



FIRST PERSON Land Privatization Opens Doors

Georgian farmers leverage land ownership to expand their business



Photo: APL/Nino Mumladze

Elchin Iskandarov proudly shows off his cattle on his newly privatized farm in Gardabani near Tbilisi, Georgia.

“Privatization opened the door to credit, so that my partners and I can invest and expand our farming business,” said Elchin Iskandarov, a farmer in Georgia who now owns his own land.

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Elchin Iskandarov, a 32-year-old ethnic Azeri, always dreamed of owning his own farm. He knew it was a tough business — he had been running a farm with four relatives for several years on leased land in Gardabani, a village lying 20 kilometers southeast of Georgia’s capital, Tbilisi. When they signed the lease, part of the territory was occupied by old farm buildings, the rest was a pasture and a lake. Mustering all their resources, they bought as many cows as they could, and within a few years they were selling about four tons of beef annually. Elchin knew they could do more, but he and his partners were cautious about expanding for two reasons: they had limited access to credit and, since they were leasing the land, they were afraid to invest too much. But when Georgia began a land privatization program with help from USAID, Elchin knew that suddenly his dream was within reach.

A new land law established that about 360,000 hectares of agricultural land that was still state-owned would be privatized. Existing leaseholders were especially lucky: the law offered them a chance to buy the land at a good price. Farm lands that were not leased were sold at special auctions.

Elchin and his partners jumped at the chance. They purchased 15 hectares of land in the fall of 2005. Once they owned the land, they also had collateral that they could use to obtain credit from a bank. They were approved for a three-year loan. They developed a business plan for the farm that included using the loan to purchase the rest of the land and buy more cattle. Within six months, they hired four workers, renovated one farm building, and bought suckling pigs. They’ve already set their sites on their next big project: to build a meat-packing facility on the farm.

“Now that I am the lawful owner of this land, I feel secure and have so many opportunities to create my own welfare. It makes me happy to realize I don’t rely on somebody else any more,” said Elchin.