



## **UEAA NEWSLETTER**

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### **LATEST NEWS**

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#### **Georgia Advances Holistic Modernization of the Agri-Food Sector, Water, and Forest Resource Management**

Georgia continues to advance the modernization of its agri-food sector through a comprehensive long-term strategy that combines agricultural development, environmental protection, water management, and rural development. The initiative reflects the country's broader vision of strengthening the competitiveness of Georgian agriculture while preserving natural resources and improving the well-being of rural communities.

A central principle of the modernization program is the adoption of a holistic approach. Rather than treating agriculture, food processing, ecology, infrastructure, and social development as separate sectors, Georgia aims to address them as interconnected components of a unified system. This integrated vision is expected to support more sustainable and resilient development policies in both the short and long term.

The modernization strategy includes preparing regional and municipal socio-economic and ecological development plans, introducing innovative technologies and modern equipment, and promoting Georgian-foreign joint ventures in priority sectors. Particular emphasis is placed on establishing a Specialized Agri-Food Investment Fund and on disseminating knowledge and innovation to strengthen technology transfer and farmer training.

Another important component of the strategy is the introduction of key performance indicators for crop production, livestock farming, and food processing across Georgia's regions and municipalities. Continuous monitoring and evaluation are foreseen to ensure the effectiveness and sustainability of the reform process.

In shaping its future agro-industrial transformation, Georgia has carefully studied international experiences and models. The agro-industrialization processes of the Netherlands, Israel, Spain, and Poland have provided valuable lessons. In particular, the Polish model offers valuable

experience in operating small and medium-sized enterprises, implementing EU standards, and administering state subsidy mechanisms. Israel’s experience provides practical examples of rational water resource management, while Spain demonstrates successful approaches to agricultural exports to EU markets and logistics development.

Georgia’s proposed “hybrid model” of agro-industrialization is based on three major investment principles: priority should be given to projects with high economic impact; investments should generate measurable results in productivity, exports, employment and income; and subsidies should gradually move toward a result-oriented model.

Two investment scenarios are currently being considered for the sector's future development.

**Table 1. Possible Investment Scenarios for Georgia’s Agro-Industrial Transformation.**

Scenario	Characteristics	Expected Results	Political Dimension
Optimistic	High and stable investment, coordination, technological leadership	Increased potential and accelerated modernization	Full export program implementation and strong public-private partnerships
Conservative	Lower investment levels and slower reform process	Moderate growth and continued dependence on imports	Minimal stabilization measures

Regardless of the selected scenario, the current low-productivity and small-scale agricultural model will need to evolve into a more modern agro-industrial system supported by multi-source financing, where the state acts as a catalyst, the private sector becomes the main driver of scaling, and international partners contribute knowledge, technology, and concessional financing.

The expected outcomes of the transformation are ambitious. Georgia aims to revitalize rural areas, modernize agricultural and social infrastructure, strengthen the production of competitive local products for domestic and export markets, and support the creation of innovative Georgian-foreign enterprises. The strategy also foresees the training of highly qualified specialists capable of supporting the country’s modernization process.

Alongside agricultural reform, water resource management remains one of Georgia’s strategic priorities. The country possesses abundant water resources, including approximately 26,000 rivers and streams, hundreds of lakes, and more than 700 glaciers in the Caucasus region. However, due to uneven rainfall distribution and differences between Eastern and Western Georgia, the country faces region-specific challenges related to irrigation, drainage, and reservoir management.

In Eastern Georgia, irrigation systems are essential for agricultural productivity, while drainage infrastructure is particularly important in Western Georgia. Future strategy implementation therefore includes the rehabilitation of reservoirs and irrigation systems, the introduction of innovative irrigation and drainage technologies, and stronger cooperation with international donor organizations.

Several large-scale projects supported by international partners are already contributing to this effort. Among them is the “Zemo Samgori Irrigation System Rehabilitation Project,” implemented with the support of the European Investment Bank and the French Development Agency between 2023 and 2029. The project is expected to significantly expand irrigated agricultural areas. Another important initiative is the “Kvemo Samgori Irrigation System Rehabilitation-Modernization Project,” supported by the Asian Development Bank and the French Development Agency, which focuses on modernizing irrigation canals and agricultural networks in the Kakheti region.

In addition, the World Bank-supported Georgia Sustainable Agriculture, Irrigation and Land Project (GRAIL) foresees the rehabilitation of several irrigation and drainage systems across the country, including Tashiskari, Tiriponi, Zeda Arkhi, Zemo Alazani, and Shavghele. These projects are expected to improve irrigation efficiency, strengthen sustainable land management, and support agricultural productivity in thousands of hectares of agricultural land.

At the same time, Georgia continues to strengthen forest resource management. Forests are among the country’s most valuable natural resources and play an essential ecological, economic, and socio-cultural role. According to the first national forest census conducted in 2023, forests cover 44.5% of Georgia’s territory. Georgian forests are distinguished by their biodiversity and natural origin, with mountain forests accounting for the overwhelming majority of forest area.

These forests perform important climate regulation, soil protection, and water management functions, while also creating habitats and migration corridors for the rich flora and fauna of the Caucasus region. Forests are equally important to local communities by providing timber and non-timber resources, supporting tourism and recreation, generating employment opportunities, and contributing to local income.

At present, all forests in Georgia are state-owned and managed mainly through structures under the Ministry of Environment Protection and Agriculture. Despite ongoing reforms, major challenges remain, including illegal logging, forest diseases, forest fires, and unsustainable management practices.

Nevertheless, Georgia’s ongoing reforms demonstrate a strong commitment to balancing economic modernization with environmental sustainability. Through integrated planning, international cooperation, innovation, and investment in sustainable resource management, the country is laying the foundation for a more competitive, resilient, and environmentally responsible agri-food sector.

Prepared by Prof. Revaz Asatiani, Georgian Academy of Agricultural Sciences

Editors in chief: Ioan Jeleu, President of UEAA, Nazim Gruda, Vice-president of UEAA