

Food Security and Agriculture Highlights


Georgia

January – March 2011

Key Messages

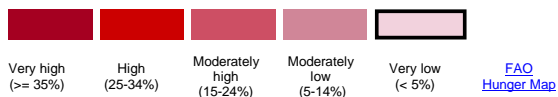
- ➊ Poverty could have increased by as much as 9% in 2010 due to higher food and energy prices, according to the World Bank. Government started implementing a Food Voucher Programme in March to counter the effects of inflation.
- ➋ Prices of bread, beef and potato continued to increase between December 2010 and March 2011, respectively by 8%, 25% and 14%. Government has taken a series of measures to support agriculture in 2011.
- ➌ Preliminary estimates of agriculture output in 2010 indicate a dramatic decline: cereal and potato production dropped by 50% and 47% respectively compared with 2009.
- ➍ Cereal imports have steadily increased in the last three years to compensate for declining local production.

Food Security and Poverty Situation

The poverty headcount ratio could have increased by as much as 9% in 2010, according to a World Bank simulation exercise, due to combined effect of fuel and food price inflation. Food price inflation alone would account for 8%. The poorest people are the hardest hit by inflation. They are particularly vulnerable to high food prices as more than 65% of their budget is spent on food. Government launched a GEL 31.4 million Food Voucher Programme in March, to counter the impact of inflation. All households will be able to cash GEL 30 at a commercial bank by the end of June 2011.

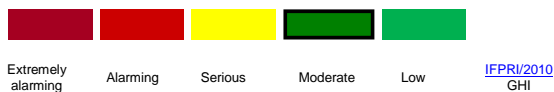
INTERNATIONAL CLASSIFICATIONS

FAO SCALE OF HUNGER (% of undernourishment)



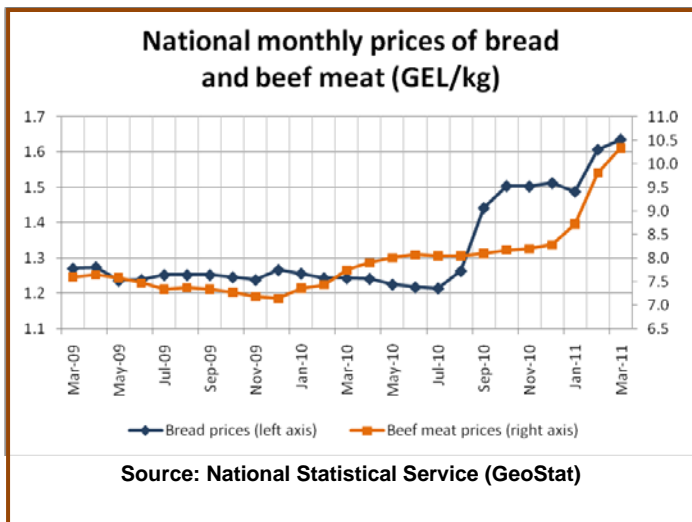
FAO Hunger Map classifies all countries of the world into five categories based on % of population undernourished.

IFPRI GLOBAL HUNGER INDEX



Food Prices

Food prices increased in January and February and settled in March, in line with international trends. Prices increased by 10% between December 2010 and March 2011. During the reporting period, (January–March 2011) food prices were on average 27% higher than in January–March 2010. High food prices are the largest contributor to inflation.



| Economic indicators * | | |
|--|-----------|------|
| GDP growth | 15.6% | 2010 |
| Total population (millions) | 4.4 | 2010 |
| Population growth | 1.2% | 2010 |
| Share of rural population | 47% | 2010 |
| Life expectancy (years) | 74 | 2009 |
| Unemployment | Total 17% | 2009 |
| | Rural 8% | |
| Social protection expenditures as % of government budget | 30% | 2010 |
| Consumer Price Index | 107.1 | 2010 |
| Food Price Index | 111.7 | 2010 |
| Remittances as % of GDP(WB) | 8.1% | 2010 |
| Cereal imports as % of total exports (in value) | 14% | 2010 |

| Agricultural indicators * | | |
|--|---------------|------|
| Contribution of agriculture to GDP (without agro-processing) | 7.3% | 2010 |
| Share of plant production/livestock in agricultural GDP | Plant 42% | 2009 |
| | Livestock 55% | |
| Share of labour force in agriculture | Total 53% | 2007 |
| | Women 51% | |
| | Men 49% | |
| Average land ownership (ha) | 1.2 | 2004 |
| Farmgate price index | n.a. | 2009 |
| Average monthly salary in agriculture by gender (GEL) | Women 251.9 | 2009 |
| | Men 268.8 | |
| Women's access to land ownership (UNDP) | Full access | 2009 |

| Others indicators including nutrition * | | |
|---|------------------|------|
| Prevalence of poverty (WB) | Total 23.6% | 2007 |
| | Rural 29.7% | |
| Share of food expenditures in total expenditures | Total 53% | 2008 |
| | 1st quintile 67% | |
| Share of staple (cereals and potatoes) in total calorie consumption (FAO) | 52.8% | 2007 |
| Share of protein of animal origin in total calorie consumption (FAO) | 5.8% | 2007 |
| Undernourished population 2005–2007 (FAO) | < 5% | |
| Prevalence of iron deficiency among women (anemia, age 15–49) | 23% | 2008 |
| Prevalence of stunting among under 5 children (WHO) | 14.7% | 2005 |
| Income share held by lowest 20% (WB) | 5.3% | 2008 |

* Source: National Statistical Service (NSS) unless otherwise indicated

Bread: Price of the most widely consumed type of bread increased by 8% between December 2010 and March 2011. Price was on average 26% higher in January–March 2011 than during the same period in 2010. Price increased in January and February and stabilized in March, reflecting international wheat grain price trend and expectations.

Potato: Potato price rose by 14% between December 2010 and March 2011. Price more than doubled between January–March 2011 and the same period in 2010. The rise in potato price is explained by low production in 2010 and to poor harvests in neighboring potato importer countries.

Beef: Beef price increased by 25% between December 2010 and March 2011. On average, price during the reporting period was 32% higher than in January–March 2010. Different factors have contributed to rising trend: inflation, increased export demand on live cattle and the recently adopted food safety regulation measure requiring meat suppliers to use slaughterhouse services.

Agricultural production

According to 2010 preliminary estimates, the production of **wheat**, **corn**, and **potato** declined from 2009 levels by 16%, 59% and 47% respectively. The output of **perennial crops** also dropped by 35% compared with 2009. Significant decline was observed in the production of **apples**, **grapes**, **citrus**, **peaches**, and **walnuts** while the production of **berries**, **pears**, and **hazelnuts** slightly increased. Low agricultural output in 2010 has significantly contributed to high food prices.

Low production of **wheat** and **maize** was due to reduced planted areas and yields. Yields were affected by unfavorable weather conditions, outbreak of pests and disease, and poor agricultural practices. The drop in **potato** production was mainly explained by unfavorable weather conditions and limited availability of quality seeds which were too expensive for local producers.

The impact of higher prices on the income of small scale producers, who mainly grow perennial crops, varied according to their access to market.

Output of **meat**, **milk** and **eggs** declined by 6%, 3% and 8% respectively from 2009 levels. **Swine** and **sheep/goat** populations decreased by 37% and 16% respectively. The use of **pork** as a substitute for **beef** and increased exports of live **sheep** likely explain observed trends.

High precipitation during winter and early spring has positively affected wheat development. There is a risk of wheat leaf rust outbreak in major wheat growing regions (Kakheti and Kvemo Kartli), due to warm weather immediately following rainy and cool climate. Similar weather conditions last year had contributed to the outbreak of the disease so adequate crop protection measures are needed.

Potato has benefited from adequate precipitation during 2011 spring. The feared outbreak of phytophthora in low lands is expected to be controlled by adequate phytosanitary measures.

The prices of **fertilizers** increased by about 9% for locally produced fertilizers and by 19% for imported complex fertilizers compared to previous year. Prices of **plant protection products** remained mainly unchanged from spring 2010 levels.

A series of measures are being implemented by Government to boost local wheat and corn production, including: (i) distribution of high quality corn and wheat seed to be repaid after the harvest; (ii) support to the establishment of storage infrastructure to stimulate local production and extend the marketing season for local high value and cereal crops.

Objective of the Food Security and Agriculture Highlights

The objectives of the Highlights is to provide an overview of the situation of food security in the country, with a focus on agriculture which is a key sector for developing the country and improving food security of rural and urban populations.

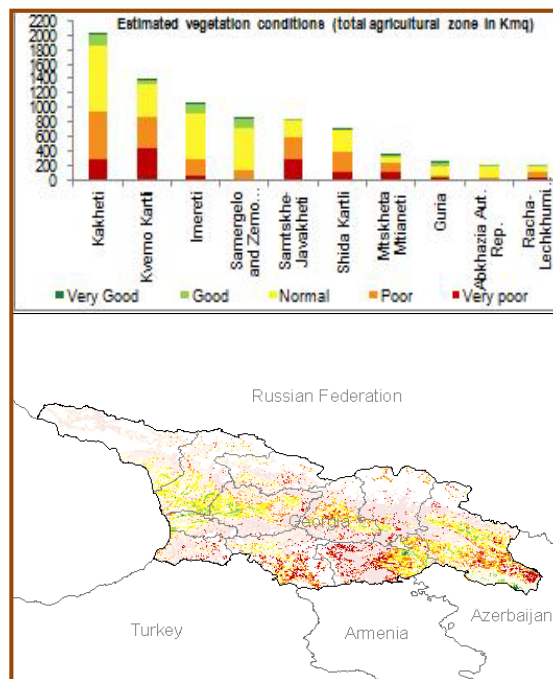
The Highlights are produced with support from the EC/FAO Programme on information systems to improve food security decision-making in the European Neighbourhood Policy East Area (2010–2012), funded by the European Union and implemented by the Food and Agriculture Organization of the United Nations.

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In response, Government has also approved a 80% increase in the budget for agriculture in 2011 (GEL 69.15 million) compared to 2010 and mobilized an additional GEL 150 million for investment in the sector.

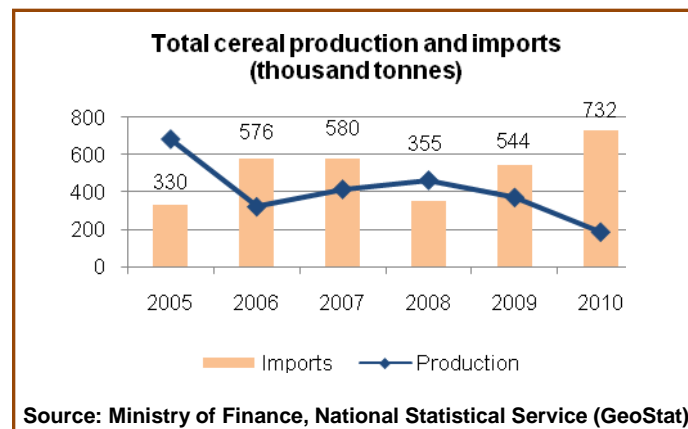
At the beginning of the summer crop season, a delay of greenup onset is observed mainly in the provinces of Kakheti, Kvemo Karti and Samtskhe-Javakheti.



Source: [JRC MARS – FoodSec](#)

Food trade

Cereal imports have sharply increased from 2008 through 2010 to compensate for declining local production. Cereal imports during the first three months of 2011 amounted to 55 814 tonnes, which is much below the quantities registered during the same period in 2010 and on average for 2006–2010 (66% and 55% respectively). This is explained by traders' expectations of a decline of international wheat grain price.



Source: Ministry of Finance, National Statistical Service (GeoStat)

More readings:

[FAO - Policy Briefs](#)
[FAO - Global food price monitor](#)
[FAO - Crop Prospects and Food Situation](#)
[FAO - Media Center](#)
[Word Bank](#)

Website: www.foodsec.org