

IFAD – 50X2030 Initiative Research Brief

Securing Georgia's Wheat Supply: A Call for Action to Increase Local Production and Reduce Dependence on Imports

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Summary

This policy brief highlights the urgent need for Georgia to increase its wheat production to ensure food security, particularly in light of ongoing Russian aggression against Ukraine and the country's reliance on wheat imports from Russia.

The brief discusses the challenges faced by Georgian wheat producers and proposes a data-driven state-sponsored program to promote wheat production. The aim of the proposed program is to increase wheat production and decrease reliance on imports, providing decision-makers with the information they need to implement effective policies to maximize local opportunities and ensure food security in Georgia.

Main highlights

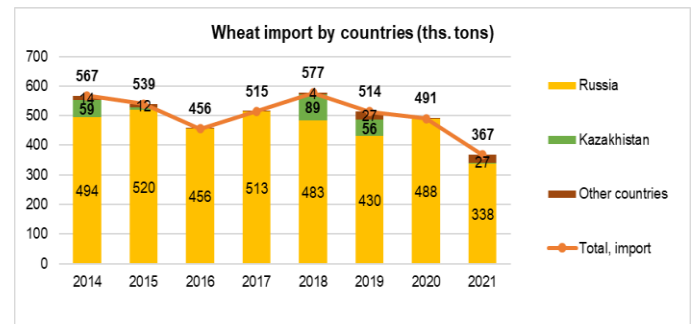
The low wheat self-sufficiency ratio (16%) and the lack of market diversification both increase the risk of wheat accessibility problems during critical times, as 92%-97% of all imported wheat is from Russia.

Georgia needs to increase wheat production to ensure food security and reduce reliance on imports and explore opportunities for wheat production support programs.

The implementation of the proposed wheat production promotion program in Georgia is expected to increase wheat production by an average of 28% and raise the self-sufficiency ratio by 11 percentage points within four years.

Key issues

Georgia consumes around **600,000** tons of wheat annually, with almost 95% used for food. Georgia's self-sufficiency ratio for wheat is currently around **16%** and the country depends on imports for **84%** of its wheat needs, with Russia being the primary supplier.



Average yield of wheat per hectare in Georgia is low (between **2.2-2.6%** during 2015-2020), Georgia's rates are considerably behind similar indicators of the EU, as well as those of neighboring states.

During the COVID-19 pandemic and the conflict between Russia and Ukraine in 2022, there were issues with transportation and prices of wheat, highlighting the importance of increasing self-sufficiency and diversifying import markets.

Wheat farmers face several problems which can disrupt proper agricultural practices and reduce yields:

- Limited access to **machinery**
- High prices of **pesticides**
- Lack of access to **quality seeds**
- Lack of knowledge and information



Source : <https://www.facebook.com/MEPAGeorgia/photos>

Research Methodology

This research addressed the key questions related to Georgian wheat production, including the challenges faced by farmers, relevant international experiences in wheat production and promotion, and the role of state support in advancing this industry. Additionally, the study proposes the state support programme on wheat production promotion and investigated the potential outcomes of it, providing insights into the expected benefits and impacts of such an initiative.

Quantitative and qualitative analysis methods were employed during the research. Utilizing GEOSTAT data, production (by regions), yield (by regions), prices, cultivated areas, and access to agricultural production warehouses were analyzed. Additionally, an expert assessment method was utilized to calculate the effects of the proposed state support programme on wheat production.

Policy Implications

To address the issues laid out above, we propose a state-supported programme aimed at increasing wheat production in the country.

The purpose of the wheat production promotion program is to promote the primary production of wheat in Georgia by stimulating the owners of the cultivated area of wheat from **1 ha to 9.99 ha** covering **6.6 thousand farmers** (24% of total wheat farms), who own approx. **15 thousand ha** of wheat crop areas.

The objective of the program is to promote the primary production of wheat by subsidizing the

cost of inputs and materials needed for wheat production.

Geographical area of program implementation: Kakheti, Kvemo Kartli, Shida Kartli (Main wheat producing regions according to Geostat data).

Duration of the program: 4 years.

Program conditions and amount of subsidy:

If the farmer owns/uses a total of **1.0 ha to 9.99 ha** of wheat crop areas, farmer will receive:

- Co-financing of certified seeds, not more than **200 kg** per hectare, which is **80%** of the cost of seeds. Only certified and packaged seeds are subject to subsidy.
- Co-financing of fertilizers and pesticides - **400 GEL/ha**.

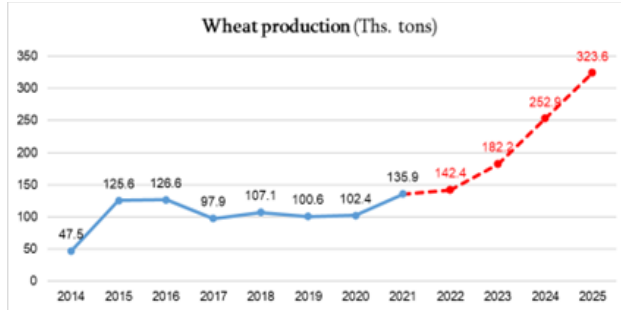
Co-financing of equipment necessary for crop production and harvesting*:

- Financing is **50%** of the total cost of agricultural equipment, but not more than **500,000 GEL**.

*Within the scope of the project, **10 harvesters** are needed - **3,000,000 GEL**.

If the proposed program to boost wheat production is put into effect, it is estimated that wheat production in Georgia will increase by **25%**, the self-sufficiency rate will go up by **11 percentage points**, and this should be attainable within four years. This would bring the self-sufficiency rate to a range of **29%-34%**.

The proposed wheat production promotion program can help farmers address the issue at hand and enable the country to become more self-sufficient. This could be especially beneficial in times of crisis, when the country needs to have a sufficient supply of essential goods, particularly wheat.



http://www.fao.org/3/ak339e/ak339e00.htm?fbclid=IwAR1oCy2uKx3p8V0A1ARhOc3pWVbYqKhwJi95WHpJFn_oBFKX4Lf_y121NFO

FAOSTAT data of the Food and Agriculture organization retrieved from <http://www.fao.org/faostat/en/#data> .



Source : <https://www.facebook.com/MEPAGeorgia/photos>

Acknowledgment

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