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**Natural Resources Institute Report No. 2681
Research Project V0135**

January 2002

Department for International Development (DFID)/World Bank
Collaborative Program for Rural Development
**CEE/CIS Rural Non-Farm Economy and Livelihoods Enhancement:
Policy Research Initiative**

Acknowledgements

The author(s) gratefully acknowledge the support of the Department for International Development (DFID)/World Bank Collaborative Program for Rural Development, Project No. V0135, in preparing this paper. Any remaining errors and omissions are solely the authors' responsibility. The views in this paper are solely those of the authors and not necessarily those of the DFID or World Bank..

A study of non-farm activities in FSU Georgia: A regional focus

Ketevan Kobaladze¹

This paper focuses on three communities in southern, eastern and western Georgia respectively. It looks at the current level of involvement in non-farm activities in these communities, in the context of involvement in agricultural 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 for complete reforms, 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, the establishment of new forms in the agricultural sector, the creation of relevant infrastructure and the implementation of social reform. Agrarian reform has been divided into two stages. The first stage was primarily aimed at land privatization and the creation of peasant farms, agricultural cooperatives, shareholding societies and other forms of enterprises. The second stage was aimed at the restructuring of Collective and Soviet Farms and other forms of entity. The main objective of the second stage was to achieve a higher level of production by carrying out a reorganization of the territorial and branch managing structures in agriculture.

However, an ineffective approach to conducting the reform has complicated the achievement of its objectives. Big farms were divided into small ones and small entities were created. Most peasants did not manage to cultivate the fertile land, which led to a decrease in agricultural production. The privatization of agricultural lands is not over yet, and a market has not been set up yet, impeding further development of the agricultural sector.

The study communities

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Three villages were selected for study, in southern, eastern and western Georgia. These are: 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.

Study methodology

We have 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) village intellectuals; 3) mixed families; and 4) single aged 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. 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 earnest responses to all our questions. Conversations took place in the yards, at the springs, in the evenings – at the gathering places of the villagers.

Tsinubani-Gurkeli

The village of Tsinubani-Gurkeli consists of 140 families. It is located in the high mountainous region at the altitude of 1200 m from the sea level and is 22 km away from the regional centre, the town of Akhaltsikhe. It is relatively isolated from 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 has been put together for administrative purposes with another village to form the "Agara Board of Administration" (Sakrebulo). The village has a school where children can study including the ninth grade. Thereafter they continue their studies either in the adjacent village or at the 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 function in the village. Neither are there any village shops currently. Villagers shop in Akhaltsikhe, where they have a close relationship with the local Armenian population. These relationships are perceived as natural and exist without any tension.

The majority of the village houses in the village are two-storied, medium-sized buildings made of stone, most of which were built in the sixties of the twentieth century. The houses stand along the road. The first floor of each house, which has a relatively low ceiling, accommodates the kitchen, the pantry and one room where the family gets together 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 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 toilet stands at the rear end of the back yard of the house. The cattle-sheds are located as far from the houses as possible. Each household has one female pig which is slaughtered for Christmas celebration. Any calves are usually sold. 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, following de-collectivization each family was given a plot of land with the area 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 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. The increase in livestock is usually sold. Those who can afford it send their livestock to the mountain pastures 22-25 kilometers away from the village. The charge payable to the State for pasturing a head of cattle is 3 Lari per year.

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, beet-roots) 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 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 at the cost of 400 *tetri* for one tenth of a hectare.

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 variety. 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, watermelons, melons and fish. The female household head is responsible for this kind of barter.

Fifty-sixty percent 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.

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 saw the collective farm (*kolkhoz*) as the main place of work for the village. All able-bodied peasants were *kolkhoz* members. A small part of the village population worked at the school and a slightly larger part at the Atskuri canning factory. Today Tsinubani-Gurkeli residents are provided neither with work places nor with guaranteed wages. Such situation gives rise to pleasant memories of the past among the older generation.

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, deficit of cash is a serious constraint.

The principal difference between the generations is that the older generation, confused and worried, requires that “someone” (by “someone” they usually mean the government) should find some kind of a job for them, so that they can receive wages, even insignificant ones. It is implied that this would be an additional income whereas agriculture would remain as their main activity. Young people, on the other hand, do not count on help from official agencies and are searching a way out in other ways. Students plan to remain in the city after graduation to be able to help their families more efficiently. 23-25 year-old people were planning to go working in Russia, although now, with the introduction of the visa regime, the situation has become complicated. It is much more difficult and expensive to travel overseas.

Non-Farm Activities in Tsinubani-Gurkeli

In Tsinubani-Gurkeli the only non-farm business at present is a wood-processing mini-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. Living only on land cultivation is possible if an additional plot of land is taken under lease, although this is only possible in distant villages since in this village 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 for 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 kiosk 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 installments. The villages prefer to take the trouble of bringing the 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 principal 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 certain 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 uses the cow products (milk and cheese) on the basis of an agreement with the owner, if the cow producing milk.

General opinion in the village unanimously states that the present authorities only verbally declare that they are determined to revive the village. Realistically, they do nothing to make this happen. However, people in the village believe that it is 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. Local people believe that re-commissioning the canning factory would be worthwhile and a profitable business.

Another potential source of non-farm income 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 a semi-ruined bath operating on natural hot water, which is still functioning. If fully operated it would, according to villagers, generate large

substantial revenues for the village. Currently the bath is considered the village property and does not have a single owner.

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, if you don’t manage to “arrange things” with them. Commercial banks extend only high-interest credit secured by a 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.

Nasamkhrali village, Telavi district, Kakheti region, Eastern Georgia

The village of Nasamkhrali consists of 214 households. Due to its small size, the village has been joined with the neighboring “Kasiskhevi” village into a single Administration Board. 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 (1-4 grades) functions in the village. The school occupies the semi-ruined building of the former nursery school. Previously, the village had the secondary school but nowadays it is in a wrecked state and has therefore been shut down. Children study either at the neighboring village school or in Telavi. The village club, the library and the nursery school do not function in the village.

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 “kvevri” 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 man who is responsible for tax payment. The land tax payable annually is 36 Lari per hectare whereas 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 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 heir.

The eldest men in the family decide how to distribute land for sowing. Ploughing is done once using a rented tractor. Vines are an important traditional crop in the

Kakheti region. Potatoes, maize, beans, vegetables are also grown, primarily for consumption in the household. 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” one). 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 sold, and generate an average income of 500-1000 Lari in a season for each household. Wine is also made for sale (1 liter is sold for 70-80 tetri) and so is vodka (1 litre is sold for 2 Lari). Those who can afford to take land under lease plant wheat, basically for their families.

Grapes are directly taken 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 selected ten typical families for study. These included two which derive their income solely from cultivation of the land, the owner of the only private store the owner of a zinc bucket-manufacturing workshop, two families that own sheep herds, one whose head has leased a big truck (the so-called “Kamaz”), and three whose members are educated (those of the school principal, the village doctor and the village head).

It is important to note that out 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 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.

Our respondent’s family owns a mini-workshop in the yards of their house. One of the family members told us the family has 5 men working at the facility. Each is paid 100 Lari per month. This business generates a 2000-2500 Lari income for the family

of which 20-25% is used for family needs. The similar amount is used for the needs of each family member's own family (there are five family members, each of the three brothers having a car; a mini-tractor is used for ploughing). 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. A 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 his father had sizable cash savings and an influential circle of friends and acquaintances (which in Georgian reality could be considered as one of the critical factors) who helped in building up the business (obtaining a license and processing other required documents).

The existence of the initial capital was given prominence by the heads of those families that owned herds of sheep. "I've bought sheep with my own money (approximately 300 heads). I had no other way out. I had to support my family", a 48-year old Mr. Temur told us. He supports his wife, his three under age children and a pensioner mother. He has two hired shepherds who he pays the monthly wage of 130 Lari each. In the winter the herd grazes at the "Shiraki" pasture and in the summer – at the "Tsivi" one. 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 shepherds. The income is mainly determined by the sales of excess goods at the market. The family sells: cheese (wholesale price being 4 Lari per kilogram), wool (1 Lari per kilogram) and increase in sheep, the price being 3-40 Lari per head. The family head regulates market relationship by means of dealers. At this stage Mr. Temuri has no plans for starting up another type of business. He prefers to expand the existing business when he is able to accumulate necessary resources.

Mr. Mural, a 53-year old owner of the commercial shop, says that the revenue generated from his shop fluctuates in the order of 100 Lari per month. This is because mainly it is a needy section of his co-villagers that shops in his store. Such people are short of cash and pay for goods by installments. A hostess and two children are Mr. Murad's family. His daughter is a schoolgirl and his son – a student of the Telavi Commercial Institute. Mr. Murad told us he wanted to expand the source of his family income. He has obtained a license for opening a gasoline station but was unable to find the money yet.

The family of a 54-year old Mr. Jumber, a "Kamaz" truck owner, is composed of five members; a 100-year old grandfather Archil who, apparently, does not at all resemble a century-old man. He shared the reminiscences of the good old times with us: "We used to live well at that time, we had money, wine, bread and a kind heart", he said. The hostess Mrs. Ana is 53. A 28-year old Zura often drives the truck helping his

father. A 30-year old Tamila is mainly busy by taking care of the family and working in the vegetable garden.

Mr. Jumber told us he has spent all his life at the wheel of this car, being a driver by profession. Nowadays he rented this vehicle and pays 30 Lari per month. Different types of cargoes are to be carried in different seasons, therefore, the monthly income ranges from 200 to 500 Lari.

The principal of the village school, a 43-year old Mrs. Mariam whose monthly remuneration is 21 Lari because of the small size of the school, told us that her husband, a 45-year old Giorgi and herself 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", the family head said.

The village doctor's family is in the same condition. From our conversation with the village administration (Sakrebulo) head it became clear that the Sakrebulo is unable to provide any assistance to the villagers. It is even difficult to fully collect land tax. That is why pensions and schoolteacher's scanty wages cannot be paid.

The village focus group was easily set up. Each family was given explanation of the meaning and purpose of the focus group. Conversation in our host family went on in a free and peaceful atmosphere. Women were more active. As distinct from men, they deem they work much harder. The young people fully comprehend that their generation, as distinct from the old one, must live in an absolutely different environment. "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 told us.

In short, it could be stated that those families and persons who are already engaged in non-farmer 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 farmer's (or in their terminology – "peasant") economies. Currently, the "Saperavi" variety vine is considered as the most profitable agricultural crop as well as strawberry. Therefore, peasants seek to take the land under lease and grow these crops.

Ganastlebis Kari

In the Samegrelo region we studied the village of Ganastlebis Kari in the Abasha district. 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 rule 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. Due to the scarcity of inhabitants this village (220 families) has been joined with other neighboring villages into a single administrative body, "Nioris Temi" (Niori community). The village population is mono-ethnic, is baptized and follow the orthodox Christian way of living. The 15 century church of the Saviour was destroyed in the very first years of the communist rule. The village has a secondary school (1-9 grades, 9th included). The children continue studying in regional schools or colleges.

Due to the 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 basically one storied (sometimes one encounters two-storied buildings as well). Yards are surrounded by iron mesh fences and are distinguished for 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. From the backside the houses have one more staircase leading to the inner yard. A separate building with a kitchen stands nearby. Here the family has meals and watches television. In winters a stove for burning wood is placed here. There is also a pantry. In the farthest end of the yard there is a wooden toilet, a cattle-shed for cows and pigs and a henhouse.

After de-collectivization each family was allocated one hectare of land which is divided as follows: the yard surrounding the house – about 0.22-0.2 ha used for growing green vegetables for the family; corn, the principal crop of the region is grown on 0.5 ha; soya, beans and pumpkin are grown on the remaining land.

Corn harvest is approximately 4-5 tons which the families sell at wholesale prices. The annual income from these sales is about 450-500 Lari. The soya yield makes up 200-300 kilograms generating 100-150 Lari income. Sixty-seventy percent of the revenues generated from land are used for land cultivation. The initial ploughing is carried out by a rented tractor which is filled up with diesel fuel: 600 grams for one hundredth of a hectare and 60 tetri is paid for ploughing the same area. Subsequently, land is cultivated by the family actively assisted by the neighbors and close relatives. Nine-ten relative families fall on each family.

A family looks after two milking cows and a calf. The family members alternatively 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 same within the country – 36 Lari per hectare a year.

A family also looks after a pig and 15-20 hens. Payment of taxes and charges for land and pastures is formally the prerogative of the head of the family. In reality, the payers are those who have the money.

With the view to study non-farmer activity, we have interviewed ten families. Every family gave us warm welcome inviting us in and offering tea, coffee and sweets. It is worthwhile noting that, in general, our visits to the villages have been perceived as expression of attention which the village population is obviously short of.

Besides the typical (farmer's) families we have studied two families with the heads engaged in business and several families representing the village intelligentsia. As in the previous two villages, here our research similarly covered 10 families.

The head of our host family, a 72-year old pensioner lady is totally dissatisfied with life. The symbolic 14 Lari pension is paid irregularly. In addition to working on land, her son, 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 to pay them back. My mother-in-law's pension goes for paying land, pasture taxes and electricity bills. The money gained from selling honey is used, in the first place, for laying in firewood for the winter (a car of wood costs 200 Lari and a family needs at least two cars for the winter season). The remaining money is insufficient for land tillage and family needs".

Mrs. Svetlana is the principal of the 9-grade village school. Her five member family tackles with hardships with the help of her son, a 27-year old Badri temporarily working in Ukraine. He manages to send his family 600-800 Lari. Mrs. Svetlana's husband, Mr. Constantine told us: "Today hazelnut business is becoming profitable here and I want to take land under lease to grow hazelnuts, otherwise living like we are is becoming absolutely intolerable".

A 35-year old Murad has drawn a much more severe picture. His family (a wife and pensioner parents) makes its living only on the income gained from selling fresh produce harvested from their land. "In winter we sell almost all stocks of corn and in spring we have to sell hens to buy corn again". (For clarification: The basic meal for the Samegrelo people is "ghomi" made from ground corn). The head of the family, a 75-year old Mr. Mirian is extremely concerned because after the dissolution of the kolkhoz, the pastures he used to own have been transferred to the villages as private property meaning that the number of pastures has decreased considerably. That is why, people are unable to make the necessary quantity 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).

A 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 shared his thoughts with us. Grisha’s mother Mrs. Nadezhda prefers that her son had a job corresponding to his specialization. But her husband and herself 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. The enterprises are at a halt. My daughter was obliged to go to Russia and work there”, a 76-year old Mr. David shares his concerns.

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 store”, Emil explained. Two ladies, his co-villagers work in the store. 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 by installments and can never refuse anyone”, Emil added.

Mr. Avtandil is 49-years old and owns a car repair private workshop. His pensioner mother, his wife, son and daughter are his family. A 20-year old Alexandre is a student and a 17-year Maya is finishing school this year.

Mr. Avtandil does physical work himself having only one assistant who he pays 50 Lari per month. “This is my profession. I have 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 is approximately within the range of 1500-1600 Lari”, Mr. Avto told us. He is unable to save anything because he is paying for his children’s education.

In our conversation with the village Sakrebulo chairman it became clear that the Sakrebulo has no resources to help the villagers. They themselves are in a similar situation. Their wages depend on land tax collection which is extremely difficult.

The work of the focus group went on under normal conditions. The villagers gathered in our host family where they again spoke about the issues of their concern.

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

The old generation gives a very negative assessment of the political changes that had taken place in Georgia over the last 10 years. The younger people are trying to get adjusted to the current situation but sometimes they also get carried away by the nostalgia of the past. Students endeavor to live in 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”, a 14-year old Natia interferes in the conversation.

According to the common opinion of the focus group, any kind of activity (if it does not exceed their physical abilities) is acceptable. “ There is nothing to disdain, moreover if we are paid for our work”, a 45-year old lady told us.

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 non-governmental organizations have completely forgotten about the village”, a 34-year old Rezo said. The entire group agreed. A 39-year old David explained to us that “land is scarce here and we are obliged to use a great deal of mineral fertilizers to ensure the yield. And fertilizers cost more and more every year.”

In general, we deem necessary to underscore the common spirit of the whole group. The subject of our conversation was very familiar to them. At home, in the office, at the village labor exchange (the villagers’ favorite gathering place, usually at the village club in the village centre or near the shop or the spring) – 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.

Finally, summarizing our research we wish to state the following: despite the fact that in all the three studied villages of the three regions of Georgia all interviewed villagers (adults and even teenagers) are willing, without exception, to get engaged in any type of non-farmer activity, they realistically assess country’s existing political and economic conditions and their own financial capabilities and deem that regardless of natural calamities damaging their crops every year (hail in Kakheti, draught in the southern Georgia, high humidity in Samegrelo) at this stage, land usage is still a more realistic source of income for village residents.

Problems

Key problems / constraints concerning the development of agriculture in Georgia may be categorised as follows:

1. Domestic production is not competitive, which is conditioned by the fact that there are no new forms of economic activities introduced and this sector remains almost in middle-ages epoch state. Considering this domestic production can not compete with imported agricultural goods.
2. There is no system for accessing formal loans for households and farmers. It must be mentioned that conditions for loan-making in banks for agricultural sector leaves to desire much better, i.e. the banks require as collateral property which costs twice as much as the loan itself, the interest rates are quite high, which can not satisfy the needs of households and farmers. So, they prefer not to take such loans, because objectively it is possible to pay interest rates to the banks for agricultural enterprise considering existing market conditions. Therefore the profit from agricultural activities decrease, which related to the decrease in decrease in growth of this sector. At the same time, it must be mentioned, that the strict conditions of the banks are conditioned by the unstable situation in this sector and low level of insurance. There are no other means of financial support of this sphere, like credit unions.
3. There are no large farms established yet, that does not allow to optimize expenses.
4. Agricultural goods are sold mainly on local markets, because food-processing industry enterprises do not function. That's why one of the problems is transportation of agricultural goods to the market and their sale. For the reasons outlined above, financial investments are at a very low level, which does not enable the agricultural sector - one of the most important parts of the economy, to develop fast enough.

Recommendations

We studied situation in three regions, where there are the similar problems in the agricultural sector and rural non-farm economy. Below we offer some recommendations for the solution of these problems:

- Restructuring and reform of state owned infrastructure;
- Providing information to people working in agricultural sector;
- Providing educational programs for farmers (e.g. training, seminar, meetings)

- Facilitation of creation of financial credit unions.
- Facilitation of small-scale enterprises in rural areas by means of attracting investments.
- Facilitation of effective functioning of agricultural goods processing enterprises.

We combined our data to the similar findings of the Young Economists Association of Georgia, which worked on the program "Facilitation of Local Self-governance bodies" with financial assistance of Open Society Georgia Foundation (OSGF) and the US Government. Under that project the following 6 regions situated around Tbilisi were studied: Mtskheta, Kaspi, Bolnisi, Gardabani, Tetri Tskaro, Sagarejo; and 6 regions situated around Kutaisi: Tskaltubo, Vani, Samtredia, Tkibuli, Terjola, Zestaphoni. It must be underlined that these regions were not the focus of our research.

One of the main objectives of our research was studying of non-farm activities in rural areas. Unfortunately in this field, we did not manage to find any literature.

The regions were chosen according to the following criteria:

- They were chosen from different parts of Georgia, i.e. South, East, West;
- Different climate and therefore different types of agricultural activities;
- Remote areas from industrial centres;
- Absence of similar research in the region.

References

- "Regions Social Economic Situation - Mtskheta region", Tbilisi 2000.
- "Regions Social Economic Situation - Kaspi region", Tbilisi 2000.
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- "Regions Social Economic Situation - Gardabani Region", Tbilisi 2000.
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- "Regions Social Economic Situation - Sagarejo region", Tbilisi 2000.
- "Regions Social Economic Situation - Tskaltubo region", Tbilisi 2000.
- "Regions Social Economic Situation - Vani region", Tbilisi 2000.
- "Regions Social Economic Situation - Samtredia region", Tbilisi 2000.
- "Regions Social Economic Situation - Zestaphoni Region", Tbilisi 2000.
- "Regions Social Economic Situation - Terjola region", Tbilisi 2000.
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Agricultural Activities***ANNEX 1***

	<i>Akhalitsikhe region village Tsitsubani- Gurkeli</i>	<i>Telavi region, v. Nasamkhrali</i>	<i>Abasha region, v. Ganatlebis Kari</i>
Number of Households	140	214	214
Squire of lands owned by the household in Hectars (Ha)	0.75	1	1
Yard squire (in Ha)	0.08	0.10-015	0.22-025
Land tax on 1 Ha in GEL	36	36	36
Payment on one entity of cattle for pasture	4	3	6
Spring plow of 0.01 Ha	0.7 liters of fuel and 0.4 GEL	1 liter of fuel and 0.8 GEL	0.6 liters of fuel and 0.6 GEL
Distribution of Land among crops	Potato - 0.5. Ha Corn - 0.09 Ha Vegetables (beans, cucumber, beet, cabbage) - 0.04 Ha Fruits(apple,pear, plumb)-0.10-013Ha	Vineyard - 0.20-0.25 Ha; Sunflower - 0.30-035 Ha Strawberry - 0.15-0.20 Ha Peach - 0.10 Ha	Corn - 0.5 Ha Soy(bean) - 0.20 Ha other vegetables -0.2 Ha
Distribution of annual income in %: a)for reinvestment b) for consumption c) savings	55% 45% -	a) 65 b) 35 c) -	65 35 -

Notice: Please, note that figures for income vary from year to year. Here there are figures for 2000 harvest period.

Non-Farm Activities**ANNEX 2**

	<i>Akhalitsikhe region village Tsitsubani- Gurkeli</i>	<i>Telavi region, v. Nasamkhrali</i>	<i>Abasha region, v. Ganatlebis Kari</i>
Type of Small-scale business	Timber processing small-scale manufacture	Shop Can producing small-scale manufacture	Shop, Lemonade manufacture b) car service
Number of Households involved in Small-scale business	1	2	2
Annual Revenue from Small-scale business	1500 GEL	a)1200 GEL b) 3000 GEL	1600 GEL 1600 GEL
Number of households having member abroad	-	-	2
Annual remittances received by household from abroad from family member	-	-	700
Other non-farm activities	-	Truck service	-
Revenues from other non-farm activities	-	1500	-

Notice: In households surveyed income from the state is 14 GEL pension. Main activities in budgetary (public) sector are education and healthcare, where the average monthly compensation does not exceed 30 GEL.