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Rural Non-farm Economy in Georgia: A pilot research report

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Introduction

This report is the result of fieldwork conducted in three regions of Georgia from March to May 2001. It sets out the main outcomes of the baseline quantitative survey conducted upon the key informant questionnaire and pilot testing of draft formal enterprise survey questionnaire. Data already existing in government departments was also collected.

In the first part of the report an overview of the methodological decisions is given. The study focused on six villages selected in three regions of the country to represent economic, ethnic and cultural diversity. Mayors, local council members, government officials, school directors, bank managers, agricultural engineers and several entrepreneurs were interviewed. This allowed us to collect rich and relevant data.

In the second part of the study the initial analysis of data is presented. We tried to describe Non-Farm Rural sector in those three regions. “Non-farm” is defined as being all those diverse activities associated with waged work or self-employment in a field that is not agricultural but located in rural areas.

Finally a set of recommendations are suggested to modify FESQ. Suggestions and recommendations are for both design and content.

The set of relevant statistical data is also included in annexes of the report.

Presentation of Locations and Survey methodology

The purpose of the study was to improve understanding of the dynamics of the RNFE in selected regions using structured questionnaire interviews. The study focused on six villages in three regions of Georgia (Kakheti, Akhaltsikhe and Samegrelo).

Selecting the areas of survey

In selecting the set of villages where we conducted the study we took into consideration main variables: rural and size. Then we crossed these basic variables with other elements such as economic development, agricultural production orientation, religious and ethnic diversity. Putting together these characteristics we arrived at this selection:

Code ¹	Place	Region
AG*	Ganatlebiskari	Abasha (Samegrelo)
AN	Norio	Abasha (Samegrelo)
TN*	Nasamkhrali	Telavi (Kakheti)
TK	Kurdgelauri	Telavi (Kakheti)
AKT	Tsinubani	Tsinubani (Akhaltsikhe)
AKM	Mikeltsminda	Akhaltsikhe (Samtskhe-Javakheti)

Table 1. Sample of survey areas.

This set of villages represents geographically and typologically most Georgian villages. The selection was contrasted not only with our experience, but also with official statistics data. It should be said, that in this sample we did not consider high mountain villages. The main reason was the difficulty of access to those villages.

People interviewed

¹ * are marked those selected together with Ms. Ketil Kobaladze and other researcher as defined by TOR, but we added three more villages as: 1. not enough enterprises found in initial three; 2. We consider initial three not representing the diversity (ex. religious in Akhaltsikhe).

To complement the picture of NFRA key stakeholders were defined in each village and district level and total 48 interviews² were conducted in selected areas.

Position	Number
Mayor/deputy mayor	9
Agricultural Engineers	10
Local councilors	14
LG officials	11
Other	4

Table 2. People interviewed by KIIQ

As to the distribution by position and area, picture is as follows:

Area	Position					Total
	Mayor/deputy	Agricultural Engineers	Local councilors	LG officials	Other	
AG	1	1	2	2	1	7
AN	2	0	4	2	0	8
TN	2	1	2	1	2	8
TK	2	4	3	0	1	10
AKT	2	2	3	0	1	8
AKM	1	2	2	2	0	7
Total	10	10	16	7	5	48

Table 3. Area and people interviewed

As shown in table 3 a total 48 Key Informant Interviews were carried out. Except that total seventeen enterprises and self-employed were interviewed using DFES.

Area	Number
AG	4
AN	2
TN	4
TK	2
AKT	2
AKM	3
	17

Table 4. DFESQ number by area.

Process of the research

The research was carried out during two months: from the end of March till end of May 2001

Theoretical study of the research subject³ and translation of questionnaires into Georgian

² Three more then defined by TOR

³ we mean getting acquainted with content of the project

Selection of survey villages together with qualitative research team
 Conducting field work
 Gathering available official data from governmental offices in Tbilisi and regions
 Processing the results on PC using sample database file
 Initial analysis of interviewees and writing draft report
 Translating and editing final report, preparing financial report

The interviews were carried out at workplace of respondents as well as in their homes. This enabled us to get better acquainted with their activities. Several interviews were carried out in hotels.

During the survey we have several meetings with qualitative research team to discuss the results and make necessary amendment to the style and contents of interviewees.

Background of regions

Survey was conducted in six villages of three regions of Georgia. These regions are different by those economic development, size, population number, ethnic and religious composition. Here we will try to give the general picture of these regions.

Local Socio-Economic Profile

ABASHA

Abasha rayon is situated in western part of Georgia, at the conjunction side of Samegrelo and Imereti (Geographical parts of Georgia). The square of it is 27.600 sq. km. Rayon center is in city of Abasha.

Major part of territory of Abasha district is located in Kolkheti Plain, at 20-50 meters above sea level. The main type of soil is alluvial. The climate of the region is humid subtropical, atmospheric precipitation 160 mm per year. Average year temperature amounts to 14 degrees Centigrade. Average temperature in winter is 5 degrees Centigrade, in summer 23 degrees Centigrade

The population of Abasha rayon is 29 620; among them 8 100 lives in the city of Abasha, and rest in villages. Here are 42 villages in Abasha rayon, which are united in 14 councils-called Sakrebulo.

Demographics

According to year 2000 data, in Abasha rayon population is 29 620. Births – 727, deaths – 551 and migration -56

According to rayon statistics department number of migration is very vague, as to follow up the registration of migration is very difficult to implement.

	Area	Population	density
Abasha	27676	29620	1.1

Table 5. Population Density in Abasha

In Abasha are temporarily settled 3427 IDPs from Abkhazia according to the ministry of resettlement figures for 2000. Among them 743 are accommodated in hotels,

sanatorium etc, 2684 live in private sector. Abasha is the only rayon among that studied where IDPs are concentrated.

Labor force statistics

Number of Unemployed population and work seekers

Level of unemployment in region percentage	Registered job seekers by June 2000	Registered un-employees by June 2000
25 %	293	277

Table 6. Source: Local department of Employment foundation

According to rayon department of employment by January 2001 number of registered job seekers increased to 302 persons.

15 –20% of employed population is going out to Tbilisi for work, eventually income taxes go to Tbilisi budget.

Local economic situation and trends

Production growth –16% increase in comparison with last year. In this figure provided by the local department of economy is not take in account inflation. The growth is achieved with development of agriculture.

Agriculture

Cultivation of land is the main field of activity for Abasha population. Land reform increased so-called self-employment as in all of Georgia in Abasha Rayon as well. Currently most of arable land--9 000 hectares of agricultural land-- is privatized. State own land is managed by rayon administration. Land tax is 35 GEL per hectare annually. This amount remains in local budget.

Traditional branches of agriculture here are plant-growing and stock-raising. During the Soviet period tea-plant was also widely spread thereit had 80% of the whole possible area – about 300 hectares. Now tea has lost its privileges because it has no market. Population cuts down the tea and plants corn.

District	arable		pasture		fruit trees		Wood	
	2000	1989	2000	1989	2000	1989	2000	1989
Abasha	12682	11800	6078	4400	1645	1100	1603	2800

Table7. Agricultural land source: department of land usage

Corn is now the main branch of agriculture together with stock raising. A poultry farming is also widely spread.

Cattle

Number of Horned cattle in Abasha rayon for January 1st 2001 is 8 044, among them:

Buffalo 4 037

Pig 2 233

Goat and Sheep 703.

Production of cattle breeding in year 2000:

Meat – 1 101 tones

Milk- 7 389 tones

Eggs 9 665 thousand.

Growth of the private sector

According to number of acting enterprises in Abasha rayon, we can assume, that this rayon does not play key role in country's industry. Although, the number of acting enterprises in rayon increases considerably by the years, but compare to it the amount of production increases less.

		# Of functioning enterprises		Production output in thousand GELs		%
		1998	1999	1998	1999	
1.	Energy sector	1	1	1835	2139	116.5
2.	Car construction	3	2	2559	2443	95.5
3.	Chemical industry	1	1	9	3	33.3
4.	Production of building materials	9	8	388	246	63.4
5.	Non-food consumer product industry	13	8	2380	4208	115.6
6.	Food production	39	36	2380	2184	91.8
7.	Nonalcoholic drinks	3	9	4	8	100
8.	Alcoholic drinks	6	8	542	1058	195

Tale 8. Enterprise production figures, department of economics

By December 31st 2000 there were 2 Joint Stock Co's founded, none of them were founded in year 2000.

Privatization trends

Privatization is one of the major bases for economic development. And it had to raise economic potential of Abasha as well as whole Georgia. The privatization process in Abasha has been implemented step by step: First based on special state statement it was identified the list of entities and then transferring of them to privet property. In Abasha the process of privatization id implemented by ministry of state property management together with rayon department of state property management, which is under sub-ordination of the above mentioned ministry.

Privatization process in Abasha started from 1993. From the beginning of privatization process till today in the list of entities that need to become joint stock companies were approved 13 enterprises, what represents 1% of total number of approved enterprises on whole territory of Georgia. State has control package in 4 of them. We can assume, that in other branches such as: Mountainous Chemistry, Bakery products, trade and material resources and social sphere there are no entrepreneurs. (Basically there are some small entities in these branches, especially in bakery).

As for privatization of small enterprises, in Abasha rayon there were 82 small enterprises approved for privatization, what represents 0.7% of approved ones on whole territory of Georgia.

Small enterprises were mainly created in following branches: trade, communal services, agriculture and other.

The privatization of these small entities (Mainly by direct selling way) had to increase small business development. But in this process the certain obstacles appeared, such

as lack of management skills of enterprises, financial resources and unfavorable environment for business development.

Total revenues from privatization (in million GELs) by whole country

Years	Plan	Actual	%
1996	5.0	118.4	2368.0
1997	24.0	799.3	412.0
1998	441.5	757.2	171.5
1999	2.5	720.8	28833.1

Table 9. Income from Privatization, Source: Ministry of Finance

Taxation:

State inspectors collect taxes from large taxpayers and very small portion of this amount is returned to local budget as the major focuses is made on central/state taxes and often on the collection of local taxes is paid less attention.

Tax and other revenue sources	Structure comparing the total revenue	Collection rate
Land Tax	15%	65%
Income Tax	35%	100%
Profit tax	30%	100-110%
Local fees	10%	10%
Privatization	10%	100%-110%

Table 10. Tax Collection, UI report, Georgia 2001

Structure of Local Government

There is elected representative body council called “sakrebulo” and appointed executive – “Gangebeli” on a rayon level. In town Abasha and villages heads of the councils are at the same time heads of executive.

The Sakrebulo is elected through open, equal and secret voting for a three- year-time-period in the capital, at middle and lower levels. The Sakrebulo constitutes of the head, secretary, permanent and temporary committees. The Sakrebulo structure and labour organisation are defined by the regulations approved by the appropriate Sakrebulo.

Sakrebulo elects the head, secretary and committees’ heads among its members. At the middle and lower levels only the Sakrebulo head is paid, and also the secretary if Sakrebulo decides so. Other members of Sakrebulo carry out their activity without resigning from their principle jobs and without compensation.

Service Delivery

Communal services are divided in several departments: water supply and sewerage, gardening, street lighting etc. Last year water supply has moved away from communal services and become ltd.

Basic problems, what the communal service are facing nowadays are: scarce budget, old machinery. Currently they have 2 vehicles for cleaning, 1 tractor. Water supply system is also disorganized as the other services government delivers to citizens. As

to garbage collection and sewerage, these services are provided only in town not villages. Fee is 0.15 GEL per person per month, but collection is very low – 5-10%.

Electricity

Thirty percent (30%) of electricity fees is collected. Rayon receives electricity from central system and it is distributed locally according to a schedule.

Also, small enterprises are idle due to no systematic energy supply.

Hospitals and ambulances are on separate special feeder cables with 24 hours of electricity

Education

Education is one of the priorities in social sphere and has state importance meaning. On one hand it defines countries future; as on it is depended country's social-economic, political and other sectors' development issues; and on the other hand well functioning educational sector is an indicator of countries development level.

The situation in Abasha schools are same like in other rural rayons of the country. Not all schools are heated, village schools are heated with wood. Average salary of the teacher in Abasha rayon is 50 GEL. The salaries are paid more-or-less on time. Primary (till 4th grade) secondary (till 10th grade) or high schools are in each village.

Libraries and culture

According to data provided by Ministry of Culture in Abasha rayon there were 23 public libraries, 15 cultural clubs and 1 museum. For 1999 the number of libraries and clubs were cutted in half.

Municipal Budgeting and Financial Management

Drafting, approval, execution and control of rayon and local self-government budgets are competences of local government bodies.

Local government executive branch-Gamgeoba's functions include drafting of local budget and execution; and representative branch-Sakrebulo's functions are approval and control of it.

Local budgets have an considerable share in country's budget system.

Economic Development Planning

There is a plan provided by state level. Business associations and private sector are not taking part in economic development planning. According to Deputy Gamgebeli it will be very helpful to include them in planning process.

Housing

Nearly 80% of Abasha population live in single-family apartment/house. Majority of them live in apartment/houses that is in their private property.

Local Media and Information

There is not a local TV company. As to the media, local government newspaper is published rarely.

AKHALTSIKHE

During the period of closed frontiers of the Soviet Union Akhaltsikhe district was one of the most closed places, because of being at Turkey frontier. Ordinary citizens needed a special permit to enter the region. This of course has influenced the region and its development. .

Akhaltsikhe rayon has been an administrative-territorial unit since 1930. It is located in Samtskhe-Javakheti. The relief of the region is complicated and changes from 500 to 3000 metres above the sea level. The winter there is cold, the summer – long and hot. Average temperature is 12 degrees centigrade, atmospheric precipitation changes from 500 to 1200 mm. The main types of the soil are chernozem and alluvial, forests and bushes cover about 30% of the region.

The population of the Akhaltsikhe region is mixed. Armenians, who are 43% of the total population of the region, mainly represent ethnic minorities.

	N	%
Georgian	23389	54.4%
Russian	383	0.9%
Armenian	18752	43.6%
Azerbaijanis	116	0.3%
Others	365	0.8%

Table 11. Ethnic groups in Akhaltsikhe district (census 1989)

The population of Akhaltsikhe rayon is 43 145 by year 2000 according statistics department; among them 28 100 lives in the city of Akhaltsikhe, and rest in villages. There are 47 villages and two towns – Akhaltsikhe and Vale. Villages are united in 12 councils-called Sakrebulos.

	Area	Population	density
Akhaltsikhe	57922	43145	0.7

Table 12. Population Density in Akhaltsikhe, Department of Statistics

Demographics

According to the data of the Department of Statistics there are following demographic indexes in 2000:

Population	Birth	Death	Migration
45.1	564	496	-86

Table 13. population statistics, department of statistics

The number of migration is very vague, as in Abasha, as to follow up the registration of migration is very difficult to implement.

Many people try to find jobs in other parts of the country or abroad. As Ajhaltsikhe is on board with Turkey, many go there. Migration figure given in above chart describes number registered on border.

Labor force statistics

Number of Unemployed population and work seekers

Level of unemployment in region percentage	Registered job seekers by June 2000	Registered un-employees by June 2000
27 %	393	177

Table 14. Employment figures, Source: Local department of Employment foundation

According to rayon department of employment by January 2001 number of registered job seekers increased to 272 persons.

Local economic situation and trends

Production growth –22% increase in comparison with last year. In this figure provided by the local department of economy is not take in account inflation. In 1997 a frontier admission post was established near Vale town, at Turkey frontier. This created some prospects of economic development of the district.

Key sectors in the local economy

40% of the region area is agricultural land. During the Soviet period the leading branch in the local economy was industry. There were timber, gypsum, canned-food and other factories. Now, because of the severe energetic crisis and break-up of economic ties none of the factories are working except sawmills. One canned-food factory has been privatized and made into joint-stock company but power deficit interferes with its proper work too. According to governmental agreement with Armenia signed in year 2000, during the winter the district receives electric power from Armenia. This has partly reduced the crisis.

Agriculture

The main branches of agriculture are fruits (apples), cereals (wheat, oats, corn) and potatoes. Livestock farming is also spread here (there was the only meat processing factory in the district).

District	arable		pasture		fruit trees		Wood	
	total	private	total	private	total	private	total	private
Akhaltsikhe	43955	6752	9589	5469	33288	239	13967	0

Table 15. Agricultural land source: department of land usage

Cattle

Livestock	Small livestock	Pig	Sheep and Goat
20600	11803	11890	25680

Table 16, Production of cattle breeding in year 2000, department of agriculture

Meat – 4 000 tones

Milk & cheese 14 000 tones

Growth of the private sector

Akhaltsikhe rayon does not play key role in country's industry. Although, the number of acting enterprises in rayon increases considerably by the years.

		# Of functioning enterprises		Production output in thousand GELs		%
		1998	1999	1998	1999	
1.	Energy sector	1	1	1835	2139	116.5
2.	Car construction	3	2	2559	2443	95.5
3.	Production of building materials	9	8	388	246	63.4
4.	Non-food consumer product industry	13	8	2380	4208	115.6
5.	Food production	39	36	2380	2184	91.8
6.	Nonalcoholic drinks	3	9	4	8	100
7.	Alcoholic drinks	2	3	542	558	25

Table 17. Production figures, department of Economics

There is no reasonable credit rate for farmers to develop their agricultural activities.

Privatization trends

In Akhaltsikhe the process of privatization is implemented by ministry of state property management together with rayon department of state property management.

Privatization process started from 1992.

Status for December 31, 2000:

Altogether amount of privatized unites count to 261, among them 6 in 2000.

Small enterprises were mainly created in following branches: trade, communal services, soft drink production and other.

The privatization of these small entities had to increase small business development. But in this process the certain obstacles appeared, such as lack of management skills of enterprises, financial resources and unfavorable environment for business development.

Total revenues from privatization (in million GELs) by whole country

Years	Plan	Actual	%
1996	5.0	118.4	2368.0
1997	24.0	799.3	412.0
1998	441.5	757.2	171.5
1999	2.5	720.8	28833.1

Table 18. Privatization revenues, Source: Ministry of Finance

Taxation:

Land tax is 35 GEL per hectare per year for agricultural land. Other taxes remain the same as in whole country.

Structure of Local Government

There is elected representative body council called “sakrebulo” and appointed executive – “Gamgebeli” on a rayon level. In town Abasha and villages heads of the councils are at the same time heads of executive.

The Sakrebulo is elected through open, equal and secret voting for a three- year-time-period in the capital, at middle and lower levels. The Sakrebulo constitutes of the head, secretary, permanent and temporary committees. The Sakrebulo structure and labour organisation are defined by the regulations approved by the appropriate Sakrebulo.

Sakrebulo elects the head, secretary and committees' heads among its members. At the middle and lower levels only the Sakrebulo head is paid, and also the secretary if Sakrebulo decides so. Other members of Sakrebulo carry out their activity without resigning from their principle jobs and without compensation.

Service Delivery

Basic problems, what the communal service are facing nowadays are: scarce budget, old machinery. Currently they have 2 vehicles for cleaning, 1 tractor. Water supply system is also disorganized as the other services government delivers to citizens. As to garbege collection and sewage, these services are provided only in town not villages. Fee is 0.20 GEL per person per month, but collection is very low – 10-15%.

Electricity

Thirty percent (60%) of electricity fees is collected. Rayon receives electricity from central system and it is distributed locally according to a schedule. According to governmental agreement with Armenia signed in year 2000, during the winter the district receives electric power from Armenia. This has partly reduced the crisis. “Emergency” institutions, like hospitals, police, firemen etc. are on separate special feeder cables with 24 hours of electricity

Education

The situation in Akhaltsikhe schools are same like in other rayons of the country. Not all schools are heated, village schools are heated with wood. Average salary of the teacher in Akhaltsikhe rayon is 60 GEL. The salaries are paid more-or-less on time. Primary (till 4th grade) secondary (till 10th grade) or high schools are in each village. Several Armenian and Russian language high schools are also presented.

Local Media and Information

As Akhaltsikhe is the terminus part of Georgia in Southeast, it is a political issue to provide population with Georgian language television or radio.

Local TV “Lomsia” covers town Akhaltsikhe and part of the Rayon, mainly neighboring villages. Local TV broadcasts 5-6 hours daily and has an informational program, which covers local issues. TV has a live broadcast but citizens are very passive to participate.

There is newspaper “Meskheti” which is affiliated to local government. The newspaper is partly financed from the local budget. The newspaper is published once or twice in month, depending on financing. That is the reason why newspaper cannot answer promptly to vital events of the rayon. Price of newspaper is 0.30 GEL and the circulation of the newspaper equals about 500-600 copies. The newspaper journalists complain that lack of transport facilities doesn't allow them to get information from remote villages.

Municipal Budgeting and Financial Management

Drafting, approval, execution and control of rayon and local self-government budgets are competences of local government bodies.

Local government executive branch-Gamgeoba's functions include drafting of local budget and execution; and representative branch-Sakrebulo's functions are approval and control of it.

Economic Development Planning

There is a plan provided by state level. No local plan is prepared.

Housing

Nearly 75% of Akhaltsikhe population live in single-family apartment/house. Majority of them live in apartment/houses that is in their private property.

TELAVI

Telavi is the administrative centre of Kakheti region. Its relief is totally different. The main part is occupied by Alazani Plain, which is at 350-600 meters above the sea level, although there also is mountainous area in the region, up to 2000 metres.

The main types of soil here are chernozem and alluvial soils. The climate in the plain is moderately humid and subtropical. An average annual atmosphere precipitation change from 700 mm to 1900 mm. Average temperature is 12 degrees Centigrade.

The population of Telavi rayon is 70 800; among them 30 000 lives in the city of Telavi, and rest in villages. Here are 30 villages in Telavi rayon, which are united in 16 councils-called Sakrebulos.

Demographics

According to year 2000 data, in Telavi rayon population is 70 800. Births – 402, deaths – 511 and migration -57

According to rayon statistics department number of migration is very vague, as to follow up the registration of migration is very difficult to implement.

	Area	Population	density
Telavi	48118	70800	1.5

Table 19. Population Density in Telavi

Labor force statistics

Number of Unemployed population and work seekers

Level of unemployment in region percentage	Registered job seekers by June 2000	Registered un-employees by June 2000
25 %	543	346

Table 20. Source: Local department of Employment foundation

According to rayon department of employment by January 2001 number of registered job seekers increased to 600 persons. Land reform increased so-called self-

employment as in all of Georgia in Telavi Rayon as well. 10% of employed population is going out to Tbilisi for work.

Local economic situation and trends

Production growth –21% increase in comparison with last year. In this figure provided by the local department of economy is not take in account inflation. The growth is achieved thanks to investigation of some Japanese companies in electric energy sector.

Agriculture

Cultivation of land is the main field of activity for Telavi population like elsewhere in Georgia.. Currently most of arable land is privatized. State own land is managed by rayon administration. Land tax is 35 GEL per hectare annually. This amount remains in local budget.

Land Usage By Districts												
District	Total area											
	Total area	Private	agricultural	arable	pasture		fruit trees		other			
Abasha	27676	9413	20405	9413	12682	8138	6078	0	1645	1275	1603	0
Telavi	48118	16197	37635	16197	13180	8544	15319	793	9117	6842	2483	0
akhaltsikhe	57922	6752	43955	6752	9589	5469	33288	239	4120	1044	13967	0

Table 21. Land usage. Source: Division of Statistics of selected Districts, 2001.

The main branches of the agriculture are vinery, oil crops (traditional sunflower and soya, which has spread there during the recent years) and fruits. Vineyards occupy 3/5 of the agricultural lands of the area, though during the last years the tendency of reducing vineyards has been observed. Low prices of grapes and high prices of fertilizers and chemicals cause this. Population does not plant new vineyards any more, but exploits old ones as much as possible.

Prices on Agricultural products on Georgian Market									
	Tbilisi	Batumi	Zugdidi	Poti	Qutaisi	Gori	Telavi	Marneuli	Akhaltzikhe
Wheat	0.40	0.50	0.60	.	0.40	0.35	0.35	0.35	0.40
Corn	0.35	0.40	0.30	0.30	0.50	0.35	0.40	0.35	0.40
Flour	0.75	0.60	0.60	0.60	0.60	0.45	1.30	.	0.50
Potatoes	0.70	0.60	0.40	0.50	0.60	0.60	0.60	0.60	0.40
Cabbage	0.25	0.40	0.30	0.30	0.30	0.25	0.30	0.30	0.40
Onion	0.60	0.60	0.50	0.55	0.60	0.40	0.70	0.50	0.40
Cucumber	2.00	.	.	.	2.00	2.00	2.00	.	2.00
Tomatoes	2.00	.	.	.	.	2.50	2.50	.	2.00
Garlic	0.60	0.70	0.80	1.00	0.80	0.40	0.50	0.80	1.00
Apples	0.80	0.60	1.00	0.80	0.60	0.30	0.60	1.00	0.40
Oranges	1.30	0.80	1.00	0.80	1.20	1.00	2.00	1.50	2.00
Lemon	1.30	0.80	0.50	1.00	1.00	1.50	2.00	1.50	2.00
Grapes	1.50	1.50	.	.	.	.	.	2.00	2.00
Nuts	3.00	2.50	1.85	4.00	3.30	4.00	2.00	3.00	3.00

Oil	2.00	1.80	2.20	1.80	2.00	1.80	2.00	2.00	2.00
Beef	4.50	4.00	3.00	4.00	4.00	3.00	4.00	3.50	3.50
Mutton	2.50	.	.	.	.	.	.	5.00	3.00
Pork	4.50	4.00	3.00	4.00	3.50	4.00	4.50	3.50	3.50
Chicken	10.00	7.00	6.00	6.00	4.50	10.00	7.00	6.00	6.00
Turkey	20.00	25.00	20.00	21.00	18.00	16.00	18.00	15.00	12.00
Milk	1.00	1.00	1.00	1.20	1.00	1.00	0.80	0.80	1.00
Cheese	3.50	3.00	6.00	3.50	3.50	4.00	5.00	2.50	2.80
Eggs (10)	2.50	1.50	1.30	1.50	1.80	1.50	1.50	1.40	1.60
Honey	6.00	7.00	6.00	7.00	5.00	8.00	5.00	7.00	6.00
Flowers	0.15	0.60	0.50	0.40	1.00	0.30	0.50	1.00	0.50

Table 22. Prices of agricultural products, statistical yearbook, 2001

The leading branch of the industry is wine. During the Soviet period there were wine factories in almost every village. Most of them now are private property. There also was a perfume and cosmetic goods factory in the district, but now it has been destroyed. Equipment of the factory has been used to create small oil factories.

		# Of functioning enterprises	
		1998	1999
1.	Energy sector	1	1
2.	Car construction	2	1
3.	Production of building materials	7	9
4.	Non-food consumer product industry	12	6
5.	Food production	39	41
6.	Nonalcoholic drinks	4	6
7.	Alcoholic drinks	21	24

Table 23, Functioning enterprises, department of economics

By December 31st 2000 there were 6 Joint Stock Co's founded, one of them were founded in year 2000.

Privatization trends

Privatization process in Telavi started from 1992. In Telavi rayon there were 342 small enterprises approved for privatization. Small enterprises were mainly created in following branches: trade, communal services, agriculture, winery and other.

Total trade (thousand Lari) by regions as to January 2001			
	Total	Among them	
		State	Private
Total Georgia	288 867.4	869.9	287 998.5
Samegrelo region	13 969.9	58.7	13 911.2
Abasha	118.7	2.8	115.9
Kakheti Region	8 481.5	64.3	8 417.2
Telavi	5 254.9	18.7	5 236.2
Samtskhe-Javakheti Region	2 828.0	9.7	2 818.3

Akhaltzikhe	1 960.3	6.5	1 953.8
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Table, 24. Trade statistics, Source: Ministry of Finance

Industry

Industry production figures, show that production was increased in Telavi, like in all other districts. In Telavi this figure is 206%. Again, no inflation is calculated here.

Industry production figures by regions (as to Jan. 2001)		
	Total cost of Production	% to compare with January 2000
Total Georgia	254340.5	86.5
Samegrelo region	3868.5	84.1
Abasha	11.9	156.6
Kakheti Region	3369.9	233.9
Telavi	597.4	206.1
Samtskhe-Javakheti Region	2387.8	122.9
Akhaltzikhe	493.3	148.1

Table 25. Industry production, source, ministry of industry

Taxation

State inspectors collect taxes from large taxpayers and very small portion of this amount is returned to local budget as the major focuses is made on central/state taxes and often on the collection of local taxes is paid less attention, so, figures remain the same here:

Tax and other revenue sources	Structure comparing the total revenue	Collection rate
Land Tax	15%	65%
Income Tax	35%	100%
Profit tax	30%	100-110%
Local fees	10%	10%
Privatization	10%	100%-110%

Table 26. tax elocation, source. UI country report, 2001

Structure of Local Government

There is elected representative body council called “sakrebulo” and appointed executive – “Gamgebeli” on a rayon level. In town Abasha and villages heads of the councils are at the same time heads of executive.

The Sakrebulo is elected through open, equal and secret voting for a three- year-time-period in the capital, at middle and lower levels. The Sakrebulo constitutes of the head, secretary, permanent and temporary committees. The Sakrebulo structure and labour organisation are defined by the regulations approved by the appropriate Sakrebulo.

Sakrebulo elects the head, secretary and committees' heads among its members. At the middle and lower levels only the Sakrebulo head is paid, and also the secretary if Sakrebulo decides so. Other members of Sakrebulo carry out their activity without resigning from their principle jobs and without compensation.

Service Delivery

Communal services are divided in several departments: water supply and sewerage, gardening, street lighting etc. Last year water supply has moved away from communal services and become ltd.

Basic problems, what the communal service are facing nowadays are: scarce budget, old machinery. Water supply system remains to be N1 problem for Telavi rayon as to the whole Kakheti region as well. The world Bank provided funds for reconstructing pipeline and the work was started in 2001.

Electricity

Rayon receives electricity from central system and it is distributed locally according to a schedule. In 2001 Japanese company started building electric power station in Pankisi (Kakheti region). It will start functioning late 2003. Thus, by that time, situation might be better. Now, 90% of rayon is in dark.

Infrastructure

A railway and an arterial road cross Telavi district. There is also an airport near Telavi. Helicopter flights were done from there to mountaneous part of the region. Now the airport does not work.

Education

The situation in Telavi schools is same like in other rural rayons of the country. Not all schools are heated, village schools are heated with wood. Average salary of the teacher in Telavi rayon is 55-65 GEL according to their professional level. The salaries are paid more-or-less on time. Primary (till 4th grade) secondary (till 10th grade) or high schools are in each village.

In Telavi there are several high education institutions, mostly privet. Average fee for education is 300-600 per year per student.

Culture

Telavi district is rich with historical monuments and medieval architecture. Rayon administration try to set up tourist itinararies, but pure infrastructure(hotels, restorants etc) does not attract much visitors.

Municipal Budgeting and Financial Management

Drafting, approval, execution and control of rayon and local self-government budgets are competences of local government bodies.

Local government executive branch-Gamgeoba's functions include drafting of local budget and execution; and representative branch-Sakrebulo's functions are approval and control of it.

Local budgets have an considerable share in country's budget system.

Economic Development Planning

There is a plan provided by state level. Telavi social and economic development plan is being developed. The main strategic directions include wine production development and tourism. The plan was worked out in cooperation with “association of wine producers” - the business association created with support of Sibley/USAID.

Housing

Nearly 80% of Telavi population live in single-family apartment/house. Majority of them live in apartment/houses that is in their private property.

Local Media and Information

Local TV “kakheti” covers town Telavi and most part of the Rayon. Local TV broadcasts 5-6 hours daily and has an informational program, which covers local issues. TV been claimed for being under strong control of the Telavi governor.

Two newspapers published locally does not play any role in rayon’s life.

3. Analysis

Environment, in which NFRE is functioning.

First of all, it should be mentioned that in order to study NFRE in general, to make certain conclusions and to reveal trends it is absolutely necessary to consider this issue in the context of economic, political and society relations.

Of course, the economic environment is the most important. Both private property and private business are new for post-soviet countries as well as market economy. The level of institutionalization of economic relations and of ability of strategic action, coming from long-term interests is very low. The lack of professionalism is great and causes the situation of “grabbing, when even an entrepreneur tries not to create stable legal basis and reputation for the firm, which would be a kind of long-term investment, but to solve direct current problems by any possible way.

The share of “informal” business is also high. For example, small traders, agrarian sector, craftsmen and others. These businesses have almost no connection with the state. They do not fight to protect their interests, but get adapted to existing environment (to the situation). This is done primarily by informal methods, which include giving bribes, avoiding tax payment etc.

The non-market nature of the economic relations can mainly be seen in the two phenomena, which are merging of business and power and abundance of shadow business. They dramatically reduce prospects and effectiveness of uniting businesses in business associations because of such reasons as level of trust in all kinds of relations in society including economic relations. This has a very strong negative impact on development of economy in general as well as NFRE.

Land Distribution in Survey Areas

If we consider land distribution in the survey regions, we will see that the main part of the territory is occupied by agricultural land, most of which belongs to arable land and crops.

Codes	Total	Agricultural											
	Land	Total	arable		pasture		meadows		trees		other		
		N	%	N	%	N	%	N	%	N	%	N	%
AG	2400	2130	89%	1920	90%	0	0%	0	0%	160	8%	50	2%
AN	2700	1925	71%	1276	66%	540	28%	0	0%	110	6%	0	0%
TN	230.56	197.5	86%	113.5	57%	20.5	10%	8.75	4%	5.1	3%	3.75	2%
TK	1964	1964	100%	711	36%	674	34%	1.5	0%	567	29%	10	1%
AKT	145	65	45%	20	31%	28	43%	13	20%	14	22%	8	12%
AKM	3600	2888	80%	800	28%	2000	69%	60	2%	28	1%	0	0%

Table 27

* This table does not include vineyards, because they are characteristic only for Kakheti

The area of arable land depends on climate conditions of a region. and main types of agricultural activities. For example in Abasha, where corn is widely spread and is a main economy branch together with poultry, arable lands occupy 89% of the whole agricultural land, while in Akhaltsikhe, Tsinubani, they have only 31%.

The great part of these lands is private property. Private property in this case includes household lands (about 0.3 hectares per household), which have been given to population and former kolkhoz land (about 1 hectare per household). The main part of rented land is rented by households. Very seldom these are not households but firms. In these cases these are big firms, of the national or at least regional level.

I would like to describe in few words the process of land privatization. At first household lands were confirmed as the property of the household, which in fact had them. After this kolkhoz land was distributed among the households according to established norms (from 1.25 to 1.5 ha) by means of a lottery. It should also be mentioned that during the Soviet period kolkhoz members had right to a part of a garden, vineyard, tea plantation. These people have got these pieces of land without lottery. Others were "compensated" by arable lands.

As to distribution of land according to ethnic factor, there is no difference between ethnic groups. The existing land is distributed among households according to number of members. Only one among the survey villages - Mikeltsminda in Akhaltsikhe district has significant ethnic minority - Armenian population. Nevertheless, there also has been no different approach. There is no information on distribution of land according to ethnic group (we were explained that this is because there is no difference), so it was impossible to take these data from the villages and corresponding spaces in the database are left blank.

The same can be said about religious groups. There has been a "turn back" to religion in Georgia during the recent period. All the respondents automatically understand

being Georgian as being Orthodox. Nowadays there is no real data available on religious "belonging" of the population. Georgian Orthodox Church automatically regards all Georgians as Orthodoxes, as to the Department of Statistics it has no such data at all.

Local Infrastructure

In general, infrastructure at locals is badly developed. Public institutions are all concentrated in district centres; in some villeges there are almost none. This especially regards financial establishments. There often are none of them in disterticts.

Now post offices are one of the most widely spread public institutions (because they are used not only for telephone and mail communication, but also to deliver pensions⁴), also schools (elementary, incomplete secondary or secondary - depending on number of population), village surgery. There also is a local governance body in each village.

	Village Level	County Level	District Level	Doesn't exist
Agricultural information office				X
Agricultural chamber			2	
Agricultural development project				X
Veterinary	1	2		
Agricultural association				X
Co-operative of agri-product sale				X
Post office	3	4	3	
Nursery/kindergarten	1	3	3	
Primary	5	3		
Secondary	3	4		
Vocational School			2	
High School	1	6	4	
Higher /University/polytechnic		1	4	
Village surgery/ medical centre/ clinic	1	1		
Hospital			1	
community health worker	6			
Pharmacy	3	5	11	
Bakery/ baker's shop	5	3	7	
Butcher's shop			3	
Technical services for agriculture			3	
Agricultural product merchant				X[GM1]5
Grocer's shop	10	12	22	
Labour exchange/Job Shop			2	
Banks			5	

⁴ Distribution of pensions in Georgia is done by means of the Post Bank, which transfers the money to its district office and then postmen take it to pensioners.

⁵ Each household itself produces enough products for themselves, so usually they do not need to buy them from others in the village but if they do this, anyway, there is no specialized agency. .

Insurance			1	
Consultancy services				X
Local authorities/ council	3	3	3	
Chamber of Commerce			1	
Business Service Centre				X
Market			3	
Specialised market/fair (e.g. cattle mkt.)			2	

Table 28. Local Public Institutions distribution

As to roads to the villages, although most of them are asphalted, they have not been repaired for a long time now, so they are in a bad condition. None of the roads to the survey villages become unusable in winter⁶. No village in Georgia has a tram (it has remained now only in one district in Tbilisi), as well as a boat or other vessel, so these versions should probably be removed from the questionnaire.

A bus or a microbus arrives to all the villages. Most of the survey villages are located near to the railroad. To Mikeltsminda buses come only twice a day - in the morning and in the evening. Water supply is not very good. Especially this can be said about Kakheti. As to trash disposal and sewage these do not exist not only in the survey villages but also in the country in general.

Local economy

According to the unanimous estimation by the respondents, rural economy does not develop. Some of them even mentioned that compared with the year 1997 (considered the year of economic revival of Georgia of post-independence period) there is again some decrease observed.

Consequently, employment conditions have deteriorated. Population mainly goes for work to the capital, to Russia (Moscow, Krasnodar, and Stavropol), to Turkey. Armenian population of Akhaltsikhe goes to Armenia in search of a job and the fact that many of the young people have completed their education in Erevan, helps them.

As to the workforce that comes to the district, we have found such case in only one village (Abasha district), where during the period of gathering the harvest, arrives seasonal workforce from mountaneous regions.

Local Development Projects

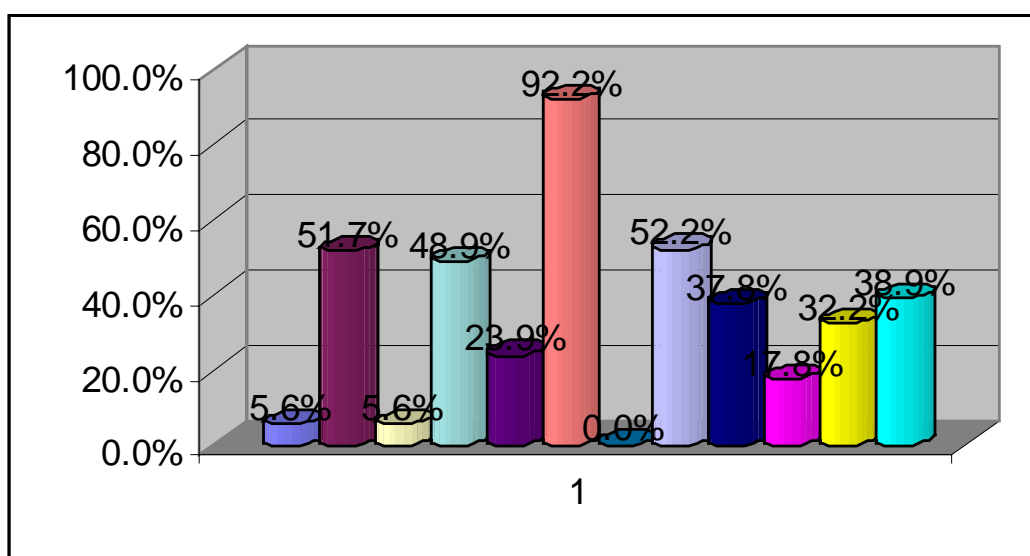
There are only two projects of international organizations being implemented at the local level. The World Bank is carrying out a project of restoration of melioration systems (Kakheti and Shida Kartli). Several international organizations (Sibley International) with financial help of USAID are implementing projects for helping the small business development, for assistance to the reform of local governance (the Urban Institute), for Global Community Mobilization (Mercy Corps in East Georgia and CARE International in West Georgia). Also Local Government Support Project (NI-CO in Shida Qartli and Samtskhe-Javakheti) financed by UK DFID.

⁶

There are also NGO initiatives being implemented with support of international donors. But population is not informed about these activities, or knows, that there are "foreigners working on it", but is not aware what exactly are they doing. Mercy Corps and Care are better known, because with their financial help roofs of school buildings in villages have been repaired, the idea of "family doctor" has started to be introduced etc.

There was no village among the survey ones were hunting and fishing were of real importance, especially the last one. Hunting here is a kind of entertainment and is not considered as main or extra source of income for population.

As to the development issues, down chart shows their distridytion among interwees:
Chart 1.development needs



On first place comes infrastructure development (92.2% of total), cultural development and non-agricultural eneterprise development come on second and third places. Very close to that is agricultural development of the regions.

Local Financial Institutions

Bank system is not developed in Georgia. Bank offices are only in large cities and do not have a complete set of functions. The only exception is the Post Bank - we have already spoken about it above.

As to informal financial institutions (Lenders, Traders, Money keepers, Firms) they are weak in the villages, because one of the main problems there is absence of money. So there are many that would like to borrow but few who is able to lend. The factor of personal and "relatives and friends" relations is also important - villages are often settled with people of the same family origin and even same surname and many of them feel awkward to claim their money back, not to say anything about the interest. So they do not want to lend it.

Taxation

Since the collapse of SU the Georgian tax system has undertaken fundamental changes though the system is far from final stage. The tax code, customs codes are under permanent amendments. At the moment, the following taxes operate on the territory of Georgia:

Income tax: is divided into income and profit taxes by physical and legal entities.

Volume	Rate
Up to 200 GEL	12% of taxable income ⁷
201-350	GEL 24+17% exceeding 200
351-600	GEL 46.5 +17% exceeding 350
601 and up	GEL 89 +20% exceeding 600

Table 29. Income tax. Source: tax code

Profit tax: paid only by legal entities and is fixed 20%

Social Tax: employers pay 27%, and employee 1%

Value added tax (VAT): varies, about 20%

Excise: varies

Customs duty: 12%

Property tax: real Property transfer : 2%

granted property: 30%

motor vehicle transfer: 2%

Land tax: agricultural land: GEL 6-44 per ha of arable land

GEL 1-6 per ha pastures

Non-agricultural land: GEL “K” 0.24 per square meter (“K” is coefficient approved by the LG bodies according to zones and land type.)⁸

Poverty and coping strategies⁹

Since the collapse of the Soviet Union Georgia experienced one of the most drastic declines in standard of living of any post soviet republics. When people talk about the poverty they often describe themselves as “on the edge of poverty” or “in the middle”. They stress their poverty when they compare the situation now to that in the past.

Among regions studied the poorer one is Abasha, then comes Akhaltsikhe. Telavi is the richest among these three. I will try to grade them according to the aspects of poverty: (grades 1 bottom to 10,)

Aspects	Abasha	Telavi	Akhaltikhe
hunger	8	9	8
Lack of fuel	3	6	5
lack of medical care	1	2	2
overcrowded housing	8	9	8

⁷ Taxable income is above 9 Lari

⁸ In 1999 budget raised only 3% of total tax revenues from land tax

⁹ see N.Dudwick, Georgia: qualitative study of impoverishment and coping strategies, World Bank reports.

shame	2	3	5
lack of information	3	3	2
pervasive fear and insecurity about the future	1	1	1
isolation from cultural life	1	3	1

Table 30, Poverty

I should also mention, that people cling public sector employment, that it still provides social respectability, access to information and connections, even salaries are very low and payed not regulary.

As to the coping strategies, most often this is suppling income from private jobs. Self-employment includes involvement in domestic or “shuttle” trade, working as babysitters, tutors, cooks, drivers, loaders etc. According to survey conducted by the State Department of Social and Economic Information, 50% of household questioned said, that they had received money from some of the alternative sources of income listed below:

Source	% of Households receiving money this way
Sale of Flats	12
Sale of Household items	12
Assistance from friends/relatives	15
Use of savings	4
Charity	1
Interest of savings	2
Grants	3
Interest from lending	0.3
Renting out property	15
Other	5
Total	69.3

Table 31, source; state department of statistics

Non-farm activities

Non-farm activities are growing in Georgia, even it is difficult to find a family in rural areas that is not busy in agriculture. For increase of non-farm activities there are several reasons; first of all, salaries in public sector are not paid properly and are very small (for example, rayon governor earns 120 Lari i.e. 56 USD per month), so many people start their own business, second, there is no credit for agriculture, so people start finding other ways, third, privatization gives several good points to ‘push up’ etc.

Along with this, several constraints should be mentioned, among them three are main:

High taxation

High level of corruption

Lack of initial capital – lack of credits

It is hardly to find a businessman paying all taxes. Experts calculated, that total taxes come up to 67% of income. ‘Black’ accounting system and low level of salaries in

public sector together with the lack of transparency lead to huge corruption. Businessman paying bribe is not sure in future and often cuts.

Very important problem is lack of initial capital. Banks are ready to provide credit with annual 18-25% to those in Tbilisi if they own flats etc. It is very difficult to get credit in rural areas unless you have friends or pay bribe. In Kakheti region TACIS started providing credits with annual 24%. I have talked to businessman who received small amount (\$5000) but was unable to pay back.

Suggestions and recommendations on formal survey questionnaire design and content

Recommendations (at least part of them) can be divided in two parts. One regard carrying out the survey in general and district studies, another includes concrete recommendations on design and content of non-agricultural enterprise questionnaire.

Recommendations on Key Informant Interview questionnaire

First it should be mentioned that Key Informant Interview questionnaire should be divided in several ones according to respondents, or an interviewer should be given defined group of questions for each category of respondents. Otherwise it is not clear what kind of information we can get from bank manager (for example) about village land or ethnic groups of population.

It would also be better to put data into the database not according to villages, but according to respondents, at least for some items. For example, it would be interesting to know point of view of different respondents on the village development priorities.¹⁰

I have already spoken above about the land distribution on the ethnic basis, so I won't speak about this again. It is better to concentrate on Georgians, Armenians, Azerbaidjanians and Russians.

This is true also for religious groups.

NFE questionnaire

In both cases the "letter to a respondent" in the beginning of the questionnaire is probably needed. An interviewer will read it to the respondent. Attention is being paid to such issues in Georgia. The respondent must be sure that the interview is anonymous. Although an interviewer asks the respondent's name, phone number and

¹⁰ In general, there are no development strategies or plans of socio-economic development worked out in Georgian villages and no attempts can be observed to work them out. And more than that: budget of a village is built up based on directives from the district centre. That is why the village administration is not interested in having information on revenues: its interest is in expenditures - how to outline them in the transfer from the district. The development is left to itself. This is the picture in 99% of Georgian villages.

name of organisation, he/she must make the respondent understand that these answers will be coded and will remain illegible for a stranger.

The pilot survey has demonstrated that there are almost no serious enterprises in rural area. Only if a village is close to a main, arterial road and if there was industry developed on its territory before, it is possible that there is a firm created on its basis now. The main legal status in rural area is "individual entrepreneur", because in this case less registration fee must be paid. Until the recent period the fee for founding Limited company was 1000 US dollars (2000 lari), so often just this amount of money is the registered capital. Now this fee has been reduced to 500 US dollars. So, I consider it important to carry out this survey in district centres too.

Many people in rural areas do not know what is "Business Training Courses", Business Association etc. Besides these institutions are not developed in Georgia yet. The same can be said about E8 question because all these simply do not exist in villages and many of them are not established in the country at all.

Several remarks on credit. None of the respondents has answered the question on savings (block H, questions 3 and 4). I would explain this by the factor of fear. When a survey is personified, an interviewer comes to respondent's home or workplace, writes down his/her income and afterwards asks, how much has he/she managed to save, that makes respondent feel uncomfortable. Besides the practice of saving money in bank is not yet established well enough in Georgia, especially after the years 1991-1994, when banks were collapsing like soap balls and population lost a great amount of money. Many people also remember that after the collapse of the Soviet Union the state took people's savings from banks and, in spite of many promises has never returned them.

As to data on financial accounts, many of the respondents have not answered this question too. This especially concerns representatives of small business from villages. The reason is that because of high taxes, corruption etc. they do two accountancies – "black" and "white", so they are afraid to reveal not only real data, but even the false one. The answers by which they avoid this, are standard: "I have no accountant", "The accountant is not here now", "The data are locked", "I have lost the old data" and so on. Maybe, if this set of questions will be on a separate sheet of paper, interviewer could leave it to the respondent and later he/she will hand completed one to him. No above excuses will work.

Data on taxation is not included in database. Average tax on salaries is 27% of gross¹¹.

If we want to have monthly data for comparison, probably it would be better to get other information from them - more general financial data – and to make calculation by ourselves or to ask them about expenditures – the data they can approximately tell without the accountant.

It would also probably be better to put block with personal questions in the end of the questionnaire.

¹¹ See above on taxation

As a whole, it should be mentioned that the both questionnaires have worked. Respondents answered especially willingly questions about the process of their business, plans of local development, prices of agricultural production, credits.

And one more thing: income of many small enterprises does not exceed 1000 GEL per month, so maybe it will be better not restrict figures with “Thousand Lari”.

Conclusions

In this report we tried to show the main characteristic features of the regions selected for pilot survey, give very general picture of survey results and some suggestions on survey questionnaire and design.

Geography

Area: 69, 700 sq km;
Cities: Capital—Tbilisi (pop 1.3 million 1994).
Terrain: Mostly rugged and mountainous.
Climate: Generally moderate; mild on the Black Sea coast with cold winters in the mountains.

Population

Nationality: Georgian(s).
Population: 5.4 million.
Population density per sq.km – 77,7
Natural increase: 0.4
Ethnic groups: Georgian 70.1%, Armenian 8.1%, Russian 6.3%, Azerbaijan 5.7%, Ossetian 3%, Abkhaz 1.8%, other 5%. (As to sensus 1989)
Religion: Georgian Orthodox 85%, Muslim 9%, Russian Orthodox 9%, Armenian Apostolic 7%.
Language: Georgian (official), Abkhaz also official language in Abkhazia.
Education: Years compulsory -- 11. Literacy -- 99%.
Health: Infant mortality rate -- 22.5 deaths/1,000 live births. Life expectancy -- 68 years.

Government

Type: Republic.
Constitution: October 17, 1995.
Branches: Executive - president with State Chancellery.
Legislative unicameral parliament, 235 members.
Judicial - Supreme Court, prosecutor general, and local courts.
Subdivisions: 63 districts, including those within the two autonomous republics (Abkhazia and Ajaria) and seven cities.
Suffrage: Universal over 18.

Economy (2000)

GDP: 5.5 billion GEL.
Per capita income: \$980.
GDP growth: 7.3%.
Natural resources: Citrus fruits, tea, wine, nonferrous metals, textiles, chemicals and fuel re-exports.
Industry: Steel, aircraft, machine tools, foundry equipment (automobiles, trucks, and tractors), tower cranes, electric welding equipment, machinery for food packing, electric motors, textiles, shoes, chemicals, wood products, bottled water, and wine.
Trade: Exports -- \$199.4 million; Partners—Russia, Turkey, Azerbaijan, Armenia.
Imports -- \$656.6 million; Partners—Russia, Turkey, Azerbaijan, U.S.
Work force (2.4 million): Agriculture -- 23.8%, trade -- 23.2%, transport and communications -- 10.5%, industry—10.2%, construction -- 5%, unemployment (1996 est.) -- 21%.

People and History

Georgian history dates back more than 2,500 years, and Georgian is one of the oldest living languages in the world. Tbilisi, located in a picturesque valley divided by the Mtkvari River, is more than 1,500 years old. Much of Georgia's territory was besieged by its Persian and Turkish neighbors along with Arabs and Mongols over the course of the 7th to the 18th centuries. After 11 centuries of mixed fortunes of various Georgian kingdoms, including a golden age from the 11th to 12th centuries, Georgia turned to Russia for protection. Russia essentially annexed Georgia and exiled the royalty in 1801. Pockets of Georgian resistance to foreign rule continued, and the first Republic of Georgia was established on May 26, 1918 after the collapse of Tsarist Russia. By March 1921, the Red army had reoccupied the country and Georgia became part of the Soviet Union. On April 9, 1991, the Supreme Council of the Republic of Georgia declared independence from the U.S.S.R. Beset by ethnic and civil strife from independence in 1991, Georgia began to stabilize in 1995. However, more than 230,000 internally displaced persons present an enormous strain on local politics. Peace in the separatist areas of Abkhazia and south Ossetia, overseen by Russian peacekeepers and international organizations, will continue to be fragile, requiring years of economic development and negotiation to overcome local enmities. Considerable progress has been made in negotiations on the Ossetian-Georgian conflict, and negotiations are continuing in the Georgia-Abkhazia conflict. The Georgian Government is committed to economic reform in cooperation with the IMF and World Bank, and stakes much of its future on the revival of the ancient Silk Road as the Eurasian corridor, using Georgia's geography as a bridge for transit of goods between Europe and Asia. Georgians are renowned for their hospitality and artistry in dance, theater, music, and design.

Government

Georgia has been a democratic republic since the presidential elections and constitutional referendum of October 1995. The President is elected for a term of 5 years; his constitutional successor is the Chairman of the Parliament.

The Georgian state is highly centralized, except for the autonomous regions of Abkhazia and Ajaria, which are to be given special autonomous status once Georgia's territorial integrity is restored. Those regions were subjects of special autonomies during Soviet rule and the legacy of that influence remains. In most locations local elections took place on November 15, 1998, marking the first elections under the 1995 constitution. Second elections will be held in Autumn 2001. Candidates from 11 political parties and two political blocks presented candidates.

Political Conditions

Since surviving assassination attempts in August 1995 and February 1998 by reactionary forces opposed to reform, President Shevardnadze has consolidated his leadership and moved ahead with an ambitious and courageous reform agenda. Elections on November 5, 1995, described as the freest and fairest in the Caucasus or Central Asia, gave him the presidency and resulted in a progressive parliament led by sophisticated reformers.

The Abkhaz separatist dispute absorbs much of the government's attention. While a cease-fire is in effect, more than 230,000 internally displaced persons (IDPs) who

were driven from their homes during the conflict constitute a vocal lobby. The government has offered the region considerable autonomy in order to encourage a settlement that would allow the IDPs, the majority of whom are ethnic Georgians from the Gali region, to return home, but the Abkhaz insist on virtual independence.

Currently, Russian peacekeepers, under the authority of the Commonwealth of Independent States, are stationed in Abkhazia, along with UN observers, but both groups have recently had to restrict their activities due to increased mining and guerrilla activity. Negotiations have not resulted in movement toward a settlement. Working with France, U.K., Germany, and Russia and through the UN and the OSCE, the U.S. continues to encourage a comprehensive settlement consistent with Georgian independence, sovereignty, and territorial integrity. The UN observer force and other organizations are quietly encouraging grassroots cooperative and confidence-building measures in the region.

The parliament has instituted wide-ranging political reforms supportive of higher human rights standards, but problems persist, largely as a result of the unwillingness of certain law enforcement and criminal justice officials to support constitutionally mandated changes. Mistreatment of detainees is a significant and continuing problem, as is corruption within certain state agencies and monopolies. In 1998, increased citizen awareness of civil rights and democratic values has provided an increasingly effective check on the excesses of law enforcement agencies.

Economy

Georgia's economic recovery has been hampered by the separatist disputes in Abkhazia and South Ossetia, a persistently weak economic infrastructure, resistance to reform on the part of some corrupt and reactionary factions, and the Russian and Asian economic crises. Under President Shevardnadze's leadership, the government has nonetheless guided the economy to impressive gains: slashing inflation, meeting most IMF targets through its July 1998 review, and qualifying for economic structural adjustment facility credit status, introducing a stable national currency (the lari), introducing free market prices of bread products, preparing for the second stage of accession to the World Trade Organisation (the first stage has already been met), signing agreements that allow for development of a pipeline to transport Caspian oil across Georgia to the Black Sea, and passing laws on commercial banking, land, and tax reform. However, as a result of the fallout from the Russian and Asian economic crises, Georgia has been unable to meet IMF conditions recently.

Georgia's deficit fell from the 1996 rate of 6.2% to 3.6% in 1997. The Government expects to continue reducing the country's deficit to 3% in 1998. President Shevardnadze recently announced that tax revenues have risen dramatically, and recent tax reform, encouraged by the IMF, should lead to further increases. However, Georgia needs to implement its tax legislation and take concrete steps to meet IMF programs. Although total revenue increased from 1996 to 1997, these increases were lower than expected. International financial institutions continue to play a critical role in Georgia's budgetary calculations. Multilateral and bilateral grants and loans totaled 116.4 million lari in 1997 and are expected to total 182.8 million lari in 1998.

There has been strong progress on structural reform. All prices and most trade have been liberalized, legal-framework reform is on schedule, and massive government

downsizing is underway. More than 10,500 small enterprises have been privatized, and although privatization of medium- and large-sized firms has been slow, more than 1,200 medium- and large-sized companies have been set up as joint stock companies. A law and a decree establishing the legal basis and procedures for state property privatization should continue to reduce the number of companies controlled by the state.

Due to a lack of investment, Georgia's transportation and communication infrastructure remains in very poor condition. Parliament has set an agenda to start the privatization of the telecommunications industry, although there is still resistance to the plan and Parliament needs to draft implementing legislation.

Georgia's electrical energy sector is in critical condition. Shortages of electricity have resulted in public unrest. In 1998, Georgia began to privatize its energy distribution system and expects to privatize its energy generation system by 2001. Privatization is the only means to generate the capital needed to rehabilitate the sector.

To encourage and support the reform process, donors are shifting the focus of assistance from humanitarian to technical and institution-building programs. Provision of legal and technical advisors is complemented by training opportunities for parliamentarians, law enforcement officials, and economic advisors. The donors are increasing willing to impose conditions on assistance in order to encourage improved performance on key issues and privatization of key sectors, including energy.

Georgian agricultural production is beginning to recover following the devastation caused by the civil unrest and the restructuring necessary following the breakup of the Soviet Union. Livestock production is beginning to rebound, although it faces periodic disease. Domestic grain production is increasing, and will require sustained political and infrastructure improvements to ensure appropriate distribution and return to farmers. Tea, hazelnut, and citrus production have suffered greatly as a result of the conflict in Abkhazia, an especially fertile area.

While approximately 40% of the Georgian economy is agricultural, crops spoil in the field because farmers either cannot get their produce to market or must pay costs that drive market prices above those for imported goods. In concert with European assistance, Georgia has taken steps to control the quality of and appropriately market its natural spring water. Georgian viniculture, well supported during Soviet times, is internationally acclaimed and has absorbed some new technologies and financing since 1994.

Rural Georgia

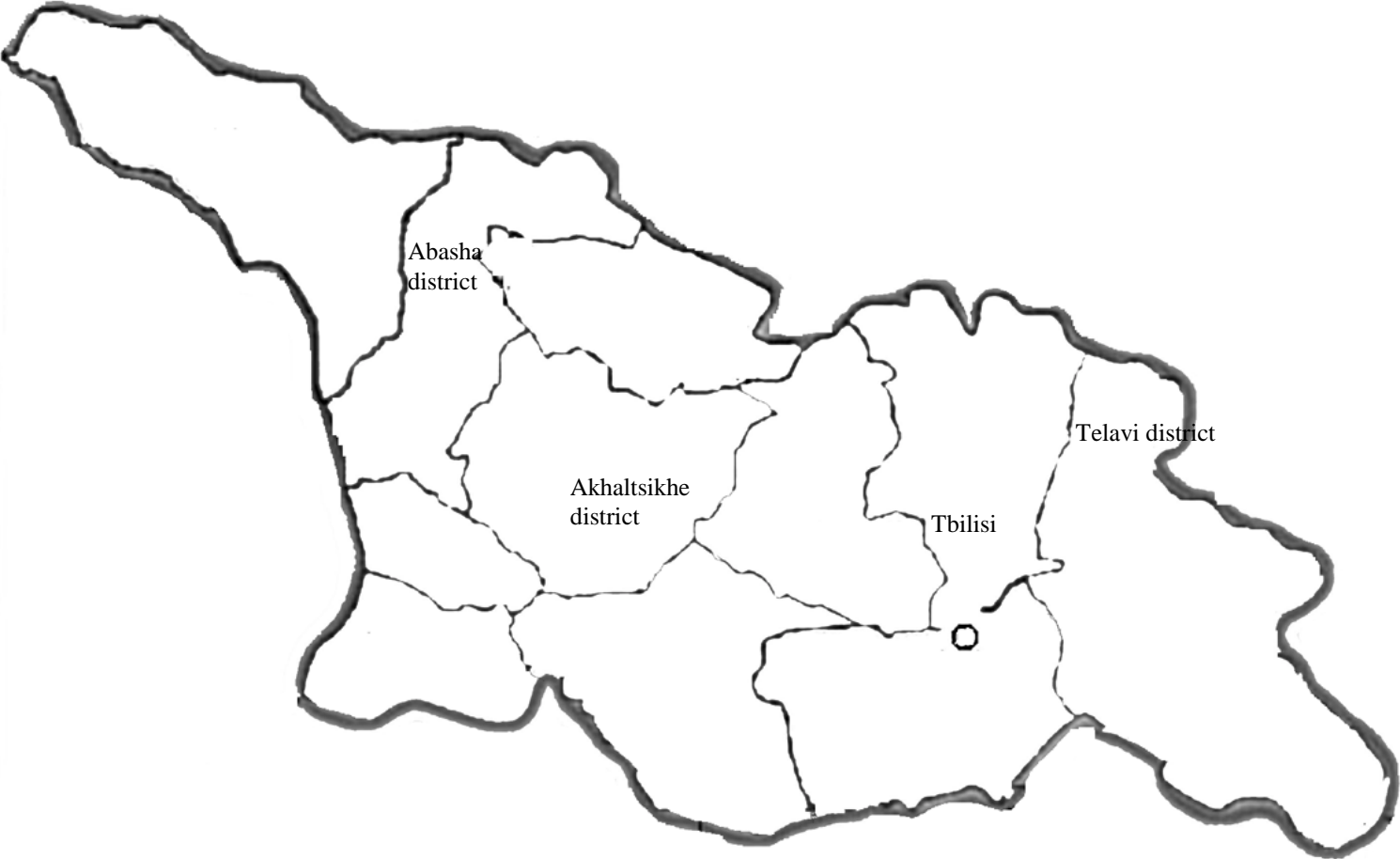
In the Soviet system rural reforms were implemented from above. They were not carried out in accordance to local needs and interests, but were designed to accommodate needs of the totalitarian state (process of collectivization).

Illusion of the universal model of governance operating with equal efficiency in different environments was common. Separate micro-systems were forced to be aligned into uniform administrative-economic units (Kolkhozs). Nationalization of

land, introduction of nontraditional agriculture goods, centralized budget, Propiska System, were the substantial instruments in this process. This development resulted in artificial system of local government, non-adequacy of public service and strongly inter-related economy.

Emergence of competitive economy and the lost of traditional markets, after the collapse of the communist system, ruined economic bases for Soviet rural communities. Their economic fragmentation has begun. Multiple forms of adaptation have replaced unitary administrative and economic system. New local interests have emerged.

Map of Georgia with regions covered



Basic Statistical Data from State Department of Social and Economic Information¹²

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Table 1

¹² If not mentioned other source

Main Socio-Economic Indicators of Georgia 2000		
	1999	1999 as % of 1998
Gross Domestic Production, million GEL	5513	103
Industrial production, million GEL	963.1	107
Capital Investments, million GEL	364	71
Dwellings completed, total floor space, * thousand sq.m.	183	198.9
Agricultural production, billion GEL	2650	108
Transport freight traffic, million tonne/km	9024	86.9
Passenger turnover	5710	103.4
External trade, million US\$	840	78
of which:		
Export	238	123
Import	601.9	68.1
Average monthly salary of economy employees, GEL	67.5	121
Registered unemployment, thousand men	102.6	104
Consumer price indices	110.9	100.02

Table 2

Employment Figures in Industry By regions				
	Total		Among them as priority activity	
	2000 January	2001 January	2000 January	2001 January
Total Georgia	296774	292865	289049	284809
Tbilisi	134087	137724	129745	133430
Samegrelo	19823	19158	19316	18640
Guria	5445	5067	5402	5025
Imereti	41868	40031	40951	38725
Racha-Lechkhumi	1960	1970	1950	1962
Shida Qartli	11709	11153	11510	10718
Mtskheta-mtiasneti	5699	5616	5484	5432
Kakheti	12224	11140	12057	10933
Qvemo qartli	22490	22419	22036	22123
Samtskhe-Javakheti	7431	7023	7322	6922

Table3

Consumer price index change in %			
	2/1/2001 in comparison		
	Dec-00	Feb-00	Jan-01
Total	101.3	105.8	100.6
Food, Beverages and Tobacco	102	108.5	100.7
Cloth and shoes	100.5	101.4	100.1
Communal expenses	100.5	105.6	100.3
Health services	100.2	102.2	100.1

Transport & Communication	99	100	100.1
Recreation, education and Culture	101.1	100	101.2

Table4

Industry production figures by regions (as to Jan. 2001)

	Total cost of Production	% to compere with January 2000
Total Georgia	254340.5	86.5
Samegrelo region	3868.5	84.1
Abasha	11.9	156.6
Kakheti Region	3369.9	233.9
Telavi	597.4	206.1
Samtskhe-Javakheti Region	2387.8	122.9
Akhaltzikhe	493.3	148.1

Table5

Employment by economic activities				
	Total employed		Among them as priority activity	
	2000 January	2001 January	2000 January	2001 January
Total	296,774	292,865	289,049	284,809
Agriculture, Hunting	2,071	2,006	2,031	2,026

Fishing	82	126	78	120
Industry	70,796	72,328	66,628	67,601
Mining	1,167	1,735	1,159	1,723
Recycling	46,314	46,764	42,984	43,040
Gas, water and electricity	23,315	23,829	22,485	22,838
Construction	10,865	10,290	10,331	9,871
Trade, repairing	71,747	74,679	70,940	73,777
Hotels and Restaurants	9,486	9,493	9,292	9,317
Transport and Communication	53,990	50,128	53,304	49,535
Banking	72	68	72	68
Real estate	11,228	10,832	11,104	10,649
Education	12,625	11,943	12,352	11,741
Health care	454,000	42,928	44,949	42,535
Other services	8,412	7,984	8,008	7,569

Table6

Production by economic activities (January 2001)		
	Produced Mln. lari	
	Total employed	Among them as priority activity
Total	300,9	293,3
Agriculture, Hunting	0,4	0,4
Fishing	0,1	0,1
Industry	135,5	133,5
Mining	9,5	9,5
Recycling	55,8	54,4
Gas, water and electricity	70,2	69,6

Construction	17,8	17,5
Trade, repairing	22,9	22,4
Hotels and Restaurants	7,1	5,7
Transport and Communication	95,5	94,9
Banking	0,1	0,1
Real estate	8,4	7,1
Education	2,8	2,8
Health care	6,7	5,5
Other services	3,6	3,3

Table7

Minimum Subsistence Level						
	Single	2 persons	3 Persons	4 Persons	5 Persons	6 and more persons
2000						
February	104,0	166,3	187,1	207,9	233,9	324,4
March	102,2	163,5	183,9	204,4	229,9	318,8
April	103,3	165,3	186,0	206,6	232,5	322,4
May	100,5	160,8	180,9	201,1	226,2	313,6
June	99,0	158,3	178,1	197,9	222,7	308,8
July	96,1	153,8	173,0	192,2	216,2	299,8
August	98,5	157,5	177,2	196,9	221,5	307,2
September	99,3	158,9	178,8	198,7	223,5	309,9
October	100,4	160,7	180,8	200,9	226,0	313,3
November	101,7	162,7	183,1	203,4	228,8	317,3
December	100,4	160,7	180,8	200,9	226,0	313,4
2001						

January	100,3	160,5	180,5	200,6	225,7	312,9
February	102,6	164,1	184,6	205,1	230,8	320,0

Table 8

Agricultural production in 1960-96															
(in thousand tons)															
Name	Years														
	1960	1970	1980	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Grain	628.5	620.9	635.6	600.6	638.1	661.7	715.3	484.2	666.3	574.3	503.4	409.3	481	525	650
Legumes	186.5	326.3	546	604.3	662.3	622.9	640.9	509	435	353	308	357	443	428	540
Potatoes	199.8	298.5	393	368	365.8	352.6	337.9	332.4	293.8	254.3	210.8	248.6	296.9	265.3	285.6
Sugarbeet	136.3	123.9	120	54.3	51.4	47.7	51.2	39.3	32.8	19.7	25.6	12.5	3.2	14	0
Sunflower	16.8	11.2	10	7.4	4.7	4.7	16.9	7.8	7.7	6.9	7.3	3.2	8.8	8	39.8
Tobacco	16.2	16.2	16	22	24.3	18.9	11.9	10.1	7.8	7.2	4	2.2	1.6	1	1
Grapes	247	378.6	995.6	914.9	703.2	619.6	619.7	514.1	691	518.1	328.4	352.3	284.5	422.4	311.3
Fruits	179	373.3	539.3	724.2	733.2	644.1	653	604.8	591.2	400.3	336.8	269.6	379.6	383.9	361
Tea	153.8	258.9	501.8	581.2	559	594.9	458.7	497.5	501.7	436.9	212.3	135.2	60.7	38.5	36
Citrus	34.7	136.1	147.7	134.6	311.8	173.1	436.9	94.2	283.1	201.8	138.1	41.1	87.7	118	86.8
Meat	90.4	104.2	143.1	166.4	172.2	174.6	172.1	178.8	170.3	137.2	113.4	100.4	108.3	124.2	132.9
Milk	487.1	518.1	642.2	884.4	701.7	724.2	730.5	711.4	659.4	562.3	469.6	433.1	429.3	475.4	530.3
Source: State Department of Social-Economic Information of Georgia															

Table9

Agricultural production 1999

Name	Production (Thousand tons)	Growth index (compared to 1996)	Growth index (compared to 1991- 95 average)
Wheat	290	2.7 times	2.1 times
Barley	35	124.6	58 times
Rye	0.5	166.7	6.3
Oats	4	117.6	7.1
Corn	550	112	191.7
Haricot	15	69.1	164.8
Tobacco	0.7	70	21.9
Sunflower	31	7.8 times	4.8 times
Potatoes	360	126	131.9
Vegetables	470	110.9	122.3
Melons	31.5	100	2.4 times
Fruit	260	72	73.7
Grapes	320	102.8	84
Citrus	55	63.4	46.1
Tea	34.6	106.1	19.6
Total	896	137.4	180.3

Table10
Stockbreeding and Poultry farming Products: 1999

Name	Production (Thousand tons)	Growth index (compared to 1996)	Growth index (compared to 1991- 95 average)
Cattle	120	101.9	104.4
Cattle meat	47	103.3	93.3
Pork	6.5	69.1	91.5

Mutton	10.5	122.1	82
Fowl	600	113.1	126.6
Milk	370	105.6	109
Eggs	1.7	85	44.7

Table 11

Livestock Population 1941-1997												
in Thousands												
Name	Years											
	1941	1965	1970	1975	1979	1988	1991	1992	1993	1995	1996	1997
Cattle	1.607	1.458	1.446	1.513	1.535	1.585	1.298	1.208	1.003	944	974	1.008
Cows	575	596	590	592	598	626	552	543	502	514	531	543
Pigs	616	453	589	744	878	111.8	880	733	476	367	353	333
Sheep and Goats	2.194	2.183	1.827	1.982	2.03	1.921	1.618	1.47	1.192	793	725	652
Poultry	4.4	8.7	12	14.2	17.5	23.9	21.8	20.2	11.2	12.3	13.9	14.6
Horses	174	66	56	42	32	24	22	20	18	20	24	26
Source: State Department of Social-Economic Information of Georgia												

Table 12

Population by district (2000)											
District	Total population	Georgian		Russian		Armenian		Azerbaijani		Others	
		Number	%	N	%	N	%	N	%	N	%

Abasha	29620	29180	98.5%	281	0.9%	42	0.1%	46	0.2%	71	0.2%
Telavi	70800	60577	85.6%	1251	1.8%	624	0.9%	609 4	8.6%	254	0.4%
akhaltsikhe	43145	23389	54.2%	383	0.9%	18752	43.5%	116	0.3%	365	0.8%

Table13

Privatisation of small enterprises by regions

Regions and Districts	Total	1993	1994	1995	1996	1997
GEORGIA	11055	1310	1370	4721	2243	1411
Samegrelo & Zemo Svaneti	1297	73	117	627	326	154
Poti, urban	284	21	38	98	86	41
Abasha	82	24	14	31	6	7
Zugdidi	243	18	26	98	70	31
Martvili	50	1	1	31	4	13
Senaki	422	8	4	232	134	44
Chkorotsku	42	-	10	29	2	1
Tsalenjikha	40	-	1	30	5	4
Khobi	119	1	16	77	17	8
Kakheti	912	150	68	414	189	91
Akhmeta	131	8	-	78	14	31
Gurjaani	113	10	10	62	25	6
Dedoplistskaro	60	31	5	12	10	2
Telavi	211	37	34	81	44	15
Lagodekhi	63	5	10	22	22	4
Sagarejo	109	43	1	40	17	8
Signagi	127	4	4	63	45	11
Kvareli	98	12	4	56	12	14
Samtskhe-javakheti	531	49	26	256	154	46
Adigeni	40	4	-	19	14	3

Aspindza	24	2	-	6	13	3
Akhalkalaki	45	14	-	27	3	1
Akhaltzikhe	249	4	20	137	68	20
Borjomi	163	21	6	61	56	19
Ninotsminda	10	4	-	6	-	-

Table14

Distribution of highest earners in the households according to employment sector and level of education

	Secondary	special	Unfinished secondary	Higher	Other	Total in the given sector
Agriculture, forestry, fishing	38.26	9.17	8.73	16.20	12.70	85.06
Mining and processing industry	25.15	8.89	12.04	22.97	3.03	72.08
Trade, repair of consumer goods	55.46	20.58	22.80	28.47	8.79	136.10
Transport and communication	25.85	16.28	13.52	17.55	2.15	75.35
Government management, defense	8.08	8.02	10.27	30.72	0.00	57.10
Education	8.67	4.93	19.34	44.53	0.66	78.13
Health protection	3.11	5.99	15.80	15.06	0.66	40.62
Culture, sports, leisure, other services	15.22	4.53	10.57	18.28	0.61	49.21
Other sectors	15.87	11.65	24.59	22.59	2.77	77.46
Not indicated	0.57	0.00	0.00	1.29	0.00	1.86
Total according to the level of education	196.23	90.04	137.67	217.66	31.37	672.96

Table15

Distribution of Members of Household Economy with the Highest Income According to Their Level of Education

	Thousand men	Percentage
--	--------------	------------

Primary education	6.65	1.0
Unfinished secondary education	24.72	3.7
Secondary education	196.23	29.2
Special Education	90.04	13.4
Unfinished higher education	137.67	20.5
Higher education	217.66	32.3
Not indicated	0.00	0.0
Total	672.96	100.0

Table16

International migration of population 2000										
(thsd. Person)										
Arrivals	20.0	16.6	8	12.6	12.7	5.7	1.2	0.4	0.4	0.4
Departures	58.8	60.6	49.6	38.9	44.2	25.9	12.9	0.9	0.6	1.3
Migrational increase	-38.8	-44	-41.6	-26.3	-31.5	-20.2	-11.7	-0.5	-0.2	-0.9

Table17

Structure of economically active population 2000						
(Per cent)						
economically active population - total	100	100	100	100	100	100
of which						
Engaged	100	97.1	97.1	95	85.5	86.2
of which						
Employed	90.6	45	37.6	27.7	36.9	36.4
Self-employed	9.4	52.1	60	67.3	47.8	49.8

Table18

distribution of employed by sectors						
(per cent)						
Total engaged in the economy	100	100	100	100	100	100
of which						
state sector	75.5	42.4	31.5	28.8	34.7	31.3
non-state sector	24.5	57.6	68.5	71.2	65.3	68.7

Table19

Distribution of employed by branches				
(per cent)				
Engaged - total	100	100	100	100
of which				
industry	20.3	14.5	8.9	6.2
agriculture	25.2	30.6	50.2	58.6
forestry	0.4	0.2	0.2	0.3
transport and communications	7.1	7.5	6.7	4.8
construction	10.2	3.9	1.4	1.6
trade and public catering, material and technical supply and sale, procurement	6.5	12.3	9.4	10.5
informations and computer services	0.1	0.1	0	0

other branches of material production sphere	2.7	1.6	1.1	0.9
housing, public utilities and personal services	4.8	2.9	2.3	1
health care, physical culture and social security	6.6	9	5.5	4.2
arts, culture, education	11.2	13.7	10.8	8.8
science	2.6	1.3	1.1	0.9
credit, financing	0.4	0.5	0.4	0.3
general administration	1.9	1.8	1.7	1.9

Table20

distribution of employed by kind of economic activity		
per cent		
	1998	1999
engaged - total	100	100
of which		
agriculture, hunting and forestry	48.4	52.1
fishing	0.1	0.1
mining and quarrying	0.3	0.4
manufacturing	7	6.4
electricity, gas and water supply	1.4	1.2

construction	1.5	1.4
wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	9.2	8.9
hotels and restorants	0.9	0.9
transport, storage and communications	4.4	4
financing intermediation	0.8	0.6
real estate, renting and business activities	2.5	2.3
public administration and defence; compulsory social security	6.6	6.1
aducation	8.3	8
health and social work	4.8	4.5
other community, social and personal service activities	2.8	2.5
private household with employed persons	0.9	0.4
extra-territorial organizations and bories	0.1	0.1
unidentified	0.2	0.1

Table21

Consumption of selected foodstuffs in households						
(kg per capita during the year)						
	1990	1995	1996	1997	1998	1999

Bread (bread and macaroni products in terms of flour), Flour, groats, and legumes	184.6	163.5	1.61.3	154.2	151.4	141.1
Potatoes	37.2	26.8	42	44.7	47.3	47.6
Cabbage, fresh and pickled	11.7	10.1	19.1	10.3	12.1	11.6
Vegetables and melons	81.2	60.8	97.7	93.4	58.2	55.2
Fruit and grape (incl. Dried fruit) in terms of fresh	48.3	36.7	66.3	60.2	57.8	43.5
Sugar, incl. Used in confectionery and canned fruit	20.8	6.7	23.6	25.9	25	24.8
Meat and meatproducts (in terms of meat)	36.5	12.5	14.6	15.6	20.8	19.8
Fish and canned fish (in terms of fish)	8	0.6	1.3	1.4	1.8	1.3
Milk and milk products (in terms of milk)	311.3	97.9	178.4	217.6	202.5	209
Eggs, pieces	140	66.1	105	107.7	122.5	124.6
Margarine and other fats	0.7	0.3	0.8	2.5	1	0.8
Vegetable fats	4.5	3.3	10.6	11.2	8.3	8.2

Table22

Availability of main machinery in agricultural enterprises			
(end of year)			
years	Tractors	Grain harvesters	

	total. thsd. units	per hectares of arable units	1000 of land.	total thsd. units	per hectares of arable units	1000 of land.	trucks, thsd. units
1980	24.9	32	1.5	4.7	23.9		
1985	28.8	37	1.3	4.7	26.3		
1990	23.1	29	1.3	5	18.9		
1995	15.6	20	1	3	12.6		
1996	15.3	20	1	3.6	12.3		
1997	12	15	1	3.5	10		
1998	10.7	13	0.9	1.4	8.8		
1999	8.2	10	0.9	1.5	7.1		

Table23

Number of industrial enterprises

	(units)				
	1990	1995	1996	1997	1998
Total industry	1365	1363	2262	3078	3693
of which					
mining	133	116	148	181	213
manufacturing	1232	1247	2114	2897	3480
out of total industry by branches:					
electric power industry	34	44	59	105	127
fuel industry	10	8	9	9	6
ferrous metallurgy	8	8	10	15	13
non-ferrous metallurgy	3	1	4	6	12

chemical and petrochemical industry	56	57	88	106	120
machinery and metalworking	175	183	225	246	424
logging, woodworking, pulp and paper industry	110	96	169	208	325
building materials industry	146	125	180	211	226
light industry	246	213	136	129	148
food industry	443	469	1166	1765	1875
mill and goats and animal food industry	23	20	26	42	113

Table24

number of industrial production personnel by industry

(thsd. persons)

	1990	1995	1996	1997	1998
Total industry	459.4	163.3	146.8	124.9	121.4
of which					
mining	31.3	16.7	17.5	15.7	16.6
manufacturing	428.1	146.6	129.3	109.2	104.8
out of total industry by branches:					
electric power industry	10.8	9.1	8.1	7.4	12.9
fuel industry	6.6	3.5	3.1	3.3	1.4

ferrous metallurgy	20.9	14.5	14.5	11.8	10.6
non-ferrous metallurgy	1.9	1.2	1.3	1.2	0.9
chemical and petrochemical industry	20.6	10.1	9.6	9.5	8.8
machinery and metalworking	116.4	33.1	28.7	24.8	21.5
logging, woodworking, pulp and paper industry	23.8	7.9	6.5	4.7	5.6
building materials industry	45.2	6.3	6.3	7.2	6.5
light industry	103.8	36.1	23.6	9.8	7.9
food industry	77	29	32.9	31.9	31.3
mill and goats and animal food industry	3.8	2.5	2.7	3.1	2.9

Table25

Share of private forms in harvest of agricultural crops
(per cent)

	1990	1995	1996	1997	1998	1999
Grains and legumes – total	26	79	78	82	88	94
of which						
winter wheat	0.1	26	20	65	73	86
maize	62	95	94	93	94	98
legumes - total	62	99	97	98	98	98
sunflower seeds	1	25	52	60	69	92
Soy beans	3	50	20	68	82	100
potatoes	49	97	96	98	90	99

Vegatables	59	97	95	97	87	97
Melons	52	86	77	84	62	98
Fruit	80	99	99	99	99	99.6
Citruses	83	97	95	96	98	99
Grapes	45	94	97	97	97	99
Tea leaves	7	47	36	39	45	43