot even dream of saving anything. We often have debts and my salary is completely used up to pay them back. My mother-in-law's pension goes for paying land, pasture taxes and electricity bills. The money from selling honey is used, in the first place, for laying in firewood for the winter (a vanload of wood costs 200 *lari* and a family needs at least two of these for the winter season). The remaining money is insufficient for land tillage and family needs".

Mrs. Svetlana, another of our informants, is the principal of the 9-grade village school. Her five-member family tackles hardships with the help of her son, 27-year old Badri, who is temporarily working in the Ukraine. He manages to send his family 600-800 *lari* per year. Mrs. Svetlana's husband, Mr. Constantine, told us: "Today the hazelnut business is becoming profitable here and I would like to take land under lease to grow hazelnuts. If I don't manage to do this, living like we are is becoming absolutely intolerable".

35-year old Murad painted an even more severe picture of life. The only source of livelihood for his family (himself, his wife and his pensioner parents) is selling fresh produce harvested from their land. "In winter we sell almost all our stocks of maize and in spring we have to sell hens to buy maize again". (For clarification: The basic meal for the Samegrelo people is *ghomi*, made from maize meal). The head of the family, 75-year old Mr. Mirian, is extremely concerned because after the dissolution of the *kolkhoz*, the pastures he used to have access to have been transferred to individual villagers as private property meaning that the amount of common pasture has decreased considerably. That is why, he said, people are unable to make enough of the traditional cheese "*suluguni*" to sell and earn some money (the market price of "*suluguni*" is 3.5-4 *lari* per kilo. This variety of cheese has always been an important source of income for the region).

28-year old Grisha, an economist by profession, found a way out of the situation with the help of the money sent by his sister who has gone to work in Moscow. He has taken a plot of land 22 kilometers away from the village under lease. "With my capabilities I can do nothing better in the village", Grisha told us. Grisha's mother Mrs. Nadezhda would prefer that her son had a job corresponding to his specialization. But she and her husband know very well that today there is total unemployment not only in the village but also in the entire country. "The time has come when the government takes no care of the people. All enterprises are at a standstill. My daughter was obliged to go to Russia and work there", 76-year old Mr. David, Grisha's father, told us.

Mr. Emil, the owner of the only shop in the village, has a 62-year old disabled mother, a wife and a 4-year old daughter. "My cousin helped us with the money to open the shop", Emil explained. Two ladies, his co-villagers, work in the shop. Each is paid 30 *lari* per month. In addition, Emil has a lemonade mini-workshop where 5 villagers (2 women and 3 men) are employed. Each is paid 35 *lari* per month. The revenues from this business are in the range of 1500-1700 *lari* annually. This is because, as Emil himself explained, the purchasing capacity of the villagers is extremely low. "Here, in the village, everyone is either a relative, a close friend or has the same family name, therefore, I often trade on the basis that people pay me by instalments and I can never refuse anyone", Emil added.

Mr. Avtandil is 49 years old and owns a car repair workshop. His pensioner mother, his wife, his son and his daughter make up his household. 20-year old Alexander is a student and 17-year Maya is finishing school this year. Mr. Avtandil does the repair work himself, with one assistant to whom he pays 50 *lari* per month. "This is my profession. I graduated from a vocational technical school and I've been fixing cars since 1985. As soon as Gorbachev announced "Perestroika", I registered the workshop as a private entity. My annual income from the workshop is 1500-1600 *lari*", Mr. Avto told us. However, despite his relatively high income by village standards he is unable to save anything because he is paying for his children's education.

In our conversation with the village *Sakrebulo* (administration) chairman it became clear that the *Sakrebulo* has no resources to help the villagers. Members of the administration themselves are in the same situation as others. Their wages depend on land tax collection which is extremely difficult.

It is worth mentioning that 100% of the able-bodied village population said that they were willing to get involved in non-farm activities but they are unable to realize this due to the lack of initial capital. It is impossible to obtain bank credit. The banks, they said, require a large amount of gold as collateral, which the villagers do not possess.

It was the general view that the government must change its policy towards the villages not only in words but, most importantly, in deeds. "Otherwise we are left with the impression that both the government and the non-governmental organizations have completely forgotten about the village", a 34-year old Rezo said. The entire group agreed.

### ***6.2 Generational differences in attitude within the village***

The older generation gives a very negative assessment of the political changes that have taken place in Georgia over the last 10 years. Younger people are trying to get adjusted to the current situation but sometimes they also get carried away by nostalgia for the past. Students endeavour to go to big cities. They think the cities have more opportunities to offer. "If you know a foreign language and are computer literate, it is easier to find a job in Tbilisi", 14-year old Nadia told us.

## **7 Conclusions and Issues**

- 1) Agriculture is the main basis of livelihoods in all three villages studied. This provides almost all food consumed and also, through sale of agricultural produce, cash. Given their country's current political and economic conditions and their own financial capabilities, they believe that despite the risks of natural calamities damaging their crops every year (hail in Kakheti, draught in the southern Georgia, high humidity in Samegrelo), land cultivation is still the most realistic source of income for village residents. However, domestic produce cannot compete well with imported produce, and this makes it difficult to sell produce. It is also difficult to get produce to market due to the collapse of the transport infrastructure.
- 2) Barter is an important element of the economy in villages studied. Much economic activity is barter-based activity between kin and neighbours. Barter also takes place with people in other regions of the country.
- 3) All adult and teenage villagers interviewed expressed a willingness, without exception, to become engaged in any type of non-farm activity. It was the common opinion of the focus groups in all three villages that any kind of activity (if it did not exceed their physical abilities) was acceptable. "We shouldn't turn up our noses at anything if we are paid for our work", a 45-year old lady told us.
- 4) Villagers believe that non-farm businesses should be opened or re-established in their villages and could be profitable and employ people. They have ideas about what kind of enterprise could be opened; for example, in Nasamkhrali, where there used to be (state-run) fruit processing (state-run) enterprises, villagers believe that this could be a viable business again. In Tsinubani-Gurkeli, villagers believe that their hot-spring bath could be a source of income. However, they believe that "someone" from outside the

village (preferably the government, as in Soviet times) should open such (large) enterprises; they do not believe that they themselves can do this.

- 5) In the villages studied, non-farm enterprises are limited to small household-based enterprises. These are as much social as 'economic' enterprises. This is illustrated in the fact that shops have to allow customers to pay in instalments and cannot refuse anyone. This is a factor limiting the operation and expansion of businesses, since they are not able, for social reasons, to maximize their returns.
- 6) Social capital is the basis of small enterprises. Patronage and kin networks and connections are vital for opening up small enterprises, and often for getting business too. Through patronage and kin connections, licences etc. can be obtained, which are often difficult to get otherwise. Social capital is also the basis of financial capital. Currently, there is no viable source of financial capital other than family capital. It is impossible to get loans from banks (which require collateral worth twice the value of the loan). There are no credit unions.

### ANNEX 1 – Agricultural Activities

	<b>Tsitsubani-Gurkeli, Akhalsikhe region</b>	<b>Nasamkhrali, Telavi region,</b>	<b>Ganatlebis Kari, Abasha region</b>
<b>Number of Households</b>	140	214	214
<b>Average amount of land owned by the household (in ha)</b>	0.75	1	1
<b>Average amount of land around house (in ha)</b>	0.08	0.10-015	0.22-025
<b>Payment for pasture of one head of cattle</b>	4 <i>lari</i>	3 <i>lari</i>	6 <i>lari</i>
<b>Cost of ploughing per 0.01 ha</b>	0.7 litre of fuel and 0.4 <i>lari</i>	1 litre of fuel and 0.8 <i>lari</i>	0.6 litre of fuel and 0.6 <i>lari</i>
<b>Average distribution of land among crops per household</b>	Potato - 0.5. Ha Corn - 0.09 Ha Vegetables (beans, cucumber, beet, cabbage) - 0.04 Ha Fruit (apples, pears, plums)- 0.10-013Ha	Grapevines - 0.20-0.25 Ha; Sunflowers - 0.30-035 Ha Strawberries - 0.15-0.20 Ha Peaches - 0.10 Ha	Maize - 0.5 Ha Soy - 0.20 Ha Other vegetables -0.2 Ha
<b>Average distribution of annual income:</b>			
<b>a) for reinvestment</b>	a) 55%	a) 65	a) 65
<b>b) for consumption</b>	b) 45%	b) 35	b) 35
<b>c) savings</b>	c) -	c) -	c) -

Note: Figures for income vary from year to year. These are the figures for the 2000 harvest.

**ANNEX 2 – Non-farm activities among key informant households in villages studied**

	<b>Tsitsubani-Gurkeli, Akhaltitsikhe region</b>	<b>Nasamkhrali, Telavi region,</b>	<b>Ganatlebis Kari, Abasha region</b>
<b>Type of small-scale business in village</b>	a) Timber processing	a) Shop b) Zinc bucket manufacture	a) Shop, lemonade manufacture b) Car mechanic
<b>Number of households involved in small-scale business</b>	1	2	2
<b>Annual revenue from small-scale business</b>	1500 <i>lari</i>	a) 1200 <i>lari</i> b) 3000 <i>lari</i>	a) 1600 <i>lari</i> b) 1600 <i>lari</i>
<b>Number of households having a member abroad</b>	-	-	2
<b>Annual remittances received by household from abroad from family member</b>	-	-	700
<b>Other non-farm activities</b>	-	Truck service	-
<b>Revenues from other non-farm activities</b>	-	1500	-

Note: All the households surveyed have an income from the state of 14 *lari* as pension for an older member. For those households with jobs in the public sector (education and healthcare), the average monthly salary does not exceed 30 *lari*.



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