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## **Privatization of Agricultural Land in Georgia: Obstacles, Impacts, Options for Improvement**

Nearly 15 years after the fall of communism and five years after the legislation framework on private ownership on land was first proposed, thousands of Georgian farmers are on the brink of getting something new: ownership of their land through the second round of privatization process.

The objective of this thesis is to evaluate the current policy of the privatization process, focusing on the second round activities of the privatization of agricultural land, its transparency, results and preliminary impacts on strengthening the agricultural sector through finally establishing the concept of real ownership on land. Based on this, three hypothesis were formulated, first of which questioned the correctness and validity of the data used for the proper carrying out of the privatization process. The second hypothesis supposed that the auctioning and direct sales procedures through which the land is privatized were not transparent and just. Finally, the third hypothesis questioned the future perspective of the outcomes of the project by saying that there are no parallel measures provided from the government to support large scale farming. Therefore, owners are pushed to use the asset only as collateral. Two methodologies were used to carry out the research, namely qualitative approach and monitoring framework as far as the results should have been observed within the certain period of time.

The research is based on three major theories/concepts, forming a circle, which can be explained in the following way: "**Public choice theory** is often referenced when discussing how individual political decision-making results in policy (the case study of the research, which is based on the the **Concept of Privatisation and the accompanying set of concepts and phenomena**), that conflicts with the overall desires of the general public, which itself represents the **Common Sense** driven by the **Intuition**". Upon the theoretical circle some key findings were identified and conclusions and recommendations were elaborated.

Some key findings of the research are: the second round of privatization process is an opportune step taken by the government, but it must also be discussed from the point of view of the current political and economical constraints, which Georgia faces nowadays. To develop the strong large scale

farming it is not sufficient to create the land market, but some other supporting measures should be introduced, which would hinder the using of property only as collateral. There are a number of cases of lobbyism, clientilism, and perceived corruption through exclusion occurring during auctioning and direct sales, but they are irregularities of the process, rather than cases of criminal corruption. Decentralization currently taking place in the country hinders the proper implementation of the process and unstructured state institutions are complicating the acquisition of property, therefore in spite of a large, nation-wide public awareness campaign, it is still difficult for the government to acquire the faith of people. General political situation and ill professionalism make it difficult to make prognosis of the outcomes of the process. Nevertheless, positive frame conditions are identified as well. To stem out the number of problems the law **on Private Ownership of Agricultural Land** should be refined and the policy of management of a land still remaining under the state ownership should be looked at.

Finally, the research consents, that it is intuition and sound common sense that the success of the privatization policy is based on: "We trust our own experience"... "we are a special case, we develop our own approach, suitable for Georgia..."

**Key words:** Privatization, Public Choice, Agricultural Land, State Land Management, Decentralization, Digital Spatial Data, Auctioning, Direct Sales, Rent-Seeking, Lobbyism, Clientilism, Irregularity, Agricultural Policy, Common Sense and Intuition, Georgia.