



Продовольственная и
сельскохозяйственная организация
Объединенных Наций

Measures to ease the economic damage caused by new coronavirus (COVID-19)



Shalva Pipia

October 2020

Impact of COVID 19 on Economy

- Sectors impacted the most: tourism, HORECA, construction, banking & finance, agriculture
- Expected GDP decline forecast – -4.8% to -5.1% according to WB and IMF
- Reduction in remittances from foreign countries – substantial drop in the period of March-May (around 40% drop in April)
- Currency devaluation – GEL has devaluated from 1 USD – 2.86 GEL in January to 1 USD – 3.22 GEL in October, 12.6% decline
- Halt in new investments (FDI reduced from USD 760 Million to USD 410 Million in the first two quarters of 2019 and 2020 respectively)

Impact of COVID 19 on Agriculture

- Change of demand trends due to reduction in tourism and HORECA
- Limited availability of agricultural inputs (due to logistical issues)
- Increased cost of agricultural inputs (especially chemicals and fertilizers which are imported)
- Limited access to financial resources and increased price of loans
- Restrictions with labor force movement and increased cost

GoG Business Assistance Measures in 2020 budget

N	Covid-19 business supporting measures	GEL mln
1	GEL injection in commercial banks	600
2	Additional VAT refunds	600
3	Credit-guarantee scheme	330
4	Support to agriculture	139
5	Loan interest rate subsidy for hotels	70
6	Flight subsidies and quarantine service	45
7	Property tax exemption for hotels	45
8	Construction sector support	40
9	Small grants	20
	Total	1,889

GoG Social Assistance measures in 2020 budget

N	Covid-19 Social Assistance measures	GEL mln
1	Compensation for private sector employees who lost jobs (GEL 200 for 6 months)	450
2	Healthcare-related costs of Covid-19 (testing, treatment, etc.)	285
3	Income tax relief to businesses who retain workers for 6 months	250
4	Subsidies for utility bills (electricity, natural gas) to households that consume < KV200 and 200m ³ per month	170
5	Compensation for self-employed persons who lost jobs (one-off GEL 300)	75
6	Health system preparedness improvement	60
7	Direct transfers to vulnerable families for 6 months	48
8	Direct transfers to disabled adults and children for 6 months	24
9	Direct transfers to large families for 6 months	13
	Total	1,375

Measures to ease economic damage in agriculture

- Following the decision of the government of Georgia, Ministry of Environmental Protection and Agriculture (MEPA) launched new projects to support farmers, as well as making adjustments in the existing projects
- Due to spread of new coronavirus, in order to ensure timely/fast response to expected economic problems, MEPA has initiated and implemented changes in ongoing projects.

STOP!

CORONAVIRUS!

Measures to ease economic damage in agriculture

150 liters diesel fuel per
1 ha for fixed price



200 GEL per 1 ha on
agricultural card



75 GEL per 1 ha for
amelioration services



Subsidies on wheat import



50% grant for:

- Machinery
- Greenhouses
- Irrigation systems



Up to **17%** co-financing
for agricultural loans



Up to **70%** co-financing
for agroinsurance



Up to **15,000** GEL grant for
introducing international standards

Stimulating owners of agricultural land

Stimulating owners of 0.25-5 ha sized agricultural land through subsidizing agricultural goods and cost of ploughing



Amount/value of subsidy per 1 ha - **200** GEL

- Agricultural land owners will have an opportunity to use co-financing for purchase of following goods and services:
 - Fertilizers and chemical/biological plant protection products
 - Chemical/biological plant care products
 - seeds and planting materials
 - Provision of services with agricultural equipment (only for owners of 0.25-5 ha sized agricultural land plots)



Budget

38 million GEL

State program of subsidizing wheat imports



The amount of the subsidy per ton of wheat - 40 USD

Amount of imported wheat to be subsidized – between 2,000 – 40,000 tons



Total wheat imports under the program - 40,000 tons worth around GEL 38 Million

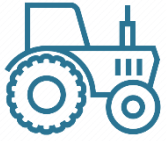


Budget

5.2 million GEL

Program of Agro-production Promotion

Support for development of primary production



Co-financing of agricultural equipment/machinery

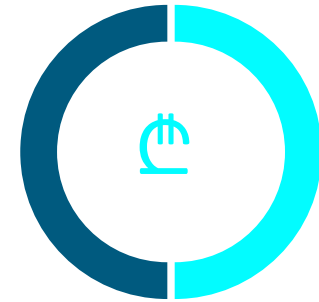


Co-financing of establishing new greenhouses or/and modernizing existing greenhouses



Co-financing purchase/installation of irrigation systems for annual crops

Co-financing **50%**



Not more than **50,000** GEL



Budget

10 million GEL

Grants for irrigation systems in new orchards

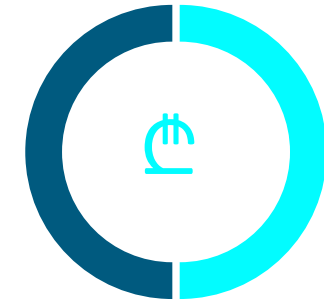
Support for development of primary production

Plant the Future program has been altered to allow financing of modern irrigation systems in newly established orchards



Co-financing purchase/installation of irrigation systems for perennial crops

Co-financing **50%**



Not more than **2,500** GEL per ha



Budget

13 million GEL

Preferential Agro Credit

Component for Working Capital	Component for Fixed Assets and Leasing	Subcomponent of the Food Industry
Sub-component of annual crop financing		
5,000 - 100,000 GEL	20,000 - 1,500,000 GEL	1,500,000 -5,000,000 GEL
Agency co-financing - 17 %	Agency co-financing - 11-12 %	Agency co-financing - 10%
Co-financing period - 6 months	Co-financing period – 48 months	Co-financing period - 24 months

For annual crop financing sub-component, government will **fully** finance interest for 6 months.

Fixed Assets Co-Financing

~~8%~~



11%

Leasing Co-Financing

~~9%~~



12%



Budget

6.35 million GEL

Affordable diesel fuel for farmers

Support for development of primary production



- Beneficiaries of this program are land owners of 0.25 ha and more, including physical and legal persons;
- Beneficiaries will be able to procure diesel fuel at a price fixed during consolidated tender process



Procurement limit is **150** liters of diesel fuel per ha

Final price paid by the beneficiaries will be much lower (around 30%) than market price

State Program of Technical Assistance

The goal of the program is to support growth of quality Georgian agricultural production



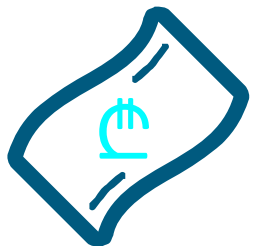
Introduction of international food safety management systems/standards and branding



Cooperatives will receive support for receiving accounting services



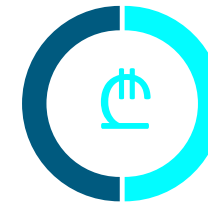
Cooperatives will receive co-financing for equipment/machinery



Budget

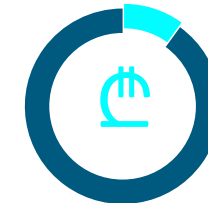
1.5 million GEL

Co-financing **50%**



Not more than
15,000 GEL

Co-financing for cooperatives **90%**







Not more than
25,000 GEL

Co-financing will be provided to beneficiaries funded within the framework of projects / programs implemented by the Agency

AgroInsurance

In case of insuring perennial crops, farmers have an opportunity to insure their yields for 3 years.

Insurance risks		Conditions	
	Hail	Maximum area	Co-financing %
	Flood	30 ha for cereals 5 ha for other crops	50% vine 70% other crops
	Storm	In case of agricultural cooperatives, the maximum amount of insurance premium subsidies shall not exceed 50 000 GEL	
	Autumn Frost		



Budget
9 million GEL

Amelioration

In order to ease damage caused by COVID-19 and to support agricultural production:



Individuals and legal entities will have their debt of up to 8 million GEL written off. The debt was accumulated in 2012-2019 for amelioration services of agricultural land plots.



In 2020, individuals and legal entities will receive amelioration services (irrigation and drainage) on land plots of up to 10 ha for free.

Thank You!

