

Improving Regional Food Security in  
the South Caucasus through National Strategies  
and Smallholder Production

# FOOD SECURITY POLICY BRIEF

Thomas Lines



*First Edition*



ევროკავშირი  
საქართველოსთვის  
The European Union for Georgia



**OXFAM**



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## List of Abbreviations

<b>AA</b>	Agricultural Alliance of Armenia
<b>ACDA</b>	Agricultural Cooperatives Development Agency (Georgia)
<b>ACT</b>	Analysis & Consulting Team, Tbilisi
<b>CCP</b>	FAO Committee on Commodity Problems
<b>CFS</b>	FAO Committee on World Food Security
<b>CICS</b>	Crown Group Immigration Consultancy Services Pvt Ltd (India)
<b>COAF</b>	The Children of Armenia Fund
<b>COAG</b>	FAO Committee on Agriculture
<b>CSO</b>	Civil-society organisation
<b>CSPN</b>	Civil Society Partnership Network (Armenia)
<b>CU</b>	Customs Union (of the EAEU)
<b>DCFTA</b>	Deep and Comprehensive Free Trade Agreement
<b>DES</b>	Dietary energy supply
<b>EAEU</b>	Eurasian Economic Union
<b>EDRC</b>	Economic Development and Research Center (Yerevan)
<b>EU</b>	European Union
<b>FAO</b>	UN Food and Agriculture Organisation
<b>FIPI</b>	Policy, Economics & Institutions Service, FAO Fisheries & Aquaculture Dept
<b>FS</b>	Food security
<b>GAARD</b>	Georgian Alliance for Agricultural and Rural Development
<b>GDP</b>	Gross domestic product
<b>GIEWS</b>	FAO Global Information and Early Warning System
<b>HA</b>	Hectare(s)
<b>ICARE</b>	International Center for Agribusiness Research and Education, Yerevan
<b>IDDS</b>	Individual <i>Dietary Diversity Score</i>
<b>ISET</b>	International School of Economics at <i>Tbilisi State University</i>
<b>KfW</b>	German development bank originally called Kreditanstalt für Wiederaufbau
<b>kg</b>	Kilogram
<b>MCHA</b>	Mother and Child Health Alliance (Armenia)
<b>NCD</b>	Non-communicable disease
<b>NGO</b>	Non-governmental organisation
<b>NSS</b>	National Statistical Service (Armenia)
<b>PCR</b>	Protection of Consumer Rights (Armenia)
<b>RA</b>	Republic of Armenia
<b>RAPDI</b>	Rural and Agricultural Policy Development Institute (Georgia)
<b>SSAD</b>	Strategy of Sustainable Agricultural Development
<b>t/HA</b>	Tonnes per hectare
<b>UMCOR</b>	United Methodist Committee on Relief Organization (USA)
<b>UN</b>	United Nations
<b>UNICEF</b>	United Nations Children's Fund
<b>USSR</b>	Union of Soviet Socialist Republics
<b>WDDS</b>	Women's <i>Dietary Diversity Score</i>
<b>WHO</b>	World Health Organisation
<b>WTO</b>	World Trade Organisation

## Executive summary <sup>1</sup>

This briefing reports on the findings and recommendations of a project on improving food security in the South Caucasus which was carried out in 2013-17, mainly in Armenia and Georgia, by Oxfam GB on behalf of the European Union (EU).

Armenia and Georgia face challenges of food security due, in part, to their mountainous terrains and threats to national security and territorial integrity, and partly to poverty and low agricultural yields among the large shares of their populations who are engaged in farming. In addition, they are only beginning to address the problems of *poor* rather than *insufficient diets*, which lead to modern problems of nutritional health in the form of non-communicable diseases.

In Armenia, the biggest current issue surrounds the approval of a new *Strategy of Sustainable Agricultural Development (SSAD)*, to replace that which was earlier approved for the period 2010-20. A successor for 2016-25 already exists in draft form. The biggest policy needs lie in the development of agricultural cooperatives, agricultural insurance, food safety and the position of women in agriculture and the food supply. Mechanisms for monitoring food security policy implementation should also be strengthened, with civil-society participation, and it is important to target the communications gap between the government and farmers.

In Georgia, a comprehensive legal framework is required for the government to address food-security and nutritional needs. The agricultural budget should be expanded, with a recommended target of 10 per cent of government expenditure by 2020. Priorities for the budget should include agricultural cooperatives, a loan guarantee fund to assist smallholders and a special programme for mountain areas. A further series of measures is required to improve the food security of women and their position in smallholder farming. The state of food security needs to be more accurately monitored, with participatory public monitoring integrated with methods used by the state.

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## Introduction

By some international measures, the three countries of the South Caucasus region (Armenia, Azerbaijan and Georgia) are in a good position for basic food supplies and nutrition. In the *Global Hunger Index* for 2016, Georgia was rated 16th best, Armenia 22nd and Azerbaijan 29th out of 118 countries.<sup>1</sup> However, they all face challenges in food security due, in part, to their mountainous terrains and the threats to national security and territorial integrity which they are faced with, and partly to poverty and low agricultural yields among the large shares of their populations who are engaged in farming. In addition, they are only beginning to address the problems of *poor* rather than *insufficient diets*, which lead to modern problems of nutritional health in the form of non-communicable diseases (NCDs).

There are two sides to food security: on one side, people's access to food and their choices of diet, which have a major bearing on their health; and on the other, the availability of food, including a country's own production. See the full-page 'box' later in this report. In the South Caucasus – as in many parts of the world – these two tend to come together, since smallholder farmers produce much of the food supply but often face some of the worst problems of individual and household food security. At different times in the last ten years both Armenia and Georgia have also faced embargoes on imports of grain from a leading supplier. In Armenia this took the form of a general embargo on cereal exports for nearly a year in 2010-11, which caused countries that imported Russian grain to look hurriedly for replacement supplies.<sup>2</sup> Historically, it was economic and military shocks of this sort – the privations of the Second World War and a sharp rise in cereal prices in the 1970s – that initiated global concerns about food security.

From 2013 to 2017 Oxfam Great Britain, an independent development agency, conducted the 'Improving Regional Food Security in the South Caucasus' project funded by the EU, with the aim of finding some solutions to these problems. This briefing sums up the research findings and recommendations in support of agriculture and food policies. For each of Armenia and Georgia in turn, we draw on several studies of food security and nutrition, followed by smallholder farming issues, other related concerns (including gender in Armenia and the public procurement of food in Georgia), the implications of international commercial policy and, finally, the methods used to monitor food security. The final section for each country summarises the recommendations.

It is important not just to achieve the best food-security policies but to ensure that they are carried out, once approved. This requires effective national institutions and administration. To assist their development, links between the governments and civil-society actors need to be reinforced, with a long-term goal of opening up the policy process to civil society. This is a central recommendation in both countries.

## Evolving concepts of food security

The need for coordinated food and agriculture policies was first agreed at a 44-nation conference at Hot Springs, USA, in June 1943. Its Final Act announced ‘the goal of freedom from want of food, [that is] suitable and adequate for the health and strength of all peoples.’<sup>3</sup> This was argued to be closely allied with the needs of farming, with the recommendation, ‘That food-distribution measures be co-ordinated with programmes to ... bring about adjustments ... which will ... provide an adequate level of living to persons engaged in farming and fishing.’<sup>4</sup> The conference led to the foundation of the FAO.

The topic re-emerged in the early 1970s, when international food prices rose sharply, leading to renewed fears of global insufficiency. A World Food Conference in 1974 defined food security as the ‘Availability at all times of adequate world food supplies of basic foodstuffs to sustain a steady expansion of food consumption and to offset fluctuations in production and prices.’ This was steadily revised until a standard definition, with rather different emphases, was agreed at another conference in 1996: ‘Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.’<sup>5</sup>

The complex nature of food security has thus been variously interpreted. According to one source, it exists at two levels: ‘national food security’ (a *country’s* ability to secure adequate supplies of food through its own production, imports or the use of national food stocks) and ‘household food security’ (a *household’s* ability to reliably secure enough food through its own production, purchases, use of its own stocks or public provision).<sup>6</sup> The first of these two emphasises the adequate *supply* of food while the second concerns people’s need for *access* to food. A certain tension has always existed between them. We are looking at both sides by investigating policy for agricultural production, smallholder farmers and international trade on one hand, and nutrition on the other.

The elements of food security have been further defined under three ‘pillars’ called Availability, Access and Utilisation. A fourth pillar, Stability, was added by the FAO and refers to avoiding the ‘consequence of sudden shocks (e.g. an economic or climatic crisis) or cyclical events (e.g. seasonal food insecurity).’<sup>7</sup> See the table below.<sup>8</sup> The Stability pillar includes events such as wars and blockades, surges in international prices and trade embargoes – which is where modern concerns with food security originated in the 1940s and the 1970s. Between them, the countries of the South Caucasus have experienced all of those kinds of ‘shock’ at some time in the last ten years.

### The pillars of food security:

Availability	Access	Utilisation	Stability
<ul style="list-style-type: none"> <li>• Production</li> <li>• Processing</li> <li>• Water and soil management</li> <li>• Trade and stockpiling</li> </ul>	<ul style="list-style-type: none"> <li>• Transport</li> <li>• Equitable distribution</li> <li>• Marketing</li> <li>• Affordability</li> <li>• Purchasing power</li> </ul>	<ul style="list-style-type: none"> <li>• Good health indicators</li> <li>• Nutritious food</li> <li>• Food safety and quality</li> <li>• Clean water</li> <li>• Sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Prices</li> <li>• Weather</li> <li>• Natural disasters</li> <li>• Trade embargoes</li> <li>• Conflict</li> </ul>

# Armenia

## 1. The main challenges of food security and nutrition

In Armenia's countryside the prevalence of low incomes and low agricultural yields on tiny smallholder farms is a source of inadequate livelihoods for their owners and with them, widespread deficiencies in nutrition. Meanwhile, the country as a whole relies substantially on imports for its staple food supplies and there are serious inadequacies of nutritional health throughout the population. All in all, this produces a complicated set of problems for food security.

While agriculture accounted for 36.3 per cent of Armenia's employment in 2013<sup>9</sup> (and 75.2 per cent of rural employment in 2012<sup>10</sup>), it provides only 19.6 per cent of gross domestic product (GDP),<sup>11</sup> or 26 per cent when food processing is added. From this it can be seen how much lower agricultural incomes will be than the average, even when food grown for subsistence (which does not enter GDP data) is taken into account. At the same time, Armenia is very dependent on food imports, especially the cereals that make up most of the elementary ('staple') foods that provide energy. Thus, over the last five years Armenia imported about 40 per cent of its cereal requirements,<sup>12</sup> mostly from Russia.

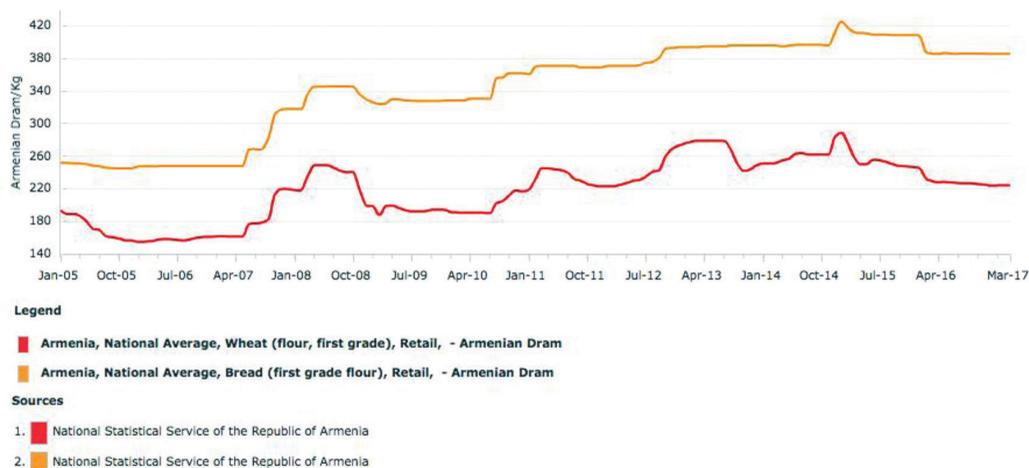
However, throughout the country a large part of household expenditure goes on food – nearly half of all income for a considerable part of the population. As many as 63 per cent of survey respondents mentioned that there were cases when they had bought food on credit (implying that they had insufficient cash). Some 35 per cent did so frequently or almost always.<sup>13</sup> In the last decade, in common with the rest of the world, Armenia faced a crisis of sharply increased food prices, relative to other things. After the worst of the crisis, in 2007-08, 78 per cent of the population changed their diets according to what food was affordable and about two-thirds reduced the amounts that they ate.<sup>14</sup> But by now, bread prices have fallen back in real terms to about the previous levels, while those of wheat flour are actually lower than they were in 2005 (see Figs 1 and 2 below). The main result of the price changes, therefore, was that bread prices per kilogram increased from 131 per cent to 172 per cent of flour prices per kg over this period, and the incomes of *Armenian farmers* from growing wheat will now be even lower than they were before the crisis. This is typical of the way that agricultural incomes are squeezed on modern supply chains throughout the world. Poor rural livelihoods, and the market prices that affect agricultural incomes, therefore remain a central problem which needs to be tackled to ensure food security.

Another major issue is lack of diversity in people's diets, which are high in carbohydrates, dairy products and vegetables but low in fish, meat and eggs.<sup>15</sup> According to the UN Food and Agriculture Organisation (FAO)'s food security indicators, as much as 43 per cent of Armenians' dietary energy supply (DES) derived from cereals, roots and tubers in 2009-11<sup>16</sup> (in 2005-07, wheat alone accounted for 40 per cent of DES<sup>17</sup>). As a result, people in Armenia are found 'to lack the *right* food ... failing to consume enough of the right nutrients' and 'beginning to face the problems of diet connected to the industrial

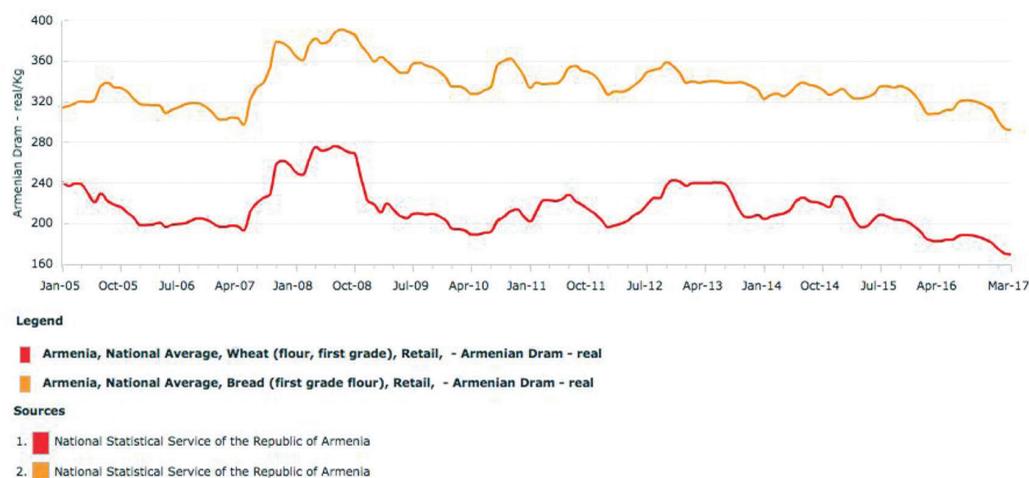
world, and particularly connected with over-consumption of sugar and fat'. NCDs are becoming the main causes of death. In 2008, 56 per cent of the population were considered to be overweight or obese, and half of the top ten leading causes of death were reported as potentially linked to poor diets (heart disease, strokes, diabetes and liver- and kidney-related diseases). In 2003, cardio-vascular disease alone accounted for 53 per cent of deaths.<sup>18</sup>

Besides that, the most serious dietary problem is lack of Vitamin A, and an action plan is recommended to ensure physical access to foods that are rich in it, particularly in rural, border and mountainous areas. A further recommendation is to promote certain foods that are rich in particular nutrients more generally, such as pumpkins (for Vitamin A) and offal (as a source of iron).<sup>19</sup>

**Fig. 1 National average retail wheat and bread prices in Armenia, 2005-17, nominal**



**Fig. 2 National average retail wheat and bread prices in Armenia, 2005-17, real<sup>20</sup>**



## 2. Policy work to assist smallholder farmers

Land exploitation has changed dramatically since Armenia became independent in 1991, its agricultural economy having collapsed in the late 1980s and 1990s as it lost the productive support and outlets that the Soviet Union had provided. That collapse brought a shift from the industrialised agriculture of Soviet collective farms to an extremely low-technology, low-input and low-output system worked by smallholders with no finance and few supportive structures on very small plots of land. When agricultural land was privatised, around 340,000 private farms were created, but with a lack of suitable machinery and equipment, water for irrigation or knowledge of good farming practices. The land was divided into more than 1.2 million fragmented plots and the average private farm has only 1.4 hectares of farmland (of which 1.06 hectares is arable).<sup>21</sup>

In most sectors yields remain very low relative to the rest of the world. Moreover, one-third of arable land is not exploited and there is insufficient irrigation. The area put to pasture increased from 693,500 HA in 1989 to nearly 1.06 million HA in 2013,<sup>22</sup> while that used for fodder crops fell sharply from 251,300 HA in 1990 to 66,900 HA in 2012, implying that more animals are fed by grazing than the traditional Soviet practice of bringing fodder to them from the fields. However, more land was sown with food crops, the areas sown to grains and beans rising from 138,200 to 172,200 HA respectively, for potatoes from 22,400 to 31,200 HA and for vegetables from 18,000 to 25,200 HA.<sup>23</sup>

However, the value of food imports relative to total exports is also very high, falling back no lower than 41 per cent in 2013 as international food prices retreated, after more than doubling from 23 per cent in 2006 to 50 per cent in 2010.<sup>24</sup> But in some areas self-sufficiency is high: for vegetables around 99 per cent, milk 83 per cent and eggs almost 100 per cent. Among meats, beef self-sufficiency is also high at 83 per cent but pork is only 38% and chicken is 19%.<sup>25</sup> It can be seen that the regime for foreign trade is therefore critical not only for agricultural exports but for food supplies too.

The government has been conscious of food security issues for many years. Food Security is an important part of Armenia's National Security Doctrine and a Law on Food Security was enacted in 2002. The law describes food security as one of the essential components of national security and emphasises the need for accessibility of food both in peacetime and during states of emergency, as well as the promotion of local production and the accumulation and use of government food reserves.<sup>26</sup> The government is now seeking self-sufficiency in basic foods and wants the proportion of arable land in use to rise from 67 to 90 per cent by 2025. The *Armenia Development Strategy for 2014-2025* aims ambitiously at a doubling of agricultural productivity between 2012 and 2021.<sup>27</sup> Guaranteed agricultural prices are one of the tools proposed to achieve this.<sup>28</sup> Under the government programme published in October 2016, input subsidies covering mineral fertilisers, diesel fuel, seeds and pedigree animals are also due to start during the course of 2017, as well as the development of a cool chain for milk.<sup>29</sup> From 2017 the Government re-assessed the areas and also included machinery for state subsidizing.

Nevertheless, the needs of smallholder farmers and the problems they face are quite low on the political agenda. As part of an attempt to counter this, the Agricultural Alliance of Armenia (AA) was formed in 2011, bringing together 15 Armenian and international organisations.<sup>30</sup> It made an appeal ahead of the April 2017 parliamentary elections with the title, 'Include Farmers' Challenges into the Agenda of Political Parties.' The appeal issued five 'challenges' asking for policies in favour of the development of cooperatives, agricultural insurance, food safety standards and agricultural extension services, and against gender discrimination in agriculture.<sup>31</sup> We will look at all of these questions (except extension services) in turn.

**A. Agricultural cooperatives.** The benefits of agricultural cooperation have been attested in many countries, especially where smallholder farmers are concerned. But as has also been found in many places, it can be difficult for anyone other than actual farmers to initiate cooperatives. Rural people will form cooperatives if they wish to, but not otherwise. In the countries of the former Soviet Union the problem is particularly acute because of the legacy of collective agriculture, despite the extreme fragmentation of landholdings that ensued. Nevertheless, by the beginning of 2013 some 3,737 production and 307 consumer cooperatives had been registered in the Republic.<sup>32</sup>

The government wants to ‘improve’ legislation on cooperatives in agriculture as well as to promote them, raise awareness among farmers and create institutional structures. In particular, it has promised to promote the creation of pasture users’ cooperatives and plans to introduce suitable tax incentives by the end of 2017.<sup>33</sup> A Law on Agricultural Cooperatives was passed in December 2015. It supported the promotion of cooperatives among farmers and the development of institutions to support and strengthen them. Calls for greater support for cooperative formation are also answered in the draft of a new *Strategy of Sustainable Agricultural Development (SSAD)*, which the government developed for 2016-25 in consultation with public-interest groups. It would allow all farmer organisations to register as agribusiness cooperatives, which was previously not possible. New cooperatives can support members with collective action on input supplies and marketing of products, thereby reducing the cost and increasing access to new markets with greater volumes.

However, the SSAD has yet to be finalised and adopted by the government. Further progress on agricultural cooperatives as well as many other topics depends heavily on its enactment.

**B. Agricultural insurance.** Two serious problems are specific to Armenia: a difficult trade position because of closed borders and the occurrence of occasional natural disruptions. The AA initiated a campaign targeting agricultural insurance, arguing that it would ‘help to mitigate agricultural risks caused by unfavorable weather (hail, frost, drought, etc.) and more importantly will reduce social and financial vulnerability of smallholder farmers.’<sup>34</sup>

A study by the UN Development Programme pointed to the complexity of the situation due to the diversity of climatic conditions and crop production cycles in different parts of the country, which meant that forms of insurance would have to be tailored closely to each locality. It also cited numerous other risks besides frost, cold, hail and drought, including pests and diseases, price risks and the limited choice of intermediaries for farmers.<sup>35</sup> Earthquakes might also be mentioned. A pilot programme is now intended for 2018-21 with the help of a €5 million grant from the German development bank, KfW. The Deputy Minister of Agriculture said insurance under it will cover damage caused by frost, hail, drought, storms, strong winds and floods. The list of crops to be insured is under discussion, and the AA is actively involved in this debate.<sup>36</sup> Additionally, the FAO’s ENPARD project has launched a pilot livestock insurance project with 30 farmers in Ararat province.

**C. Food Safety.** Food safety and hygiene regulations can be especially burdensome for small-scale producers in all parts of the food chain, from smallholder agriculture and animal husbandry through slaughtering to processing and preparation of food, and restaurants and retailers. It is much easier for large firms to introduce the required procedures, acquire the special equipment that is often necessary and train their staff than for small companies and household units. Administrative resources for this are scarce and Armenian farming units in particular are of very small scale.

As an example of the consequences, there is considerable evidence that animal disease is a big problem in Armenia. For example, swine fever wiped out more than half of the pig population in 2007-08, and although production has largely recovered, prices remain dramatically higher than they were before. Much of the rural population is also vulnerable to food poisoning since goods are home-canned, cheese is largely made at home and until recently meat was often butchered at home or by unregulated butchers. Meanwhile, the system for veterinary care and disease management is weak. But because of low incomes, food prices are generally more important to consumers than food-safety standards.<sup>37</sup>

The government has acknowledged this to be an important question for some time. Para. 230 of its *Development Strategy for 2014-2025* promised 'special attention' to the development of the food-safety system and outlined eight broad lines of action.<sup>38</sup> New laws were passed in 2014 on forage (including safety requirements) and veterinary medicine, adding to a 2006 law on phytosanitary (plant health) rules.<sup>39</sup> The 2016 government programme followed this with promises of a food safety paper and a water and irrigation paper, and phasing in the compulsory use of slaughterhouses for livestock by 2020-21.<sup>40</sup> The major problem is not so much in the policy as in policy implementation, monitoring and oversight.

However, the compatibility of these and other changes in Armenian law with membership of the Eurasian Economic Union (EAEU) is not entirely clear. Within the EAEU, the food safety obligations are not as demanding as, for example, those required in Georgia under its Association Agreement with the EU. But both follow similar principles of hazard analysis and the Armenian authorities will have to work on the EU's requirements too if they still wish to develop close trading relations with the EU); but they have a great deal less clarity. In the words of a recent report, local regulations may formally continue to be in force but contain provisions which are now superseded by international obligations under the EAEU: 'Armenia has not formally amended any of its technical regulations ... and the business community may not necessarily be aware of all the provisions of CU [Customs Union] or EAEU technical regulations.'<sup>41</sup>

The AA is calling for the observance of international standards and stronger government oversight of food safety, in order to protect consumer rights, increase agricultural competitiveness and expand the food trade.<sup>42</sup>

**D. Gender.** Addressing the position of women is essential to improving food security. Women are often the main agricultural workers. While men may be responsible for technical aspects of farming, including buying inputs, engaging with buyers and driving tractors, women take practical responsibility for much of the rest, particularly day-to-day tasks like animal care and harvesting. In a smallholder context, they can hold the key to increasing yields, decreasing plant and animal diseases and improving sanitation and nutrition.

Women also have principal responsibility for buying food itself (and usually for managing the family budget) and the production of food in the home. They have an obvious personal responsibility when they are pregnant or nursing small infants. It is known that insufficient nutrient intakes before and during pregnancy and lactation can affect both mothers' and babies' health.<sup>43</sup> Nevertheless, while they may be in more direct control of food production and purchasing and make the bulk of day-to-day decisions, women are rarely the formal 'head of the household.'<sup>44</sup> Despite these distinctions

there is a significant difference between women's and men's dietary diversity in Armenia, to the detriment of women. The differences were found mainly in the consumption of meat products, fish and seafood, which was higher for men than for women.

In pursuing nutritional food security, and especially the gender aspects, the AA succeeded in securing a government budget line aimed at health promotion and the adoption of a Law on Breastfeeding Promotion and Regulation of Infant Food Marketing, which eventually was unanimously approved by Parliament in 2014.<sup>45</sup> Great attention should continue to be devoted to improving women's position, individual dietary diversity and in particular women's dietary diversity.<sup>46</sup> The proposed new SSAD has a focus on ensuring gender equality in agricultural development through the provision of equal opportunities for men and women.<sup>47</sup> It is important to ensure that this is followed up.

Additionally Oxfam in Armenia engaged with the provincial (regional) governments in ensuring gender analysis and mainstreaming of provincial social-economic development plans. As a result 'Guidelines on Gender Analysis' and mainstreaming of provincial plans were developed and adopted by the Ministry of Labour and Social Affairs. This means that the guidelines become mandatory for provincial governments when developing their respective plans. A pilot gender mainstreaming was done for the Tavush provincial social-economic development plan for 2017-2020, which is currently in the Government for adoption.

### 3. Risks associated with joining the Eurasian Economic Union

Armenia is in a difficult international location. A small, landlocked and mountainous country, its position is inherently disadvantageous for international trade. Moreover, the borders with two of its four neighbours, Azerbaijan and Turkey, are closed while any trade through a third neighbour, Iran, is complicated by international sanctions on the latter. This leaves only airborne trade and road and rail routes through Armenia's northern neighbour, Georgia. Even there, trade can only go through Georgia's small ports of Poti and Batumi, since the railway to the north is closed on account of Georgia's own frozen conflict with Russia in the Abkhazia region.

Meanwhile, Russia and the Western powers, including the EU, have competed for advantage in the region ever since the break-up of the USSR. These issues came to a head in the last five years as the former 'southern republics' of the USSR were offered associate membership of the EU tied to far-reaching trade and investment agreements on one hand, and full membership of the new EAEU with Russia on the other. It was made clear on both sides that it would be difficult for Armenia to have both. In July 2013 Armenia concluded negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU but the government then decided to join the EAEU. It came into force in January 2015 and the other current members are Belarus, Kazakhstan, Kyrgyzstan and Russia. However, after membership of the EAEU, a revised Comprehensive and Enhanced Partnership Agreement with the EU was also announced in February 2017.

How does membership of the EAEU affect Armenia's smallholder farmers and food security? In the short term it is via foreign trade, and further down the line – although possibly quite soon – it will affect international investment. With membership, the structure and size of trade tariffs in both directions

changes, influencing which other nations the country trades with, while the trading bloc's rules on subsidies, food safety and other matters affect what is produced and to what standards. At present the EAEU comprises a customs union, with free trade in goods and services between its five members and common tariffs for all trade with other countries, while it is developing common regulations to create a 'single internal market' of the sort that the EU has had since the 1990s. Generally, the external tariffs are higher than previously and higher than those which Armenia would have had with third parties under an EU-based regime: this makes imported food more expensive in the shops but enables Armenian produce to compete more easily with it.

An important consideration in Armenia is the development of food-safety standards, which the government will have to adapt to those in the EAEU. These standards will require more administration and inspection, including at the borders, and an important task is to develop the administrative capacity needed to implement them. Another factor is Armenia's economic reliance on citizens who work abroad and send back monetary remittances, which were worth 19.6 per cent of GDP in 2015.<sup>48</sup> Most of these workers are in Russia, so membership of the EAEU should make that situation more predictable. However, all in all it remains unclear how much Armenia will gain in its relations with Russia under the EAEU in comparison with what it already had through the Commonwealth of Independent states.

The question of international economic relations can be seen in various ways and there are considerable risks. Armenia already has strong ties with Western countries as there is a huge and loyal Armenian diaspora, which, after Russia, is largest in number in the USA, France and Germany. On the other hand, according to one commentary:

'Russian influence in Armenia is vast. Russian companies enjoy monopolistic positions in such vital fields as communication, transportation, and energy. Russian media dominate the information sphere and are the main source of information about the outside world for many Armenians, including a large part of the political and intellectual elite. Russia remains the most common destination for migrant workers, and the remittances they send back home are vital for keeping the Armenian economy afloat.'<sup>49</sup>

All of this points to the diplomatic complexity of the situation.

In modern international arrangements of this sort, the greatest risks – and often the least understood – tend to lie in the area of foreign investment rather than trade. A straw in the wind may be a new Armenian Investors' Club which was recently launched in Yerevan, with the support of both governments and the aim of developing 'joint investment projects aimed at promoting bilateral trade-economic, and investment cooperation, and assisting in Armenia's integration into the Eurasian economic zone.'<sup>50</sup> As the Russian food retail market consolidates,<sup>51</sup> one or more of that country's national retail chains could decide in the near future to expand their operations into Armenia. For Armenian smallholders this is likely to be at best a mixed blessing. Foreign-owned supermarkets are likely to look mostly to foreign sources of supply since they might think that local smallholders cannot achieve the scale and reliability they require. These companies require volumes, product standards, packaging and deadlines which are beyond the capacity of most smallholders. In other countries with similar economic and agrarian structures, supermarket chains have replaced existing wholesalers with their own centralised systems, and purchased only from large farms or, at most, a small number of smallholders, or alternatively

from their own existing supply bases in other countries. Large supermarket firms have the commercial power to enforce all of this.

However, much of the EAEU's impact remains unforeseeable as it is at an early stage of development and does not constitute a mature set of institutions, like the EU. Its early development has been hampered by the recent economic problems of its dominant member, Russia, due to falling oil prices and the imposition of international sanctions since the annexation of the Crimea in 2014, and its future direction remains somewhat uncertain.

#### 4. Monitoring food security and nutrition

Given the high level of import dependency, Armenia is very exposed to risks of food-supply instability. National data on food and food assessment reports are provided every quarter by the National Statistical Service (NSS). But many of the most important indicators used internationally are not reported in these publications, while the data collection methods are considered to be susceptible to subjective evaluations and estimations, resulting in possible inaccuracies. It is therefore recommended to:

- Gather information by observing representative samples of the population, including biennial farm structure surveys;
- Raise the level of awareness of food-security indicators and measurement methods;
- Publish a greater amount of the non-confidential information that is gathered;
- Simplify analysis by the use of datafiles and remote sensing by satellites and drones;
- Introduce an early-warning system;<sup>52</sup> it should be easily adopted since Armenia already provides information for the FAO's Global Information and Early Warning System (GIEWS).

At present there is little monitoring of food security by public-interest groups. However, these groups, forming part of civil society, can be the most effective guardians of the need for adequate food and nutrition. In general, monitoring mechanisms for food security need to be strengthened, and this should involve civil-society participation. This can be initiated either by the government, in establishing joint or participatory monitoring systems, or by public-interest groups independently. Neither is likely to arise unless civil society pushes for it. The AA has developed a monitoring framework for the agricultural cooperative, insurance and gender issues, where the Government does not perform impact assessments. The AA is therefore well-placed to initiate public monitoring of FS policy implementation in these areas.

#### 5. Government and the public – bottom-up and top-down together

It is important to promote open policy-making and the reliable implementation of policy decisions, via formal alliances of public-interest organisations and policy discussions with ministries. Linking farmers up with government, with communication going both ways, is essential for ensuring

the suitability of new policies and then their effective implementation and continuation once they have been decided. Recently, the AA's most far-reaching government discussions were over a new SSAD, to succeed the crisis-oriented one that was passed in 2010.<sup>53</sup> A draft SSAD was developed by the Ministry of Agriculture, with active AA involvement.<sup>54</sup> Oxfam engaged with farmers, cooperatives, banks, micro-finance institutions, and provincial and local governments to collect their expectations and recommendations for the new strategy, thus providing a 'bottom-up' approach. At the same time Oxfam worked with the Ministry of Social and Labour Affairs and the provincial government to create a four-year socio-economic plan for Tavush province in north-eastern Armenia.

In general, the underlying aim of this area of work has been described as:

'...targeting the communication gap between farmers and the government, by guaranteeing that farmers' concerns and expectations are included in policies (taking a bottom-up approach) and by ensuring that government policies/actions reach communities and farmers (a top-down approach). The key approach is the engagement of all relevant stakeholders through a multi-stakeholder alliance, the Agricultural Alliance (AA).'<sup>55</sup>

The government which resigned in September 2016 was close to adopting the SSAD. Its successor was more technocratic and business-oriented, but it promised to retain the AA's ideas as soon as it could focus on this area of policy again after the parliamentary elections in April 2017. The AA will continue to lobby the MoA for the adoption of the SSAD and continued close involvement in policymaking for agriculture and food security.

## 6. Main conclusions and recommendations

For adequate responses to the challenges of food security, much will depend on the future of the SSAD. It is important to continue to target the communication gap between the government and farmers, by ensuring that farmers' concerns are included in policies and that government policies and actions reach the farmers and their communities. All relevant stakeholders have to be engaged in this way. Continued lobbying of the government is recommended to ensure that the SSAD is finally approved and implemented.

The AA's policy recommendations include:

- **Agricultural cooperatives.** The SSAD promises to reformulate the legislation on cooperatives according to international norms and promote them among farmers. Institutions should be developed to support and strengthen cooperatives, including tax incentives for their formation and activities.
- **Agricultural insurance.** A system of agricultural insurance would help to mitigate agricultural risks caused by unfavourable weather and natural disasters, and reduce smallholders' social and financial vulnerability.

- **Food safety.** International standards and stronger government oversight of food safety are required in order to protect consumer rights, increase competitiveness and expand the food trade. The existing system of public reporting of food-safety violations is ineffective and should be replaced with a more responsive online or smartphone-based system.
- **The position of women,** both as regards their own food security and their place in agriculture. Great attention should be devoted to improving individual dietary diversity and in particular women's dietary diversity, and to following up the draft SSAD's promises on ensuring equal opportunities.

Monitoring mechanisms for food security need to be strengthened and involve civil-society participation, which can be initiated either by the government, in establishing joint or participatory monitoring systems, or by public-interest groups independently. In the short term, the most important issue is to ensure the implementation of existing plans, based on commitments at the World Health Organisation (WHO). A pilot monitoring exercise can work with schools.

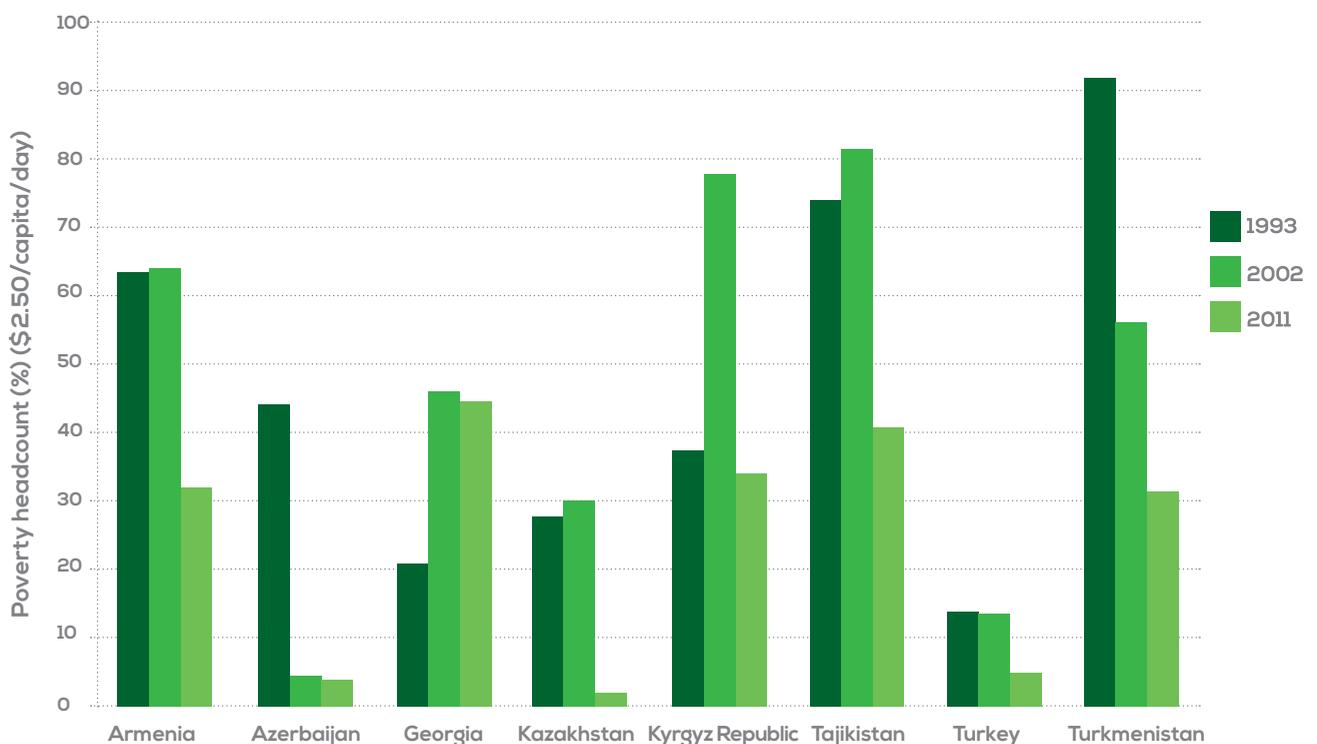
Oxfam has initiated a pilot monitoring of school nutrition jointly with the Ministry of Healthcare and Mother and Child Health Alliance, which brings together more than 40 national and international organisations. This is a practical example of civil society engagement in monitoring of policy implementation. The MCHA and the Ministry of Healthcare have signed a Memorandum of Understanding ensuring MCHA's active involvement in nutrition policy development, implementation and monitoring.

# Georgia

## 1. The main challenges of food security and nutrition

Poverty remains high in Georgia, especially in rural areas, although it has fallen in the last few years. In 2014, 32 per cent of the population, and 43 per cent in rural areas, lived on no more than US\$2.50 per day, according to the World Bank.<sup>56</sup> Fig. 3 below shows how poverty remained persistently high even while it was falling in neighbouring countries. In these circumstances, 40 per cent of households were unable to grow or buy enough food for themselves, or stated that they fed themselves 'so poorly that their health is endangered,' according to UNICEF in 2009.<sup>57</sup>

**Fig 3: Caucasus and Central Asia: Poverty headcounts (%) using the international \$2.50 per day poverty line, 1993, 2002 and 2011<sup>58</sup>**



The UN Food and Agriculture Organisation (FAO) considers Georgia to be very vulnerable from the point of view of food security because, when combined with social and economic factors, ‘the agriculture of the country fails to provide the population with monetary income.’ Georgia is not threatened by mass hunger, it says, but ‘only because all categories of food are produced here.’<sup>59</sup> In spite of that, with a fragmented and unproductive agrarian system, Georgia depends heavily on food imports, especially for cereals. According to one measure (the cereal import dependency ratio), net imports (imports minus exports) of cereals increased from 58 per cent of total cereal supplies in 2000 to 69 per cent in 2014 – an extremely high degree of external dependency.<sup>60</sup>

Throughout the South Caucasus food prices are high in comparison with other items of expenditure. In consequence, in Azerbaijan as much as 62 per cent of household incomes is spent on food, with 64 per cent in Armenia and 54 per cent in Georgia. This makes large proportions of all three countries’ populations super-sensitive to food prices.

Although levels of hunger and malnutrition in Georgia are low by international standards, the situation of non-communicable diseases (NCDs) has been called ‘alarming’ and much of it is food-related.<sup>61</sup> The World Health Organisation (WHO) attributed as much as 91 per cent of Georgian deaths to NCDs, and 71 per cent to cardio-vascular diseases alone.<sup>62</sup> Health problems arise because of a lack of diversity in food, so people do not acquire all of the most nutritious foods. The average caloric intake is above FAO recommendations for everyone except the poorest 5 per cent of households, but it is unbalanced. Diets are dominated by the consumption of starchy staples and vegetables while:

‘Destitute, poor and middle groups were all consuming low amounts of protein, 8% rather than the recommended 10-15%, and the lowest two groups were consuming much higher amounts of carbohydrates, 72% rather than the recommended 55-60%.’<sup>63</sup>

In the South Caucasus region generally, consumption of offal by both women and men is also low (at most 6 per cent of individuals in all three countries) as are legumes, nuts and seeds (maximum 32 per cent).<sup>64</sup> However, Georgia’s consumption was the lowest in the region of some of these nutrient-rich foods, such as meat, legumes, nuts and eggs. Georgians also have the lowest consumption of fruit and vegetables in the whole European region, at less than half the recommended daily amount and only one-quarter as much as in Armenia (280 grams per day compared with 600 and 1,160 grams respectively).<sup>65</sup>

No easy or rapid solution can be proposed to overcome all these challenges; a methodical, long-term approach is needed. Food security can be improved through economic development, relying on a multi-sectoral approach and interministerial cooperation. But an essential part of it is a gradual increase in farm yields, with the support of the Government.<sup>66</sup> Institutional and financial support for smallholders is essential to overcome food insecurity in both rural and urban areas, and for the development of Georgia’s economy more widely.

## 2. Programmes and support for small-scale farmers

### A. The role of smallholders

The smallholder agriculture that predominates in Georgia has been described as a ‘low input, low output model of production,’ in which ‘the possibility of a very bad harvest’ places insecurity ‘at the heart.’<sup>67</sup> The present government admits to the previous neglect of agriculture, as well as the economic importance of self-employed rural smallholders. The Agricultural Census for 2014 found that there were 572,000 family farms and 2,200 other agricultural holdings owned by companies, averaging no more than 1.2 and 49.2 hectares respectively in size. Agriculture accounts for 52 per cent of Georgia’s labour force<sup>68</sup> but the agricultural population is ageing, with only 22 per cent of family holdings run by a person under 45.<sup>69</sup>

Over the last ten years both land use and agricultural production have fluctuated, after declining sharply after independence in 1991. At that time the land was divided into small family plots, and most of the new farmers did not have general agricultural skills because of the specialisation of labour within the former collective farms. Recently the area sown to annual crops declined again from 299,000 HA in 2006 to 246,000 HA in 2010, but it recovered to 294,000 HA in 2013, mainly because of cultivation subsidies from the government.<sup>70</sup> Meanwhile, the number of cattle declined from 1.08 million in 2006 to 1.01 million in 2009 but recovered to 1.23 million in 2013, and the number of sheep and goats from 789,000 in 2006 to 630,000 in 2011 before recovering to 857,000 in 2013.<sup>71</sup> Gross annual agricultural production declined by 11.2 per cent from 2006 to 2010 but by 2013 it had risen to 14.6 per cent above the 2006 level.<sup>72</sup>

However, productivity of all sorts is low. Yields of the main annual crops are reported to be among the lowest in all the post-Soviet countries, although some have shown ‘steady incremental growth.’ In 2013 the average yield of wheat was 1.8 tonnes per hectare and of barley, 1.3 t/HA; these are still below the average yields of the 1970s. Potato yields were 11.3 t/HA, vegetables 8.3 t/HA and annual grasses 3.9 t/HA.<sup>73</sup> An assessment for the European Commission commented, ‘Apple yields are often below 3 tonnes per hectare, while improved production practices and investments in certain production inputs could bring up yields to around 20 tonnes per hectare.’<sup>74</sup>

Agriculture’s importance to the country is not reflected in standard measures of the economy since so much of the production is for subsistence and, where traded, it goes on informal markets, the transactions of which do not go into GDP data. By 2015 agriculture’s share of Georgia’s GDP had therefore fallen to 8.1 per cent.<sup>75</sup> Even access for smallholders to informal markets is difficult and their position on them is precarious. Due to the small size of each farming unit, smallholders are in a weak position on any market, whether formal or informal, and are therefore ‘price-takers.’ Policies are needed to counteract this.

The degrees of import dependence vary greatly between foodstuffs. Thus, in 2014 Georgian production only covered 8 per cent of consumption of wheat, the main staple food which provides 41 per cent of the dietary energy supply (DES). However, in other major staples the self-sufficiency rates were quite high at 92 per cent for maize, 89 per cent for potatoes, 70 per cent for vegetables, 96 per cent for eggs and (in 2012) 92 per cent for milk and milk products. On the other hand, meat self-sufficiency was very low overall at 41 per cent; in 2012 the rates for different meats ranged between 83 per cent for sheep meat and 21 per cent for poultry.<sup>76</sup>

In this precarious situation, there are special problems of food security and agriculture in Georgia's high mountain areas. Food production is less diverse and incomes are lower than in the lowlands, while transport and trade infrastructure is underdeveloped. Even more than in other parts,

'High prices on imported and supplied food in the highlands trigger price-driven rather than quality-driven dietary patterns and consequently result in [a] large percentage of highland communities suffering from undernourishment and malnutrition.'<sup>77</sup>

Here, this approach is recommended:

'The smallholder support programs should clearly distinguish between rural poverty reduction and agricultural production commercialization objectives. While the first approach should focus on the reduction of subsistence farming risks, by increasing the income of the population engaged in agricultural production, thus reducing rural poverty ... a second approach should concentrate on enhancing the competitiveness of the farmers by increasing commercialization and efficiency of production of particular products.'

One aspect of this should be as follows:

'Traditional agriculture should be restored with a focus on increasing economic benefit. The profitable agriculture in the highlands of Georgia can be developed through the introduction of organic and high-value agriculture and the promotion of cooperative enterprises.'<sup>78</sup>

## B. Accessing resources

One of the problems faced by Georgian smallholders is finance for production and investment, including the establishment of cooperatives. This was highlighted at the second Georgian Farmers' Congress in Tbilisi in June 2016. These were among the problems in receiving finance that were mentioned there:

- 'Receiving bank loans for smallholder farmers is challenging – start-ups are not supported and loans for agricultural inputs are considered as start-ups;
- 'Agro Loans are not available for smallholder farmers – these loans are large, thus for micro loans farmers are obliged to address micro-finance organizations that provide loans with high interest rates;
- 'Banks do not consider land as collateral - they ask for extremely high income (GEL 5,000 per month) or real estate in Tbilisi or other big cities that neither smallholder farmers nor agricultural cooperatives can provide.'<sup>79</sup>

This is an important area in which the government can provide assistance, based on the experience of other countries, including the provision of customised investment schemes. Rather than direct investment by the state, support can be made for investments from the private sector, in order to generate confidence in lending. A Loan Guarantee Fund is an important policy goal for this purpose.<sup>80</sup> In Hungary, a revolving agricultural guarantee fund was created in 1991 and has proved to be very successful in providing effective assistance to smallholder farmers.<sup>81</sup>

### C. Agricultural cooperative development

Agricultural cooperatives will help to reduce farmers' excessive reliance, as price-takers, on middlemen for access to markets. In another country, Malaysia, where the average farm size is similar to that in Georgia, a new programme achieved early successes by expanding farmers' associations' responsibility for marketing, offering loans to farmers and fishermen, and helping them to sell directly through farmers' markets.<sup>82</sup> A somewhat similar model has been piloted in Georgia and organised for three years every December, providing farmers from all regions with a respectable place to sell their produce directly, promote their cooperatives and production lines, and establish direct contact with consumers for future orders. If this can be turned into a regular cycle of events, farmers will have a chance to plan ahead and expand their incomes.

The institutional basis for cooperatives is relatively strong in Georgia. A Law on Agricultural Cooperatives was passed in 2013, as an early indication of the Georgian Dream government's commitment to the needs of agriculture. It includes a state-run body for monitoring agricultural cooperatives, the Agricultural Cooperatives Development Agency (ACDA).<sup>83</sup>

A government advisor in Yerevan wrote that the law was 'in line with internationally accepted cooperative principles' and its goal was:

'...to define the legal bases for formation of farmer groups and farmer associations to support the development of agriculture. The law also aims to create a favourable environment for formation of farmer groups and farmer associations, a relevant tax environment, reduce the administrative constraints, define principles of democracy, volunteerism and autonomy for their activities.'<sup>84</sup>

More than 1,600 agricultural cooperatives were registered in the first 38 months of operation of the Law on Cooperatives. However, the Ministry of Agriculture has been criticised for not assigning enough funds for their financial support. In November 2016, a Declaration on Rural Cooperation signed by 29 member organisations of the Georgian Alliance for Agricultural and Rural Development (GAARD) proposed these refinements to the law: to tighten the requirements for an organisation to call itself a cooperative, increase funding for the ACDA and provide targeted investment and technical assistance schemes, and to improve the tax incentives for all newly formed cooperatives beyond 2018. It also called for sufficient staffing of the ACDA, consideration of a loan guarantee fund and the development of cooperative rural credit schemes (credit unions) to support access to finance.<sup>85</sup>

## 3. Public procurement and local production

It is crucial that the government support a nutritionally diverse range of products, and not only those with good export potential, such as wine and nuts. Public procurement schemes can play a critical role here by linking local producers to previously untapped markets, such as schools. These interventions give smallholder farmers some access to local sales and thereby support local production at the same time as helping to improve nutrition.<sup>86</sup>

This works well in other countries. For example, Hungary's agricultural transformation after 1990 involved the strong promotion of local products, including the exercise of local preference in public procurement. Elsewhere, in the US state of Iowa a 'Buy Fresh, Buy Local' programme targets consumers

through education and outreach, with nutrition education in some school curricula and distribution channels set up to provide local produce to the schools. As a result of this programme, local food purchases from restaurants, food cooperatives and other institutions were found to have increased by over US\$1 million. In Brazil, around 200,000 smallholder farmers have been reached by a requirement for local schools to source 30 per cent of their food locally.<sup>87</sup>

#### 4. The Deep and Comprehensive Free Trade Agreement

The liberalisation of trade and investment adds to the challenges to food security in Georgia. The recently initiated Deep and Comprehensive Free Trade Agreement (DCFTA), which is the main part of Georgia's Association Agreement with the EU, provides new opportunities but also puts considerable pressure on the country's smallholders.<sup>88</sup> Not least is the opening up Georgia's food markets to tariff-free imports that benefit from EU agricultural subsidies, which Georgia is in no position to match for its own farmers.

The DCFTA also gives Georgia a treaty obligation to improve standards of food safety, including the health of crops and farm animal welfare, by applying the advanced rules that the EU has developed in this area. However, a danger lies in the very number and complexity of those requirements under EU law: 375 'directives' and 'regulations' to be assimilated in Georgia by 2030, along with the administrative and inspection staff, laboratory equipment and border controls that this necessitates. For a small country this is a demanding programme, and it risks placing a heavy burden on hard-pressed smallholders if they are expected to meet all of these needs too quickly. Not the least of these is a likely increase in production costs.

However, the biggest risks arising from the DCFTA are in areas which have received less attention, most of all the free movement of capital (and not just goods and services), under the rules of the EU Internal Market which Georgia has agreed to absorb. The main risks lie in three areas:

- In food retailing, any foreign-owned supermarkets are likely to look to foreign sources of supply, for the sake of scale and reliability, in preference to small Georgian farms. Most countries find it difficult to provide support to smallholders in these circumstances. At most an indirect approach may be possible, encouraging cooperative production and marketing, and raising smallholders' standards.
- An increase in foreign investment in agricultural land. When foreign firms acquire land in other countries, consultation and compensation are often very limited and there is a lack of regard for the environment and access to resources. Georgian small farmers may be more vulnerable in these circumstances than most because they do not have a longstanding peasant consciousness to inform them. The government should monitor all land acquisitions from abroad and listen carefully to local residents throughout each process.
- Global corporations channel their profits from the places where they actually accumulate into small and secretive countries that have favourable tax rules ('tax havens'), by manipulating international payments on royalties, intra-group debts and other technicalities. Even powerful countries like Germany and Great Britain find it difficult to recoup the loss of tax revenues that results from this, and smaller and poorer countries are in a weak position to discover and pursue any abuses.

The government of Georgia would be well advised to watch all these questions carefully. It should take as much professional advice over them as it can find.

## 5. Policy coordination and institutional framework

Effective policy is distinguished by two features which operate in different but related areas: first, a commitment to openness and consultation, both between parts of the government and between the government and civil society; and secondly, administrative institutions which ensure that policies are properly established and adequately followed in the long run. Much progress has been made in this respect in recent years and it needs to be energetically sustained into the future.

### A. The Georgian Alliance on Agriculture and Rural Development

The creation of GAARD assisted discussions, mainly with the Ministry of Agriculture, to make sure that policies for agriculture and food security would not only be approved but properly implemented and sustained in the future.

GAARD was formed in September 2013 and, at the time of writing, has 31 member organisations. The goal was to contribute effectively to advocacy and policy development in the government of Georgia, in order to ensure that policies are made ‘from the bottom up.’ In this way, it should be easier to ensure that policies support local food production and smallholder farmers and address a comprehensive approach to food security (not only food safety, reserves and emergencies).

There are five working groups in GAARD, covering:

- (i) Food Security
- (ii) Access to Services
- (iii) Access to Finance
- (iv) Cooperation and Smallholder Farmers
- (v) Environment and Diversity
- (vi) Land Usage.

### B. The interministerial working group

Overcoming nutrition problems in Georgia requires a multi-sectoral approach and cooperation between ministries. The Ministry of Agriculture was persuaded to set up a Food Security Working Group in December 2015, with a mandate to develop policy recommendations on food security and nutrition. It brought GAARD and other public-interest groups as well as administrators from relevant official agencies into the discussion and preparation of policy.<sup>89</sup>

The working group, together with a food security expert, produced a set of leading policy recommendations, which are reproduced in English translation in Annex 2 of this report. They are grouped under six headings:

- Establishing legal framework and improving inter-agency coordination;
- Special programmes and support mechanisms for small-scale farmers;
- Strategy development;
- Implementation of the Strategy;
- Membership of international organisations and complying with their standards;
- Statistics.

These are yet to be fully adopted but they include the creation of a new *interministerial* working group to maintain food security and nutrition, as a joint priority for both health and agriculture policies. The primary task is to improve coordination and cooperation between agencies, including a special law on food security. Food-security groups in the ministries concerned need to be strengthened and a single inter-agency group should be set up.

### C. Monitoring food security and nutrition

Food security and nutrition require a basis of good information, regularly updated. Laws and regulations alone are not enough for the full development of food safety and nutrition policy since legal requirements are often ignored.<sup>90</sup> In the mountains, effective policy measures call for an even stronger commitment to collect food security and nutrition data for close monitoring and targeted policy interventions.<sup>91</sup>

However, monitoring requires people and time – another aspect of administration that needs to be developed. The general public has a direct interest in ensuring that their fellow citizens are adequately fed, and in this area they can play a useful role. As has been argued,

‘It is becoming a common practice to use social monitoring systems in order to increase accountability of public services towards the citizens and beneficiaries. Participatory monitoring is a critical process where the civil society can successfully engage and ensure feedback from beneficiaries.’<sup>92</sup>

## 6. Main conclusions and recommendations

The government is recommended to develop a comprehensive legal framework to address food-security and nutritional needs.<sup>93</sup> Under it, a single body should be made responsible for an integrated policy, coordinating and monitoring various agencies’ activities.<sup>94</sup> The policies should include:

1. A national strategy for nutrition;
2. Investment schemes for smallholders to increase local food production;
3. Support for the development of agricultural cooperatives;
4. An agricultural loan guarantee fund;
5. A supportive public procurement system;

6. State programmes to enhance access to nutritious food for vulnerable people;
7. Increased awareness of the links between nutrition and NCDs;
8. An effective food-security and nutrition monitoring system, with public participation;
9. Integrating healthy eating principles in school curricula.<sup>95</sup>

The agricultural budget should be expanded, with a recommended target of 10 per cent of government expenditure by 2020.<sup>96</sup> Agricultural development should be promoted through increased qualifications for farmers and improved access to finance, cooperatives and extension services.<sup>97</sup> Development of the agricultural cooperation system should work among other things to encourage women's and mixed cooperatives, establish a loan guarantee fund to assist access to financial resources, and facilitate access to cooperatives for vulnerable groups, including internally displaced citizens.<sup>98</sup>

A special programme is recommended for smallholders in mountain areas, defining them as development areas and identifying separate goals for poverty reduction and commercial agriculture. State agencies should be given defined responsibilities and there should be a plan for disaster risks. Production growth should be based on the development of small farms, making them more productive to achieve food self-sufficiency and stimulating their competitiveness and access to markets. Programmes should take into account both similarities and differences between Georgia's mountain regions.<sup>99</sup>

Women in Georgia tend to have somewhat less diverse nutrition than men in spite of their special needs, and women smallholders are in a weaker position than men. These disadvantages need to be dealt with, for example by ensuring equal property rights for women. There are further needs to:

- Fully include women in smallholders' programmes and agricultural extension and education services;
- Promote women's roles in public life, local development and agriculture as well as men's roles in unpaid care and household work;
- Support self-help groups and other grassroots initiatives aimed at strengthening skills and ensuring access to services, resources and markets;
- Develop gender-responsive budgeting at the local level and support local groups' knowledge and advocacy skills.<sup>100</sup>

The state of food security and compliance with relevant laws need to be monitored. This is most effective when participatory, public monitoring mechanisms are integrated with those of the state. Gaps and challenges in the state's collection and analysis of food-security data can be overcome by these means:

- Allocate more human and financial resources to the data network;
- Increase public awareness through training, workshops and campaigns;
- Develop a surveillance system on the nutritional status of the population;
- Encourage the application of modern data-collection technologies (such as tablets and remote sensing);
- Make greater use of early-warning systems for food security,<sup>101</sup> such as the FAO's Global Information and Early Warning System (GIEWS).<sup>102</sup>

# Annex 1

## The Agricultural Alliance of Armenia's Appeal to the Political Parties

(English translation)

Include farmers' challenges into the agenda of political parties / Title /

*The Agricultural Alliance of Armenia calls political parties to consider issues of farmers in their pre-election programs / headline /*

*Text of the campaign*

The Agricultural Alliance of Armenia is a voluntary union bringing together 15 local and international organizations which has been working collaboratively for about six years with a mission to contribute to the improvement of the Agricultural sector.

The alliance has revealed a number of challenges concerning the sustainable development of Agriculture and smallholder farmers and rural households, solutions of which are seen as:

- **Agricultural cooperative development** which is an efficient entrepreneurship model for smallholder farmers to combine resources and launch business activities. In this context, it is extremely important to create a favorable environment for institutional and financial stability of cooperatives considering provision of certain tax incentives.
- **Introduction of agricultural insurance** which will help to mitigate agricultural risks caused by unfavorable weather (hail, frost, drought, etc.) and more importantly will reduce social and financial vulnerability of smallholder farmers.
- **Introduction of food safety international standards as well as strengthening state oversight over the food safety in the country** which will contribute to the protection of consumer rights and will increase competitiveness and food trade expansion both in local and foreign markets.
- **Improvement of agricultural extension services and support quality to land users provided by the state** which will increase the volume of agricultural production as well as improve quality and reduce cost. All these can be achieved through proper needs assessments through targeting right beneficiaries, increasing accessibility and efficiency of services, as well as making public procurements transparent and proficient.
- **Excluding gender discrimination from the agricultural sector** which will ensure equal opportunities and rights for men and women. It's particularly important to increase women's access to and affordability of various services (loans, extension services, etc.).

The Agricultural Alliance is calling the RA Government, the Parliament and the political parties involved in electoral campaigns for considering issues discussed above.

*Agricultural Alliance of Armenia*

## Annex 2

### Recommendations arising from the Food Security Working Group in Georgia (English translation)

<b>Subjects and recommendations</b>	
<b>Establishing legal framework. Improving inter-agency coordination</b>	
	<p>In order to improve inter-agency coordination for food security reasons, the following measures should be taken:</p>
<b>1.</b>	<ul style="list-style-type: none"> <li>• Adoption of “Food Security” laws or Government programmes.</li> <li>• Development of Food Security concept, which will be based on “Georgian Agricultural development 2015-2020 Strategy”.</li> </ul>
<b>2.</b>	The marginal capacity of the Country’s basic local food production should be determined.
<b>3.</b>	<p>During the legislative harmonisation process for the introduction of modern food safety system, possible impact on the socially vulnerable segments of the population should be taken into account. Therefore, during the implementation of the legislation, it is crucial to determine an appropriate transition time period for the government institutions and the private sector in order to enable them to satisfy the requirements posed as a result of the legislative harmonisation.</p>
<b>Special programmes and support mechanisms for small scale farmers</b>	
<b>4.</b>	<p>To resolve issues related to agricultural land, to develop agricultural land markets and to establish a modern approach to land utilisation. For Example, developing a strategy for the introduction and implementation of the Land Parcel Identification system (LPIS), introduction of differentiated land taxation system based on solvency. In addition, introduction of principles where, the responsibilities of the land user will be clearly defined.</p>
<b>5.</b>	<p>Introduction of credit programmes for the small scale farmers, improve their access to financial resources in particular in relation to the cooperatives.</p>

6.	It is necessary to implement complex policies, which will not only provide social protection to the vulnerable groups but also will develop the country's food production and processing practices.
7.	Before the implementation of ANY programme needs assessment should be carried out and upon the completion of ANY programmes evaluation of the results should be conducted. The monitoring of the progress of the process (during the implementation phase).
8.	Adoption and implementation of the programmes that support maximum self-sufficiency in terms of basic food products. Special priority should be given to supporting the production of the cereal products.
9.	<p>The risks that can potentially follow the food crisis should be identified by having preventive mechanisms in place. Technical data should also be collected, processed and shared to the smallholders.</p> <p>Special structural unit under MoA responsible for monitoring purposes shall be established.</p>
10.	In order to support realization of local production, stimulating policies should be created prioritizing local production during state procurement.
11.	<p>Best agricultural practice focusing on safe and high quality agricultural products, effective and stable production, soil fertility improvements and elimination of degradation process, shall be established in the farms.</p> <p>System ensuring climate monitoring, forecast and analyses should be created with the close cooperation of National Agency of Environment.</p>
<b>Strategy Development</b>	
12.	<p>The living minimum shall be defined by the inter-agency working group and shall include the minimum threshold of basic products, which will be amended from time to time according to the international standards of the developed countries.</p> <p>Living minimum should be re-calculated according to the present situation in Georgia taking into account the above-mentioned reservation.</p> <p>Implementation of healthy nutrition principles is one of the most important goals that can be achieved only through inter-agency cooperation.</p>

13.	The basic products that are vital for human life and health (e.g. wheat, corn, beans, potato, pork, beef, chevon, lamb meat, poultry, milk and milk products, eggs, fish, sugar, vegetable oils, vegetable, fruits) need to be listed under the special law.
14.	Food security measures and strategy should focus on the interests of various vulnerable groups as well as on gender and age equality principles.
<b>Implementation of the Strategy</b>	
15.	Every stakeholder group shall be informed about the food security action plan.
16.	Preventive and disaster and emergency prevention and management plan needs to be adopted to ensure food security during the crisis. Food security action plan during emergency situations should be prepared with the clear identification of responsible people, mechanisms and resources.
17	National strategic reserves should be created according to the President’s August 2008 N415 order “National Plan on natural and man-made emergency response” in order to ensure the implementation of the Ministry of Agriculture’s functions on provision of food and water (Function 16) and protection of plant and animal (Function 10).
<b>Increasing compliance with international standards and developing networks with international organizations</b>	
18	In order to determine the benefit for the country, Georgia should get engaged in food security direction with international organizations, become part of the Committee on World Food Security (CFS) – COAG, CCP, FIPI, FOEL sub-committees.
<b>Statistics</b>	
19	The production of the statistics on food security should be improved according to the international indicators.
20	Within the Ministry of Agriculture specialized structural unit on food security and monitoring should be trained.

## Annex 3

### Draft Bill Georgian Law on Food Security

The aim of this law is to define the policy directions in the field of food security, to ensure that the right to adequate food is respected according to the international principles and regulations.

#### Chapter I General Provisions

##### Article 1. Scope of Law

1. This Law regulates the relationships in the process of carrying out the state policies on food security.

##### Article 2. Legislative Framework

1. The relationships in the process of ensuring food security are regulated by the Georgian Constitution, this law, other normative acts, international conventions and agreements and international principles.

##### Article 3. Definitions

The terms set below in this Law have the following definitions:

1. Food Security in Georgia (hereinafter referred to as “Food Security”): Sustainability of Georgian economy which guarantees the food self-sufficiency and ensures that all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life.
2. Ensuring food security - establishing and implementing economic, organizational and other mechanisms that ensure that the physiological needs of the population are met by providing basic products during the food crisis;
3. Food crisis – situation, where the basic food supply is threatened on the whole Georgian territory or its part, and this situation can be prevented by using special mechanisms.
4. Physiological norms - Scientifically proved and internationally adhered social, health and physiological criteria and norms on food elements and energy consumption approved by the Georgian legislation;
5. Basic food – products which form the basis for common feeding practices of the Georgian population. This list is approved by law;
6. Self-sufficiency - one of the preconditions for ensuring food security, where decreasing or termination of basic food imports cannot cause the food crisis;

7. Essential levels of production – level of basic food and raw-material production in Georgia, which is calculated according to the food elements and energy consumption per person and includes the following indicators: age, sex, labour conditions, climate, ethnicity, and other characteristics.
8. Physical access to food – continuous supply of sufficient food products to the population in the consumption areas;
9. Economic access to food – availability of population to buy the food according to their physiological needs taking into account the consumption structure, prices, income, and social benefits.
10. State food reserves – is the part of state reserves (non-reduced and operative reserve) either used for overcoming the results of the food crisis, or to prevent the crisis itself.

#### **Article 4. Main Directions of the State Policy in Relation to Food Security**

1. The right to adequate food forms the basis of defining the priorities in the state policy in relation to food security.
2. The main aims of the Georgian government in relation to food security are:
  - a) ensuring physical and economic access to food;
  - b) ensuring the high quality of food and food safety;
  - c) establishing and renewing the state food reserves;
  - d) ensuring normative dissemination of food products during emergency situations.
3. The main policy directions in relation to food security are:
  - a) stimulating the production of basic food and raw-materials (hereinafter referred to as “food”);
  - b) ensuring the food quality is in line with international standards;
  - c) increasing the purchasing capacity of population by launching poverty reduction and economic empowerment programmes;
  - d) creating and managing food reserves;
  - e) listing the local and imported food which is included into the minimum food package;
  - f) collecting and analysing information on food security.

## Chapter II

### Ensuring Self-Sufficiency and Control

#### Article 5. Ensuring the Food Self-Sufficiency in Georgia

1. Self-sufficiency in Georgia is achieved when basic food production and state food reserves make the guarantees for the prevention of the food crisis.
2. The Georgian government is responsible for action on ensuring food self-sufficiency.

#### Article 6. Competencies of the Georgian Government in Relation to Food Security

1. Georgian government exercises the following authorities in relation to food security:
  - a) ensures uniform national policy on food security;
  - b) coordinates the stimulation and regulation of food production;
  - c) launches and implements state programmes related to food security;
  - d) defines the structure, authorities, aims, functions and competencies of the state bodies working on food security topics;
  - e) defines the goals and aims of the executive branches of Adjara and Abkhazia Autonomous Republics; coordinates their work with the local self-government bodies during food crisis;
  - f) ensures that the food quality is in line with Georgian standards and requirements;
  - g) defines the food reserve nomenclature, its volume and storage terms;
  - h) manages the state food reserves; the government is also responsible for the creation, storage, usage and filling of the reserves;
  - i) collects and analyses the information about food supply; prepares the report on the future food security prognosis.

#### Article 7. Competencies of the Governors and Executive Branch Representatives of Adjara and Abkhazia Autonomous Republics and Local Self-Governing Bodies in Relation to Food Security

1. The Governors and representatives of executive branches of Adjara and Abkhazia Autonomous Republics and local self-governing bodies have the following competencies in relation to food security:
  - a) ensure uniform policy on food security taking into account the local situation;
  - b) launch and implement the targeted programmes in the direction, which is not covered by the state programmes;

c) coordinate the work of state bodies and agencies on their territories.

### **Article 8. Information about Food Security**

1. Rules on processing information about the food security are defined by the Georgian government.

2. The above-mentioned information includes the following:

a) database on basic food production, export, import and consumption;

b) state and local self-government balances of essential and actual production levels;

c) existing situation and development tendencies on food and agricultural raw material market;

d) events implemented within the state programmes in the food security field;

e) implementation of food security national and local principles, laws, decrees, rules and regulations;

### **Article 9. State Control over the Food Security**

1. State control over the food security is aimed at adopting the law on food security, ensuring the state guaranties in this direction, launching relevant state programmes and events, protecting the country from the food security crisis.

2. State control over the food security is carried out by the Georgian government and state bodies, also state agencies and inspections within their competence.

3. State control over the food production, storage and realization is carried out in every organization, irrespective of their legal forms of ownership status.

### **Article 10. State control over the Food Market**

1. State control over the food market is carried out on the basis of balancing the essential and factual levels of food production.

2. State control over the food market implies:

a) Accounting food production, supply and inventories;

b) Surveillance of the wholesale products starting from its production till the actual delivery to the customers;

c) Monitoring of the food (including imported food) quality based on the ecological and sanitary-epidemic requirements;

d) Other means set by the Georgian legislation.

**Article 11. Balancing Essential and Factual Levels of Food Production**

1. Balancing essential and factual levels of food production forms the basis of evaluation of self-food security and sufficiency and the basis for defining and planning production of basic food.
2. Balance of essential and factual levels of food production is approved by the government before 1st of March annually.

**Chapter III**  
**Transitional Provisions**

**Article 12. Harmonization of the Legal Acts in Accordance with this Law**

1. The Georgian government is responsible for harmonizing the Georgian legislation in accordance with this Law.

**Chapter IV**  
**Final Provisions**

**Article 13. Entry into Force**

1. The Georgian Law on Food Security shall be effective after being published.

President of Georgia  
Kutaisi  
2017

## Notes

(Endnotes)

- 1 Georgia's hunger score was 8.2, Armenia's was 8.7 and Azerbaijan's 9.8, where any rating below 10 was defined as 'low'. In Georgia there was no overall improvement since 2008, but Armenia's score reduced from 11.7 and Azerbaijan's from 15.7. Seven countries rated as 'alarming' had scores between 35.0 and 46.1. Of the four components of the index, the worst score among these three countries was 18 (rated 'moderate') for 'stunting' (low height for their age, which reflects chronic malnutrition) among children under five in Azerbaijan. All three countries' figures for under-five mortality were very low, at 1.2 in Georgia, 1.4 in Armenia and 3.2 in Azerbaijan. See International Food Policy Research Institute (2016), *Global Hunger Index: Getting to zero hunger*, <http://ghi.ifpri.org/trends/> (consulted in February 2017).
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- 86** Hungary's school canteen programme links organic produce from local farms to schools, with the aim of supporting short-chain distribution systems. The Brazilian model requires schools to source 30 per cent of their food directly from smallholders.
- 87** Oxfam GB (2016a), p. 5 (emphases removed).
- 88** This section is based on T. Lines (2017), *Research on DCFTA Impact on Small-holder Farmers in Georgia*, Tbilisi: Oxfam GB, in English and Georgian: <http://foodsecuritysc.com/publications/?wpv-publicationcategory=project-research> (March 2017).
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- 93** GeoWel Research (2014), p. 10, and ACT Research and Manjavidze (2016), p. 11.
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- 98** GAARD (2016), pp. 3-4.
- 99** GeoWel Research (2014), pp. 10-12 and 31.
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- 101** ISET Policy Institute (2016), p. 46.
- 102** Georgia's page is [www.fao.org/giews/countrybrief/country.jsp?code=GEO&lang=en](http://www.fao.org/giews/countrybrief/country.jsp?code=GEO&lang=en). For the price tool ([www.fao.org/giews/pricetool/](http://www.fao.org/giews/pricetool/)), Georgia only supplies national average prices of the main foodstuffs, and not regional prices (April 2017).

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