

NEWSLETTER

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Is there money in honey?

Zviad Sanikidze's beehives are off the beaten tarmac track. Once in Vani, Imereti, in central Georgia, you need to get off the main road and climb to Zemo Vani, a hamlet nestled among the green hills with pristine air, clear waters and scented flowers which are the bees' feast.

"Bees are very busy and keep me busy too," he smiles while checking on his 50 beehives. The 28 years old farmer has been producing honey for

about 10 years and is one of the minds behind *Ora et Labora*, one of the 164 registered honey co-operatives in Georgia.

The prospects for Georgian honey look promising. The sector is growing and beekeepers like Sanikidze are witnessing an increasing interest in the sector, and also in sales. The country has clear advantages: a benign climate, a well-preserved and diversified environment, a relatively low level of intensive agriculture and a long

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tradition of beekeeping. The most common Georgian bee, the grey Caucasus mountain honeybee, is renowned for its ability to produce large amounts of honey, even in cold weather and bad conditions. In addition, its long proboscis, the world's ➡



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longest, allows her to extract nectar where other species cannot reach.

Georgia's Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU gives it access to a market that imports about 40% of the honey it consumes. For the time being, Georgia cannot yet export honey to the EU, but this is expected to change in 2016, when the DCFTA will allow Georgia's honey direct access to the full European Union market.

So should Georgian farmers be producing more honey? In fact, they already are. The amount of honey produced in Georgia has trebled in the last decade, both in terms of number of beehives in the country and quantity of honey produced. Official data from the National Statistics Office, GEOSTAT, shows that the number of beehives has increased from 146.300 in 2006 to 403.400 in 2014, while production

has soared from 1.6 to 4.1 tons over the same period.

But that's where things get more difficult. For a start, although competitive in its immediate region, Georgian honey is relatively expensive compared to larger producers such as Ukraine. Moreover, in many cases honey cannot be exported without quality analysis and certification, and the internal market is still far from being fully regulated and controlled. Selling honey officially requires Government licences, quality

standards, analysis, registration and taxation. In the whole country, there are only a few producers with the required quantity and quality to sell to the international supermarket chains located in Georgia. The EU has also strict requirements related to honey testing. Identifying the level of antibiotics and pesticides in honey is the main requirement, however Georgia has not yet been able to eliminate traces from these substances in the samples of honey that need to be sent to the EU for approval, as part of the requested residue monitoring plan.



Based on this situation, for the time being it is better to strengthen the domestic market. For most farmers, boosting honey production to reach such standards requires extra work and expense; instead, they view honey as a side-line, and feel they have still little incentives to upgrade their businesses. ➡

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Better technical know-how and marketing knowledge of honey producers would reap their rewards

A number of steps could be taken. For a start, Georgian beekeeping practices, while long-established, are rather basic. Better technical know-how and marketing knowledge of honey producers would reap their rewards, as already seen for other food commodities. So too would greater awareness of the other ways in which honey producers can profit from their beehives, such as selling honeycomb, royal jelly, honey wax or mated mother queen bees.

Greater access to technology is also required. A key example concerns processing. Georgian farmers tend to use centrifugal extractors made out of wood or aluminium, and only a few of them can afford the stainless steel equipment that contributes to higher food safety standards.

Moreover, greater cooperation bet-

ween farmers could help exploit economies of scale, for example in the purchase of inputs for processing, marketing and selling in bulk. Cooperatives, for example, would find it easier to reach the standards required by large companies than individual sellers.

Tapli Sachino is a good case to illustrate all this. The second-level cooperative in Imereti, of which Sanikidze's *Ora et Labora* is a member, can cover almost the entire value chain. "We got a grant to purchase carpentry material and machinery, so we can build beehives for all the members," explains Mindia Kavtaradze, the cooperative director. "Recently, one of the members received a grant to purchase a processing machinery which will be ready for the honey collection in May,

and will allow mixing the honey, thus guaranteeing the quality standards across the production chain.

The farmers also need to transport hives according to the season, from the lowlands to the mountains, which can be costly. For the time being, the limited cooperation between beekeepers leaves opportunities to improve the economies of scale unexplored.

To date, Georgia is not on the EU's list of safe third country honey producers. To qualify, it would need to establish a residue monitoring plan evidencing lack of harmful substances in honey samples, and an internationally accredited laboratory that could issue the necessary health certificates for honey exports. While the first problem is more difficult to address, the second is currently handled by sending of samples to a

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Latvian accredited lab, and the support for accreditation of the Laboratory of the Ministry of Agriculture may be considered as part of the support measures in the food safety/SPS sector. ■





Second-level agricultural cooperatives: small steps, big leaps

Cooperatives are redefining how farmers can work together in Georgia today, and both ENPARD and the Agricultural Cooperative Development Agency (ACDA) are already collaborating to move the process to the next stage, aiming to bring farmers together through the entire value chain, not just for primary production. To that end, it encourages the formation of second-level cooperatives, whose members are cooperatives, rather than individual farmers. To keep this process as simple as possible, registration requirements for first and second level coops will be essentially the same.

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reach a higher level of performance in the value chain, from production to processing, packaging, storage and

marketing," explains Giorgi Misheladze, ACDA's director.

There are currently five second-level cooperatives registered in the country, operating in Imereti, Kvemokartli, Guria, and Racha-Lechkhumi and focusing on beekeeping, cattle breeding, viticulture and tea production. One of them is *Tapli Sachino*, a beekeeping cooperative set up in February 2015 whose members are five primary producing cooperatives in Vani and Bagdrati, in the Imereti region.

Of course, a larger entity means increased responsibilities and a more complex decision-making system. "We are 51 members, 20 of which are women, with a total of 900 beehives," explains Mindia Kavtaradze, 28, ➡



The higher the number of primary cooperatives, the lower the total production costs

the Director of *Tapli Sachino*. "Each individual cooperative nominates a representative to the Board of Directors, which in turn appoints the Director on a yearly basis," he says. *Tapli Sachino* is supported by the Mercy Corps-led ENPARD consortium, which has now added the municipalities of Akhatlsikhe, Aspinza, Adigeni, Sihnaghi and Dedoplistkharo into its target area for cooperatives' support.

Juggling different ideas and practices of a large group can be a challenge, but there is a clear understanding that unity allows them to learn from each other, and to benefit from economies of scale: the higher the number of primary cooperatives, the lower the total production costs.

"Beekeeping requires knowledge in multiple areas, and it is quite difficult for a simple person, albeit a specialist, to handle it all alone," says Kavtaradze. "We divide the roles among our members: some make the hives or the waved trays, others look after the bees or treat the hives. This approach makes the work easier and allows us to cut production costs almost by half."



Misheladze agrees. "A second-level cooperative is generally able to cut costs; it increases the production through better know-how, shared tools and machinery, thus amplifying the potential to reach new markets," he says. Farmers who are members of the first level cooperatives are enabled to pocket the revenues from the sale of the final product, be it honey, wine or cheese.

The tax system also encourages the formation of these cooperatives. The machinery and equipment that they receive, either through ENPARD or other state programmes, do not count as a profit, while additional tax incentives on property and revenues, including dividends, have been also introduced to improve profitability. In addition, coopera-

tives are exempt from income tax on the sale of primary products, regardless of the total amount of profit.

Tapli Sachino has a collection point in Vani town, where the honey is collected from trays, put into jars, and labelled. "Quality is uneven, though, and that creates problems in selling the product," explains Kavtaradze. However, this is gradually changing with complementary assistance. "One cooperative member has recently received a grant to purchase processing equipment that mixes different types of honey, which will ensure more consistent quality across all *Tapli Sachino* products." ■

1,220
first level cooperatives
(as of 31 October 2015)

5 second-level
cooperatives
operating in beekeeping,
cattle breeding, viticulture
and tea production

Advantages:
- split costs
- increase production
- exchange know-how
- share tools and
machinery



ENPARD – Developing a Strategy for Rural Development in Georgia

**International Conference
"Rural Development in Georgia"**

11 December 2015 – Hualing Tbilisi Hotel (Tbilisi Sea New City)



Modernising agriculture is a critical priority to help tackle rural poverty in Georgia, but diversifying the rural economy is also a key contributor to that objective.

Currently Georgia has no stand-alone Rural Development Policy framework, and through ENPARD, the EU has agreed with the Georgian government the provision of a package of support to assist in the adoption of a new Rural Development Strategy in Georgia that will assist the establishment of support programmes in many rural areas of the country.

On 11 December 2015, officials from the European Union, the Food and Agriculture Organisation and the Georgian Government, under the leadership of the Ministry of Agriculture, will gather with all main stakeholders in Tbilisi to present European experiences in rural development and to debate about the

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vision for rural development in Georgia, with the objective of defining a concrete roadmap for the development of an integrated policy framework to support rural development in the country.

It is perceived that many rural areas of Georgia could develop their local potential much further beyond agriculture, given the great opportunities offered by

their unique natural landscape, culture and traditions. In this respect, the European experience of support to rural areas could assist the process of rural development in Georgia.

Across Europe, the support to rural development over the last decades has helped strengthen the ownership of local development processes, improving capacities and providing local actors with resources and incentives to access better rural services and jobs in a variety of activities related to agriculture, eco-tourism and other rural businesses.

The rural development approach recognizes that each territory has its own unique features, and that communities and local authorities need capacities and resources to implement their local strategies for development. This approach has helped large portions of the rural population improve infrastructure, services and living conditions, generating multiplying effects in terms of attracting larger public and private support.

On this basis, the EU has launched a rural development support component under ENPARD, and is committed to assist the Georgian Government in expanding it over the next years for the development of a large number of rural areas, on the basis of a new policy for rural development following the best practices across Europe.

To this end, the International Stakeholders Conference "Rural Development in Georgia" will help participants agree on the best possible roadmap to allow a fruitful collaboration between the EU and Georgia for the adoption of an effective strategy to better support the rural population across the country. ■

