

Proposal for setting up of the Georgian Agricultural Farm Register¹

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Objective of the document is to be used for discussion with Ministry and other stakeholders in the initial stage of establishment Farm register in Georgia

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Introduction

Georgian Ministry of Agriculture need to improve communication with farmers, not only because farmers need and looking forward receiving signals from Ministry, then Ministry, to be able to support them, need to know who their clients are and what they are doing. Until now there where only partial initiatives to create some type of registers like: pilot cattle register, vineyard subsidy list, list of mandarin producers and buyers, cooperative register which include data about farmer cooperative members etc. All those efforts are not systematic and very often are ad hock actions.

If Georgia want to improve food safety situation, start subsidy payment directly to the farmers, reduce grey market in agriculture, attract banks into agricultural sector and improve communication with farmers have to start establishment of the Farm register as umbrella register for agriculture. Even more when Georgia decide to start solving one of the main challenge in Georgian agriculture – establishment of land register – process of setting up farm register could significantly complement and make land registration process easier.

There is no dilemma that Georgia will establish Farm register, like all other European countries, however still open questions are: when and how to do it. While answer on question when process of establishment will start is mainly political decision then answer how to do it is entirely technical decision which need discussion among main stakeholders, assessment of the situation, expert analysis etc. All steps in the process are well defined in Action Plan.

This document have objective to provide meat for thinking and discussion, not to define way how to do it. Document is produce based on experience from several countries where author was either creating, analyse or evaluate farm registers.

Why is the Agricultural register useful?

The consumers are gradually getting concerned about food safety especially after few outbreaks that have happened in the last decade as mad cow diseases, foot and mouth diseases or African swine fever in Georgia. In order to provide safety food, production monitoring is, among other activities, a necessity. Therefore there is a need for the development of various databases, which can, in a relatively short period of time, provide all necessary information where this food came from. Likewise the agricultural register is used for direct payments to farmers, either by Ministry or the processors.

Basic advantages of having the agricultural register are:

- Developing credit market and banking sector more interested in agriculture. One of the conditions for registration is to open a bank account, hence the bank starts searching for possible clients amongst the farming population. Up to know majority of all payments in the agricultural sector in Georgia have been cash payments.
- The Government and processors are using farm register and open bank accounts to perform their payment to the farmers.
- Preparing basis for development of all other registers which is a precondition for guarantying food safety situation in the country and an obligation if Georgia wants to export food.

- Making a direct contact and communication with the farmers without any involvement of intermediaries.
- The Government will be able to create more appropriate policy using registry data.

Is the agricultural register needed at this point?

The situation at this stage might appear that the agricultural register or any other register is not needed, due to the fact that:

Georgia has no subsidy which is directly paid to the farmers now nor the intention to have it in the future

- Occasionally Georgian Government provides different support to the farmers (ploughing for them, ad hock diesel fuel to the farmers, vaccination to the cattle, price support to the mandarin producers ...). Having Agricultural farm register the distribution is much cost effective and easier.

For example: Subsidy for diesel fuels used in agriculture, which is present in almost all countries since it is a general opinion that farmers do not use roads and thus they do not need to pay additional tax for the use of highways and main roads. Diesel fuel to the farmers can be provided: i) as a commodity; ii) delivering coupons; iii) money reimbursement; iv) different colouring of agricultural diesel. The most cost effective and efficient way is with money reimbursement, which requires Farm register in place.

- Georgia has to start with some type of support to rural areas and maybe with some support to agriculture which will have clear economic goal.

The economic rationale for **support to rural areas** is huge differences between urban and rural development which can be seen in differences in poverty, investment, real estate prices etc. If Georgia wants to have sustainable regional development, decrease poverty in rural areas, and have people who will live in villages not only in cites, Georgian Government has to promote rural and regional development.

The economic goal for **support in agriculture** should be to encourage development of agriculture as a profitable sector of the economy and as a net contributor to Georgia's economic recovery. This means that the medium-term increase in returns to farmers should be significantly higher than the amount of subsidies paid. Consequently Georgia will start to develop measures for direct support to the farmers. Even more Georgia already have this type of measures, but directed on very inefficient way.

Georgia does not export products that require EU traceability (meat, dairy products, potato etc)

- True, but with this approach Georgia is limiting its own possibilities.
- Very soon the process named supermarketization will affect Georgia, which means that small farmers in Georgia will have the opportunity to participate in supermarket procurement. It is projected that, over the next 5 to 10 years, supermarkets will be opened in every large town in Georgia and the region as a whole with more than 30,000 in population. Their impact can be felt in the fruit and vegetable market in that region, which has become integrated into a single, larger market, necessitating farmers and processors to organize cooperatives and associations

in order to be able to meet the scale and volume requirements of supermarket chains. Therefore very soon local supermarket represented by international companies will require high quality and safety standards, large volumes, consistency, high packing standards, delivery according to agreed supply schedules, tracking and tracing, and, increasingly, certification.

The products which Georgia exports to EU doesn't require traceability

- Not at this moment but very soon it will require
- EU from 2016 will be able to implement Integrated Pest control management to all of their producer which can lead to the similar measures to imported fruit and vegetables to EU.

Georgia exports its products to the countries where the food safety requirements are not so strict (Ukraine, Turkey etc)

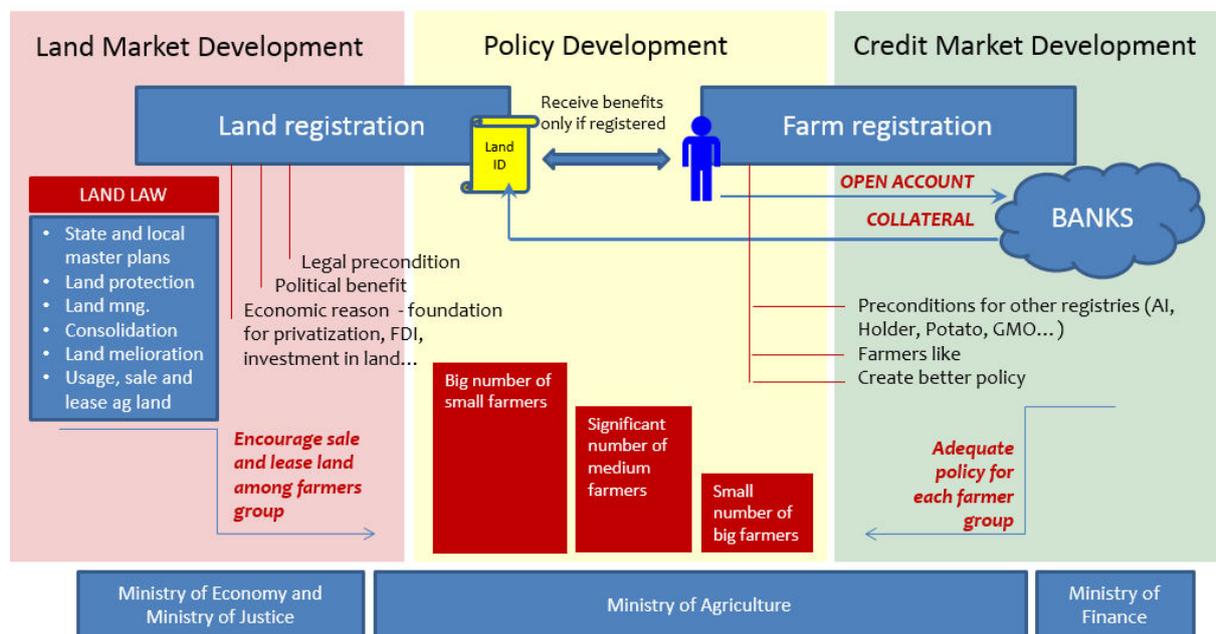
- True, but very soon these countries will start to require high standards

Georgia doesn't have land registry which is precondition for well-established Farm registry.

- True, however for Georgia will be best to perform both action simultaneously since development of Farm registry could speed up and encourage process of land registration

Land and Farmers Registration

Approach	Why	How
<ul style="list-style-type: none"> • To see as opportunity not obstacles • Will be easier if is done in parallel • Ministry of agriculture coordinate process 	<p>Every year of delay make establishment more difficult, costlier and losses are increasing</p>	<ul style="list-style-type: none"> • Become Government priority • Together with donors • Follow by the media campaign • Finalized in short period



Objectives

- Establishment of a comprehensive register of agricultural holdings, as basis for effective support to and regulation of the farming industry;

- Ensuring the protection of human and animal health and food safety, and assisting the overall development of the agricultural sector through preparation of necessary preconditions for export to highly food safety demanded markets.

Organization of the register

Farm register is usually the base of all other registers with a purpose to link all other registers through one unique number. Individual registers that are obligatory and parts of an overall systems are:

- **Animal Identification register.** It is one of the preconditions for establishment of the traceability system and to export to EU market. This is the computerized system which include comprehensive recording of all births, deaths, slaughters and movements, and have the capacity to interface with other agricultural systems to avoid duplication of data collection.
- **Vineyards register.** It represents the obligation if you want export wine to EU, but it is also crucial for geographical identification (GI) certificate and denomination of origin certificate (PDO).
- **Credit register.** One of the best ways of reducing risk – and hence interest rates – is for a borrower to establish a good track-record of regular repayment, or at least for banks to have access to information on which borrowers have failed to repay loans in the past. It is standard for banks to monitor the repayment record of their own borrowers, but for new applicants they usually do not have any available information to go on. One solution is the establishment of a “credit register” which records, as a minimum, any previous history of defaults.
- **Potato growers register and potato storage register.** Obligation to have these two registries is already in place for export to the EU. More than that, the obligation is to perform plant health check on quarantine disease on 15% of the registered potato growers.
- **Cadastre register, Organic production register, Forest register, GMO register...**

The good practice about Agricultural register

- (1) Registration of farms is done voluntarily and free of charge, with no time limit.
- (2) Only those farms which have been registered can use any government support or loans which are paid out from the budget of the Republic of Georgia, and use advisory service which will be formed.
- (3) By entering the Register, the agricultural farm gains the right to get a certain incentive for the agricultural production as well as the right to sell its own products in the markets or at the registered buy-up places or in the market place.
- (4) Data from the Register will be used for the implementation of measures for stimulating production and for the requirements of keeping analytics and statistics in the Ministry.
- (5) An agricultural farm is a farm which comprises at least 0.5 hectares of agricultural land in the territory of the Republic of Georgia on which the agricultural production is carried out.

- (6) An agricultural farm can be added to the register even when it comprises less than 0.5 hectares of agricultural land if on that land is done either livestock, poultry, fruit or grape production, or have production of fish, mushrooms, snails, bees, etc.
- (7) The land which is considered as an agricultural land includes: cultivated fields, gardens, vineyards, pastures, meadows, fish ponds, marshes and other lands which according to their natural and economic conditions can be used for the agricultural production.
- (8) Below listed are entered in the Register of agricultural farms:
- Farmers together with the members of their family farms;
 - Enterprises registered for agricultural production;
 - Cooperatives, and
 - Scientific research organizations in the field of agriculture.
- (9) **A farm holder of a family farm** is a member of the same farm who has been declared by other farm members as a holder of the farm and who is involved in the agricultural production as his either primary or secondary activity. A farm holder is either the owner of the agricultural land or uses that land on the basis of a rental agreement or on the basis of a statement for utilization of land without any compensation.
- (10) A holder or a member of a family farm can be entered in the Register only as a holder or member of only one agricultural farm.
- (11) **The members of an agricultural farm** are adult persons of the same household who live and work on the agricultural farm.
- (12) Documents which are handed over by farmers together with the filled-in forms are the following:
- a photocopy of an identity card of the farm holder;
 - photocopies of identity cards of the all members of the agricultural farm;
 - ownership or rental land evidence:
 - the cadastre certificate;
 - copy of the rental agreement;
 - declaration on giving the land for utilization without any compensation, signed by all owners/joint owners of the indicated land;
 - photocopy of the account opened with the business bank of one's own choice.
- (13) Documents which are handed over by legal persons together with the filled-in forms are the following:
- Ruling on registration of the legal person or entrepreneur;
 - a photocopy of the Certificate from the real estate cadastre or a photocopy of the rental contract for the agricultural land or a photocopy of the contract on giving the

land for utilization without any compensation (all these certificates must be verified either in the court or in the municipality);

- information on the account number

(14) The following data are entered in the Register:

- personal data on the holder and members of family farms;
- data on the account of the farm's holder;
- data on the cadastre parcels where agricultural production is carried out;
- data on the types and areas under agricultural crops;
- data on the livestock types and numerical situation;
- data on utilized and paid back credits, premiums, subventions and subsidies and other types of incentives to agricultural production, paid to the agricultural farm.

(15) After entering in the Register is completed, the Administration issues an identification card to the holder of the agricultural family farm.

(16) When entering the Register, the agricultural farm receives its farm number and the responsible organization makes a dossier for each agricultural farm and keeps it permanently.

(17) The Register keeps records on the used and paid off loans, premiums, subventions, bonuses and other forms of incentives paid to agricultural farms.

(18) Every year within the period from January 1 – April 31 Agricultural farms recorded in the Register must submit all animal number changes and planting plan for this year to the Administration.

(19) Agricultural farms are responsible within 30 days from the date when the change has occurred to report:

- replacement of the holder of the agricultural farm or replacement of the authorized person of enterprises or cooperatives;
- change of the address;
- change of the account;
- change of the activity in the register of activities.

(20) Deletion of the agricultural farm from the Register is done in the following cases:

- on the request by the holder of the agricultural farm;
- when the agricultural land becomes smaller in size due to a transfer, termination of the rental contract, i.e. termination of the contract on utilization of the land without compensation;
- when either livestock, poultry or another fund has ceased to exist or has become reduced to such an extent that agricultural production can no more be done;
- stops dealing with agricultural production;

- when the agricultural farm has not submitted the appropriate documents within six months from the date of entering in the Register;
- when the holder of the agricultural farm in his request for registration or for changing the data provides untrue data relating to the basis of utilization and the area of the agricultural land;
- in other cases prescribed by the regulation on the Register of Agricultural Farms;
- a holder of an agricultural farm is deleted from the register for a three-year period if he does not meet the liabilities associated with the granted credits and in accordance with the rules established by the Ministry of Agriculture.

Where project can support establishment of the Farm register?

- Prepare the project document/feasibility study
- Finalize financial plan
- Finalise decision on approach/budget/staffing/software etc.
- Support Ministry in legislation preparation
- Develop the tools to facilitate farmer's registration process in the programme
- Train Ministry/Registry/Statistics staff/operators/farmers