



ევროკავშირი  
საქართველოსთვის


Project funded by the European Union



# MUNICIPAL ASSESSMENT REPORT

**KAZBEGI**

**August 2020**



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# LIST OF ACRONYMS

AAF.....	Annual Average Flow
ADB.....	Asian Development Bank
ARDA .....	Agriculture And Rural Development Agency
ASL.....	Above Sea Level
BOD .....	Biological Oxygen Demand
C&DW.....	Construction and Demolition Waste
CB.....	Child Benefit
CBO.....	Community-Bases Ogranizations
CC.....	Climate Change
CCA .....	Climate Change Adaptation
CEDAW .....	The Committee on the Elimination of Discrimination against Women
CENN .....	Caucasus Environmental NGO Network
CEO .....	Chief Executive Officer
COVID-19 .....	Corona Virus Pandemic
CRD.....	Chronic Respiratory Diseases
CSOs .....	Civil Society Organizations
DCFTA .....	The Deep and Comprehensive Free Trade Agreement
DDR.....	Disaster Risk Management
DMO .....	Destination Management Organization
ENPARD.....	The European Neighbourhood Programme for Agriculture and Rural Development
EPF.....	Europe Foundation
EU .....	The European Union
FAO .....	The United Nations Food and Agriculture Organization
GEL .....	Georgian Lari
GITA .....	Georgian Innovation Technology Agency
GNTA.....	Georgian National Tourism Agency
GoG.....	The Government of Georgia
GSE .....	Georgian State Electrosystem
HA .....	Hectares
HCV .....	Hepatitis C virus
HH.....	Household
HIV/AIDS .....	Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome
HPP .....	Hydro Power Plant
IDPs .....	Internally Displaced Persons
IRDG .....	The EU Funded (ENPARD III) Project “Improving Rural Development in Georgia” (UNDP)
IT.....	Information Technology
IUCN .....	International Union for Conservation of Nature
KFW .....	German Development Bank
KNP.....	Kazbegi National Park
KPA .....	Kazbegi Protected Areas
KSTL .....	Ksani-Stepantsminda Transmission Line
KV/MW/GW....	Kilowatt/Megawatt/Gigawatt
kWh .....	Kilowatt- Hour
L/d .....	Liter Per Day
LAG .....	Local Action Group
LDS .....	Local Development Strategy
LEPL .....	Legal Entity of Public Law
LLC .....	Limited Liability Company
MAR .....	Municipality Assessment Report
MDF.....	Municipal Development Fund
MEPA .....	Ministry of Environmental Protection and Agriculture
MoH/MoLHSA.	The Ministry Minister of IDPs From The Occupied Territories/Lab./ Health/Social Affairs of Georgia

MRDI.....	Ministry of Regional Development and Infrastructure
MSW.....	Municipal Solid Waste
NALAG .....	National Association of Local Authorities of Georgia
NAM.....	National Agency of Mines
NCDC .....	National Center for Disease Control
NEA.....	National Environmental Agency
NEAP.....	National Environmental Action Plan
NEET .....	Not in Employment, Education or Training
NFA .....	National Forestry Agency
NGOs .....	Non-governmental Organizations
OECD .....	The Organisation for Economic Co-operation and Development
PHC .....	Primary Healthcare
PWD.....	People with Disabilities
RCV .....	Refuse Collection Vehicles
RE&EE .....	Renewable Energy and Energy Efficiency
RS .....	Revenue Service (of Georgia)
SAGA .....	Georgian Civil Development Association
SDGs .....	Sustainable Development Goals
SESA .....	State Employment Support Agency
SLM.....	Sustainable Land Management
SS.....	Solid Sediments/Suspended Solid
SSA.....	Shift Share Analysis
SSA.....	Social Service Agency
SWMCG.....	Solid Waste Management Company of Georgia
TB .....	Tuberculosis
TOR.....	Terms of References
TSA.....	Targeted Social Assistance
UHC .....	The Universal Healthcare Program
UNDP.....	The United Nations Development Program
UNESCO .....	The United Nations Educational, Scientific and Cultural Organization
UNICEF .....	The United Nations Children’s Fund
UNIDO .....	The United National Industrial Development Organization
USAID .....	The United States Agency for International Development
USD.....	The United States Dollar
UWSCG .....	The United Water Supply Company of Georgia LLC
VET .....	Vocational Education
WASH .....	Water, Sanitation and Hygiene
WFD .....	Water Framework Directive
WGI .....	Waste Generation Index
WHO .....	The World Health Organization
WR.....	Women’s Room
WWF.....	World Wildlife Fund
WWTP.....	Wastewater Treatment Plant
YB .....	Youth BankYB Youth Bank

# 1 Introduction

**Project Background  
Methodology and Approach**



# 1. INTRODUCTION

## PROJECT BACKGROUND

This Municipal Assessment Report (MAR, Report) is an initiative of the EU financed and UNDP implemented project “Improving Rural Development in Georgia” (IRDG). The IRDG Project covers in 8 municipalities of Georgia (Lagodekhi, Dedoplistskaro, Tetrtskaro, Borjomi, Akhalkalaki, Kazbegi, Keda and Khulo). The Project aims at solving the problems in the rural areas of Georgia through achieving the following outputs: (1) Improved governance for effective implementation of the National Rural Development Strategy (2017-2020) and its Action Plan and other related programs; (2) Improved rural economic diversification, employment and services; (3) Improved environment, sustainable management of natural resources and climate action.

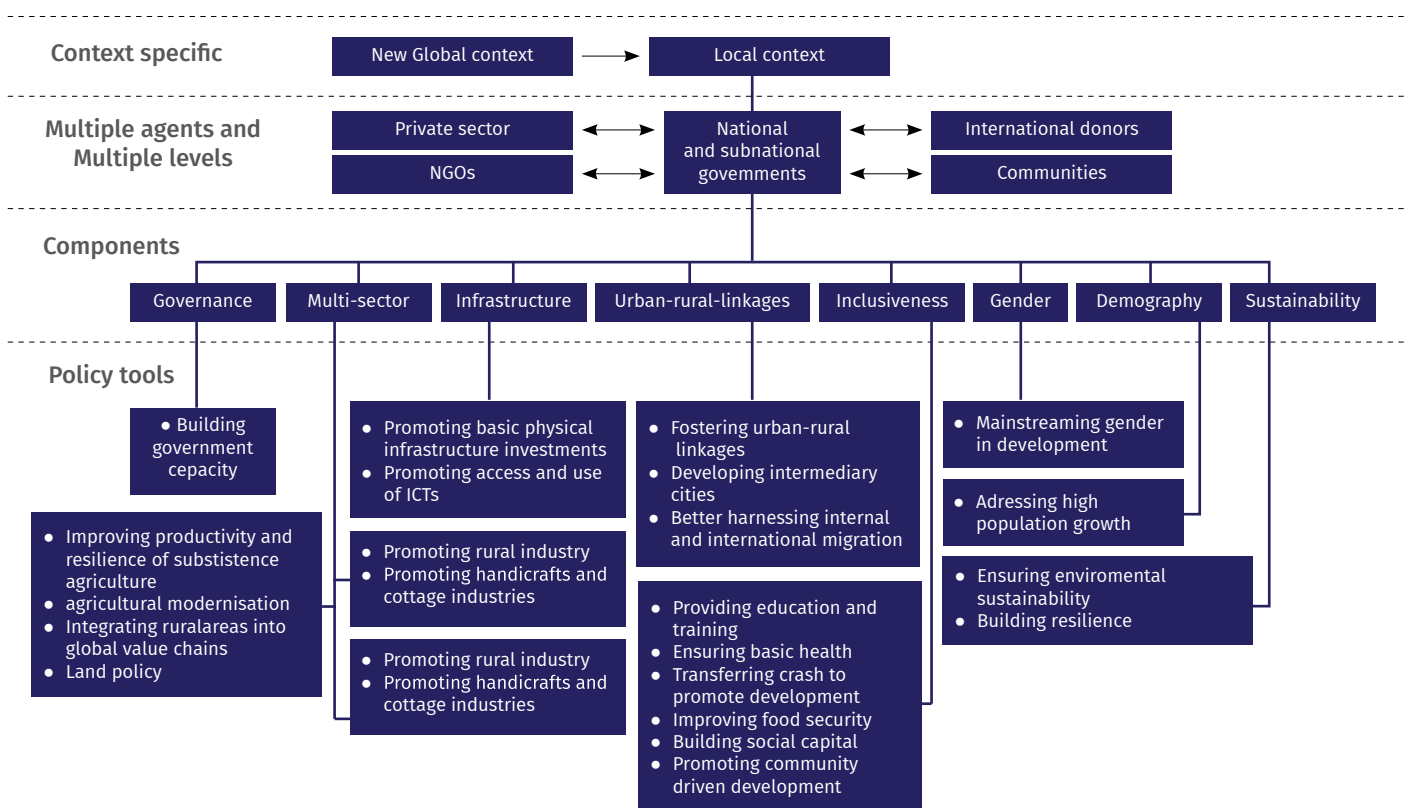
The purpose of the MARs is to identify the most relevant activities for the provision of direct rural support services by the IRDG Project in the target 8 municipalities and make additional expertise available for the IRDG Project to advance/adjust existing interventions.

## METHODOLOGY AND APPROACH

The distinctive characteristics of this MAR are: its *conceptual approach*, *multi-thematic team of experts* and comprehensive *research and analytical methods* applied to assess the municipalities by all the dimensions of importance for rural development.

**Conceptual Approach.** Most of the content draws upon the logic and framework, proposed by Rural Policy 3.0 and the New Rural Development Paradigm, defined by OECD.<sup>1</sup>

**New Rural Development Paradigm<sup>2</sup>**



Source: OECD, 2016.

<sup>1</sup> Rural Policy 3.0. A Framework For Rural Development, OECD, 2018.; A New Rural Development Paradigm for the 21st Century - A Toolkit For Developing Countries, OECD, 2016.

<sup>2</sup> A New Rural Development Paradigm for the 21st Century - A Toolkit For Developing Countries, OECD, 2016.

The framework of the paradigm in essence is a chain of thought, based on the recent experience and important shifts in rural economic development. The paradigm, in a nutshell, can be summarized into the following: a) an end in itself is to maximize the well-being of the population in the rural areas, which includes different aspects of life (e.g., accessibility of services; safety; health; education; income); b) achieving maximization of well-being is possible through sustainable increases in productivity and competitiveness; c) the paradigm consists of 3 thematic areas (economy, society, environment) and 8 components. These eight components have their general policy tools (to be customized according to the context).

The basic structure of the Report and its broad analytic framework follows the logic of thinking, described above, in order to propose suitable policy interventions, that would be recommended by OECD for each area/component of the rural life, as shown by the paradigm. Other individual analytical tools and instruments are applied during the analysis of individual components.

**Multidisciplinary Team of Experts.** The Report was developed by the multidisciplinary team of invited experts, who specialized in different themes of rural development and were selected based on the overall conceptual approach and basic important thematic priorities. These included experts in local economic development, healthcare, social affairs, vocational educational and labor relations, youth, gender and environmental issues. The list of the thematic experts is provided in Annex of this Report.

**Research and Analytic Methodology.** The research methods included both comprehensive desk study as well as collecting the primary data.

The desk study included collecting and reviewing the existing reports about the target municipalities and their relevant contexts. This also included collecting the existing data about various aspects of the municipality from the local governments of the individual municipalities and relevant state bodies. Statistical information existing on national, regional, and municipal levels was collected and analyzed to the maximum extent possible at the municipality level.

Primary data collection included several key directions. Firstly, this included analysis of the Rural Non-Farm Economy Needs Surveys, which were conducted within the framework of UNDP Georgia's project "Improving Rural Development in Georgia" under ENPARD III. The key objective of the survey was to identify key constraints and opportunities in the area of economic diversification in the target municipalities. The survey consisted of two sub-researches: survey of population and the survey of existing non-farm enterprises.<sup>3</sup>

Besides, the primary data collection included interviews and workshops with the local key stakeholders: representatives of local and regional governments, LAGs and individual businesses. The interviews included the assessment of their general needs as well as the effects of the COVID-19 pandemic on different aspects of the local life (economy, society and environment). The list of individuals consulted is provided in Annex of this Report.

Analytical methods included various relevant tools of regional economic and social and environmental analyses (e.g., Shift-share and Location Quotient Analysis, Multiple Regression Analysis in case of economy, etc.).

## STRUCTURE OF THE DOCUMENT

This Report consists of several Chapters. Chapter 1 – Introduction is this part. Chapter 2 - General Context gives a snapshot of demographic, geographic and other general characteristics of the municipality. Chapter 3 through Chapter 6 cover the thematic priorities – Economy, Society and Environment plus cross-cutting priorities, such as Infrastructure and Rural-Urban Linkages. Each of the thematic priorities include the analysis of the current situation as well as the key problems identified through problem tree framework and a summary of the possible interventions. Chapter 7 is Annex, which includes the detailed description of each identified intervention, along with the corresponding results framework and other relevant materials, which are not covered in the main part of the Report.

<sup>3</sup> The detailed methodology as well as the full analytic report of the study is provided in the Annex of this document.

## SYMBOLS AND INDEXING USED IN THE REPORT

The Report includes multiple thematic areas of focus and, relevant interventions. To make navigating through the Report easy, *conditional formatting* and specific *numbering or indexing system* is used to identify the interventions by the priority areas (i.e. Economy, Society, Environment) as well as their specific theme within the priority (e.g., Economy, Youth Issues, etc). The table below shows the definition of the conditional coloring as well as indexing/coding system.

### CONDITIONAL COLOR CODING

THEMATIC AREA	COLOR CODE USED
ECONOMY/MULTISECTOR DEVELOPMENT	
YOUTH ISSUES	
GENDER ISSUES	
HEALTHCARE	
SOCIAL ISSUES	
ENVIRONMENT	

Source: Authors of The Document.

### INDEXING OF INTERVENTIONS

PRIORITY AREA	CODE	THEMATIC AREAS	CODE
ECONOMY/MULTISECTOR DEVELOPMENT	P1	ECONOMY/MULTISECTOR DEVELOPMENT	EC
SOCIETY	P2	YOUTH ISSUES	YU
ENVIRONMENT	P3	GENDER ISSUES	GE
		HEALTHCARE	HE
		SOCIAL ISSUES	SO
		ENVIRONMENT	EN
		URBAN-RURAL LINKAGES	UR

Source: Authors of the Document.

For instance, as an illustration, P1-GE01 code indicates that this particular intervention is related to gender issues and addresses the need of Priority 1 (Economy and Multi-sector Development) and is number one in the list of such interventions.

# 2 General Context

**Location and Geography**

**Population, Demography**

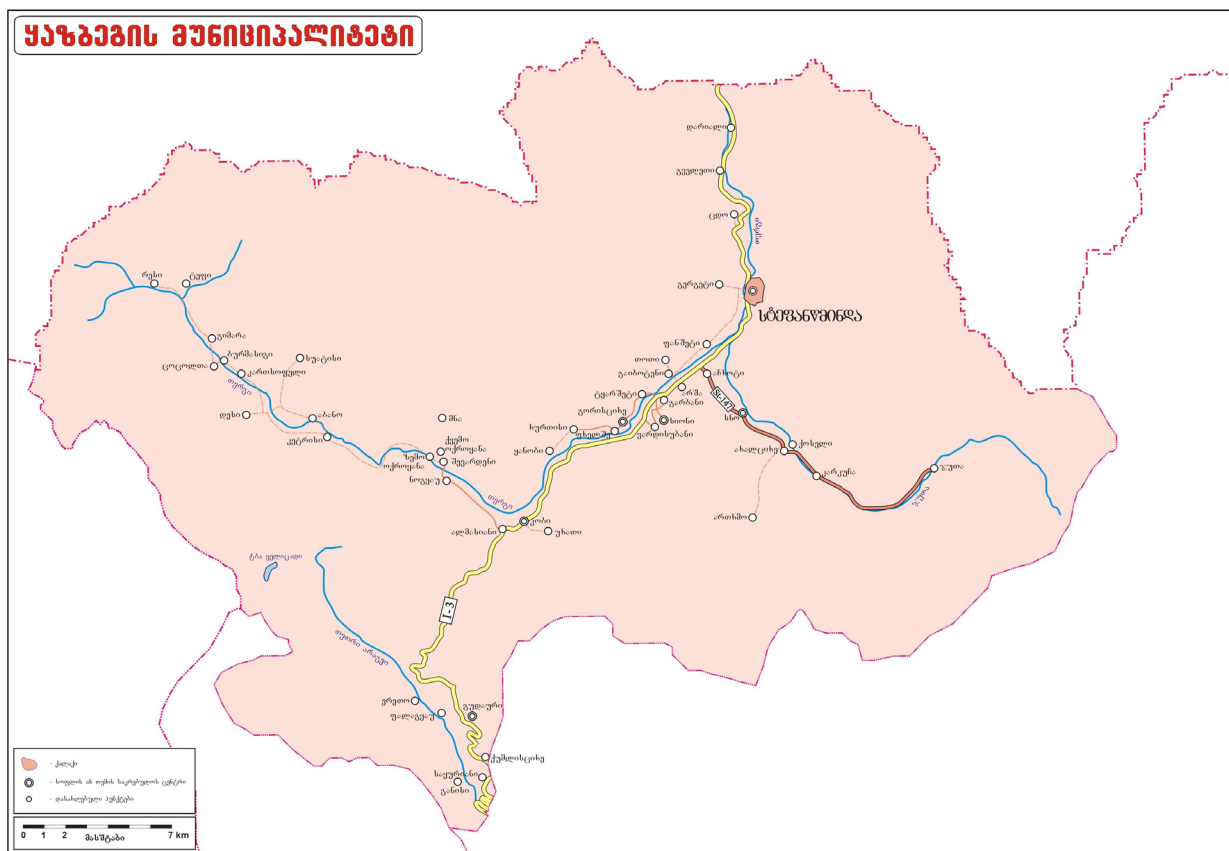
**Density Profile of the Municipality**

## 2. GENERAL CONTEXT

### LOCATION AND GEOGRAPHY

The Kazbegi municipality is located in the northern part of East Georgia, on the northern slope of the main Caucasus range, mostly in the valley of River Tergi. To the south-east the municipality is bordered by Dusheti, to the south - by Akhalkgori, to the west - by Java municipalities and to the north - by the Russian Federation. The territory of the municipality is completely mountainous. Height varies from 1,700 m above sea level to 5,000 m. The relatively low zone (within 1,700 m) is moderately humid. Winters are cold and dry, and summers are cool. The average annual air temperature is 4.9°C, and the average annual rainfall is 800 mm. At an altitude of 1,800-2,000 m above sea level, the average air temperature drops to 3.5°C and the precipitation reaches 1,160 mm. Above 3,600 m the Nival zone is found.<sup>4</sup>

MAP OF THE KAZBEGI MUNICIPALITY



Source: UNDP.

Municipality consists of 6 communities: Town Stepantsminda, Goristsikhe, Sioni, Sno, Kobi, and Gudauri. Officially, there are 47 villages in the municipality, but only 53% of them have at least one permanent resident. The rest of the villages that are abandoned (mostly in ruins) are under state ownership. The total area of the municipality is 1,008.7 km<sup>2</sup>. Distance from Stepantsminda to Tbilisi is 159 km, (3 hours’ drive), from Gudauri to Tbilisi - 127 km (2 hours 16 mins drive), from Stepantsminda to Gudauri - 32.3 km (40 mins drive), from Stepantsminda to Vladikavkaz (Russia) - 45.5 km. The territory of the Municipality is highly mountainous: Altitude varies between 1500 and 5000 meters above the sea level. There are rivers (e.g., Tergi (85 km within municipality), lakes (e.g., Kelitsadis Tba), glaciers (e.g., Devdoraki) and mineral waters (e.g., “Kobi”) in the Municipality. The entire municipality falls under the scope of Law of Georgia “On the Development of High Mountainous Regions”.

<sup>4</sup> Kazbegi Medium Term Development Plan, 2020-2023

## POPULATION, DEMOGRAPHY

The population of the Kazbegi municipality was 3,800 persons in the last 10 years, which is 10% decrease.<sup>5</sup> 25% of the population receive state pensions<sup>6</sup> and 21.4% receives Targeted Social Assistance (TSA).<sup>7</sup> There has been certain inward migration in the municipality in recent years, with people returning to Kazbegi to open seasonal guesthouses, which is related to the increased number of tourists in the areas. Nearly half of the population is leaving Kazbegi during winter. One Adventure Tourism Vocational School is in operation in Gudauri.

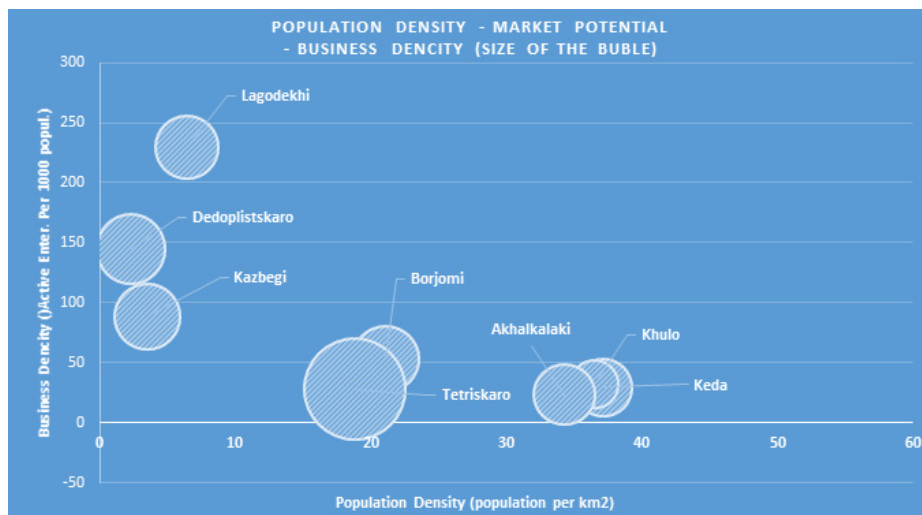
### Demography Profile by Gender

The sex distribution of the population in the municipality is as follows: 49% men and 51% women. 65% of the population live in rural areas and 35% - in urban areas. In urban areas men are 49.5% , and women are 50.5%. In rural areas, men are 48.7%, and women are 51.3%.<sup>8</sup> According to the data as of December 2019, the total number of beneficiaries registered in the Social Service Agency from the Kazbegi municipality was 1,157 persons. 58% of them are women and 42% are men. 17% of the population of the Kazbegi municipality receives a subsistence allowance. Among the registered beneficiaries, 43% of men and 57% of women receive subsistence allowance. The main income of the households in the municipality is salaries and pensions - 43.6% and targeted assistance - 36%. Women among pensioners make up 67.9% and men account for 32.1%.<sup>9</sup> The migration rate is 0.8% of the total population. 44% of migrants are women and 56% are men. 100% respondent women and 20% of men cite services as a main reason for migration.<sup>10</sup>

## DENSITY PROFILE OF THE MUNICIPALITY

The analysis of the density indicators of the municipality shows that Kazbegi belongs to the *average business density* (although higher than national average), extremely *low population density* and *average market potential* (distance to major agglomerations) municipalities.

**Density and Market Potential Profile of The Municipality**



Source: Authors' Calculations.

According to the profile, policy response should more aimed at increasing population, especially outside the municipality center, where the majority of the population live.

<sup>5</sup> Geostat, 2020

<sup>6</sup> Source: Social Service Agency, 2019

<sup>7</sup> Source: Social Service Agency, 2019

<sup>8</sup> Geostat, 2014 Census, Kazbegi

<sup>9</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>10</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

# **3 Priority 1 (P1) –**

## **Economy and MultiSector Development**

**Regional Context**

**Overview of General Structure of Business Sector**

**Insights Into Sector Dynamics And Competitiveness**

**Labor Market**

**Key Success Factors, Needs And Challenges For Making  
Business**

**Gender Dimension of Local Economy**

**Key Conclusions on Economy and Multisector Development**

### 3. PRIORITY 1 (P1) – ECONOMY AND MULTISECTOR DEVELOPMENT

This Chapter covers one of the three thematic priorities – *Economy and Multi-Sector Development*. It includes analysis of the *current situation* as well as the key problems identified through the *problem tree framework* and the summary of the considerations for possible interventions.

According to OECD, in case of remote rural areas (to which this municipality belongs), economic growth comes from building upon the areas of absolute and comparative advantage and improving connectivity to export markets, *ensuring matching skills* for the areas *of comparative advantage* and improving the *provision of essential services*. It also states that a key objective of rural policy should be to increase *competitiveness and productivity* of rural economy in order to enhance the social, economic and environmental well-being of rural areas.<sup>11</sup> Hence, the main objective of this Chapter is to reveal the areas where productivity and competitiveness of the economic sectors have been performing well or underperforming, compared to the other sectors and the other regions and municipalities from the target group. The Chapter also includes the findings about the needs of the local economy and non-farm business sector.

#### REGIONAL CONTEXT

Several studies have been recently conducted regarding the value chains and clusters in the Mtskheta-Mtianeti region. The value chains identified and explored for the region included: tourism (general-interest hiking, wine and souvenir shops), typical food/terroir products.<sup>12</sup> The regional development strategy identified several priority sectors (both in agriculture, as well as in non-agriculture sectors). One of the recent initiatives of the regional government was green business development of the region.

#### STRATEGIC SECTORS FOR THE REGION BY LOCAL GOVERNMENT

PRIMARY AGRICULTURE/AGRO PROCESSING	NON-FARM
<ul style="list-style-type: none"> <li>■ Fruit processing</li> <li>■ Wine</li> <li>■ Meat and Poultry</li> <li>■ Vegetables</li> <li>■ Fish</li> <li>■ Greenhouses</li> <li>■ Honey</li> </ul>	<ul style="list-style-type: none"> <li>■ Mineral Resources: Copper, Polyolons, Andesite, Quartzites, Building Materials Mountain Crystal, Diabase</li> <li>■ Construction materials</li> <li>■ Tourism</li> </ul>

Source: Mtskheta-Mtianeti Regional Development Plan 2014-2021.

Other objectives of the Mtskheta-Mtianeti Development Strategy for 2014-2021 were: promotion of wild medicinal and aromatic plants, forest products; development of fruit processing and promotion of construction materials production.<sup>13</sup>

Another study by UNIDO conducted an inventory of typical food/terroir products in Mtskheta-Mtianeti identified several dairy-related terroir products, such as local cheese varieties (e.g., Kalti, Chogi, Dambalkhacho and so forth), meat (e.g., Kaghi, Shignita, Tsmeli) and beer (Aludi and Askiludi). However, since all of these products are produced in small quantities and are not usually formally registered, therefore are devoid of any cluster potential so far.<sup>14</sup>

It is noteworthy that despite the quantity of value chains in the region, the study by UNIDO *did not identify*

<sup>11</sup> Rural Policy 3.0 – OECD Policy Note

<sup>12</sup> Mapping Emerging and Potential Clusters in Georgia, UNIDO, 2020

<sup>13</sup> Mtskheta-Mtianeti Regional Development Plan 2014-2021

<sup>14</sup> Inventorying of Typical Food/Terroir Products in Tusheti and Mtskheta-Mtianeti, UNIDO, 2019



any of the potential or emerging clusters (besides tourism, which was outside the interest of the study) in the region.<sup>15</sup> This underlines the *relatively high importance* of assisting the municipality to find the sources of diversification of its local economy, beyond tourism.

## OVERVIEW OF GENERAL STRUCTURE OF BUSINESS SECTOR

### Composition and Past Dynamics of Business Sector

The database of enterprise statistics is not well-organized. For that reason, several sources of data were used to estimate the size and composition of the business sector in the municipality. According to Geostat, there are 335 active enterprises registered in the municipality. About 13% of them operate outside the municipality and the place of actual operation is not known for 43% of the enterprises. In terms of size, 95,8% of the enterprises are small. There are no large companies and there are only 8 medium-sized companies in the municipality.

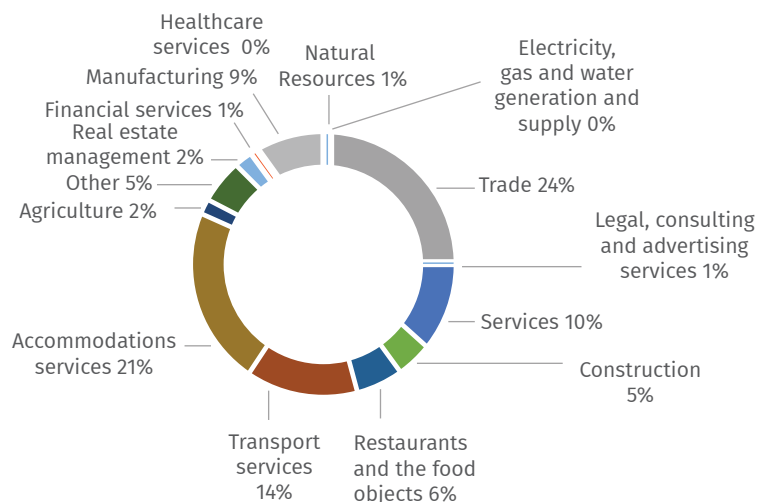
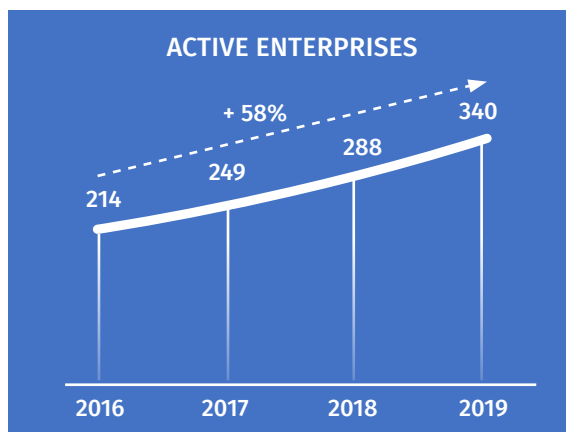
ACTIVE ENTERPRISES IN THE MUNICIPALITY

ACTUAL ADDRESS	SMALL	MEDIUM	LARGE	SIZE UNKNOWN	GRAND TOTAL	% OF TOTAL
Kazbegi	145	4	0	0	149	44%
Outside Kazbegi	41	1	0	0	42	13%
Unknown	135	4	0	5	144	43%
Grand Total	321	9	0	5	335	100%
<b>% of Total</b>	<b>95.8%</b>	<b>2.7%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>100.0%</b>	<b>100%</b>

Source: Geostat.

According to Revenue Service, by 2019, there were 340 active registered taxpaying enterprises in the municipality and the number of enterprises increased in the past four years. It is 58% from about 214 companies in 2016.

Dynamics And Sectoral Breakdown of Active Enterprises In The Municipality



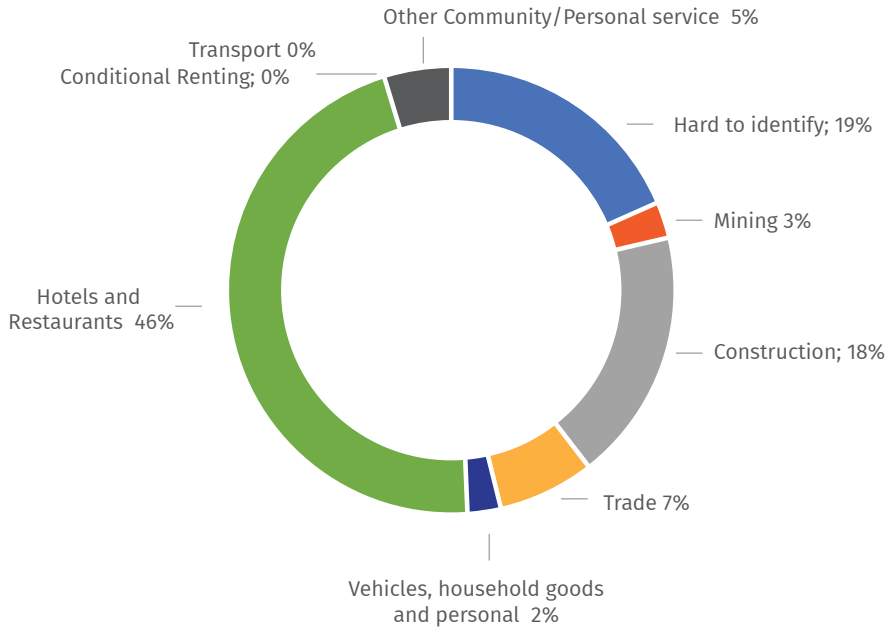
Source: Revenue Service.

<sup>15</sup> Mapping Emerging and Potential Clusters in Georgia, UNIDO, 2020

The majority of the registered enterprises operate in Trade (24%), followed by Accommodation and Services (21%), Transport (14%), Services (10%), Manufacturing (9%).

In terms of employment, the leading sectors are Hotels and Restaurants (46%), Construction (18%), Trade (7%), Other Community/Personal Service (5%).<sup>16</sup>

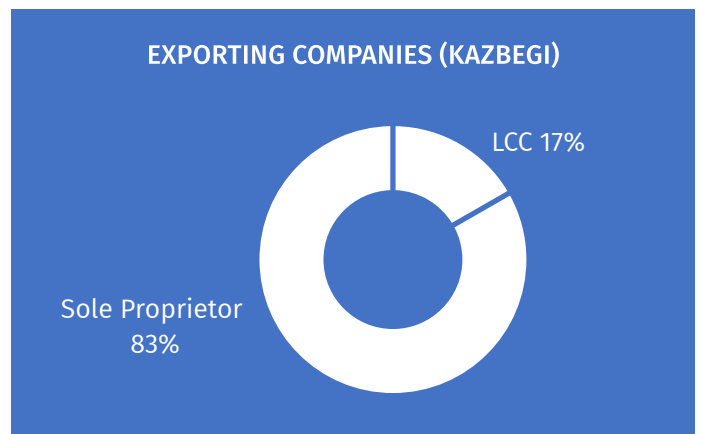
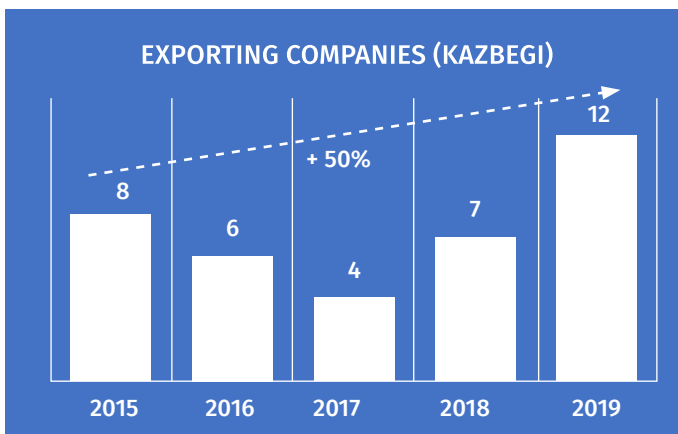
### Employment In Business Sector In the Municipality



Source: UNDP, 2019.

Developing tradable sectors of economy is one of the major ways of lifting the municipality out of poverty. By 2019, some **12 companies**, which were registered in the municipality, had exported their products. Most of them (64%) are small Sole Proprietors.

### Exporting Companies In The Municipality



Source: Geostat.

The number of companies, which are trading with the rest of Georgia (outside tourism enterprises) is unknown.

<sup>16</sup> Business Survey on Rural Non-Farm Economy Needs, IRDG, UNDP, 2019

## Key Sectors

The municipality is among the one of the least diversified economies. Apart from tourism and related services, not much is developed. Due to the shortage of arable land and high altitude, the communities outside Stepantsminda heavily rely on low productivity agriculture (e.g., mainly potatoes, small-scale livestock farming). There is one water bottling factory by Aqua Geo which produces Kobi mineral water. It was opened in 2018.

Non-farm businesses are concentrated mostly in Town Stepantsminda. They include a petrol station by Socar, one small pharmacy and a branch of Liberty Bank. There are no large supermarkets or food chain restaurants in the town, but few decent local restaurants (e.g., “Awtobusi”, “Cafe 5047m”, “360°”, “Shorena’s”, “Bar - Karaoke- Restaurant “Cozy Corner” in Kazbegi”, “Anno’s Sweet Corner”, etc.) are very busy seasonally.

Among the large investments in the municipality were energy sector projects - hydropower plants Larsi HPP, Dariali HPP and Kazbegi HPP. Constructing the logistics center will further promote diversification of the local economy.<sup>17</sup>

Tourism and related services and products are clearly the backbone of the Kazbegi municipality’s non-farm entrepreneurial activity. The tourism resources of the municipality include Stepantsminda settlement (with Gergeti Sameba and Mountain Kazbegi (the main tourist destination in the municipality), Gudauri ski resort, Gveleti waterfalls, Juta village and few other attractions. In regard of micro, small and to some extend medium size businesses, tourism appears not only a promising sector, but already significantly growing in the municipality. Kazbegi is a main destination for foreign visitors, after Tbilisi and Batumi with 7.5% of international visitors coming to the municipality in 2017. Kazbegi finds its niche as sports/adventure/nature tourism. The recent upgrade of “Military Road” is well correlated to the increased number of visitors. A new cable car (Gudauri-Kobi), the planned highway project (Kvesheti-Kobi), and “New Gudauri Project” will contribute to increasing tourism activity in the area.

According to the Local Development Strategy of the municipality, there is a need to mark the touristic routes and put up information signs in foreign languages, and there is low awareness of the visitors about touristic opportunities and other entertainment facilities and services, camping infrastructure, transport infrastructure, sewage and garbage disposal, and about issues related to the qualification of the tour guides.<sup>18</sup>

Some of the other challenges and needs identified in the tourism sector include absence of local supplies of food, lack of qualified workforce as well as absence of touristic attractions outside the key attractions, the Sameba Church and the mountain. In this regard, the important and interesting initiative has been put forward by the local authorities to prepare investment packages of new touristic attractions (e.g., a skating rink, an outdoor pool and so forth), which include master-planning of these attractions, preparing architectural plans, preparing cost estimates and financial plans. Realization of these projects will diversify local tourist offers and greatly improve the overall touristic appeal of the municipality.<sup>19</sup>

## Mapping of Projects and Initiatives Supporting Local Economy

Several state and donor support programs have been implemented in the municipality to support development of local economy. Among the donor-funded projects, the most important recent initiative is the project financed by the European Union and Czech Development Agency, within the framework of the European Neighborhood Programme for Agriculture and Rural Development (ENPARD) in Georgia and which is implemented by People in Need (PIN), Czech National Network of LAGs (NN LAG) and Association Elkana from 2015.<sup>20</sup>

<sup>17</sup> Kazbegi medium term development plan 2020-2023

<sup>18</sup> Kazbegi Local Development Strategy 2020-2024

<sup>19</sup> The project documents are provided in the annex of this document

<sup>20</sup> <http://enpard.ge>

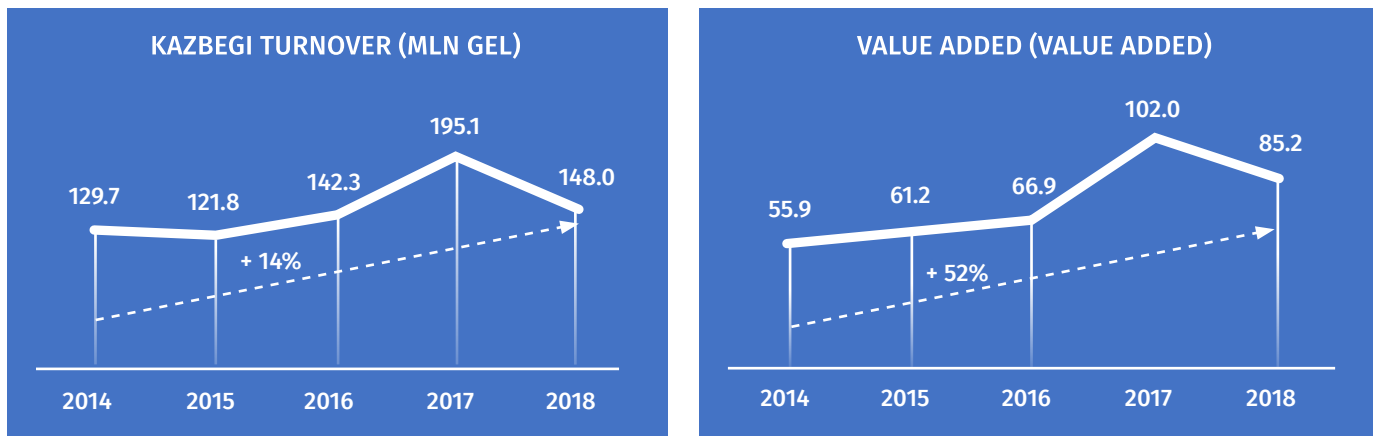
Kazbegi Local Action Group (LAG) has been operating in the municipality since the start of the program. Under ENPARD I program, 63 projects were funded through LAG, mostly in tourism and community infrastructure services. 50 community projects were funded under ENPARD II, again mostly in tourism and related services.<sup>21</sup>

It is noteworthy that among the projects financed through Young Entrepreneur program in all target municipalities (total 23) from 2018 through 2020, only 1 project was financed from Kazbegi, which is a considerable disadvantage for the municipality. The number of Kazbegi enterprises in the agricultural-related projects financed by ARDA is also small. There were only 7 beneficiaries of Preferential Agro-credit Program in Kazbegi out of total 2,396 in all municipalities in the period from 2015 through 2020.<sup>22</sup>

## INSIGHTS INTO SECTOR DYNAMICS AND COMPETITIVENESS

The business sector performance was positive but *not much impressive* in the last few years. Despite the growth of the registered enterprises, the business sector turnover fluctuated from 2014 through 2018. Overall, by 2018 business turnover 148 million GEL in 2018 was about 14% higher than in 2014. Similarly, compared with 2014 Value Added was up in 2018 (85.2 Mln GEL) by about 52%.

**Business Sector Turnover And Value Added In The Municipality**



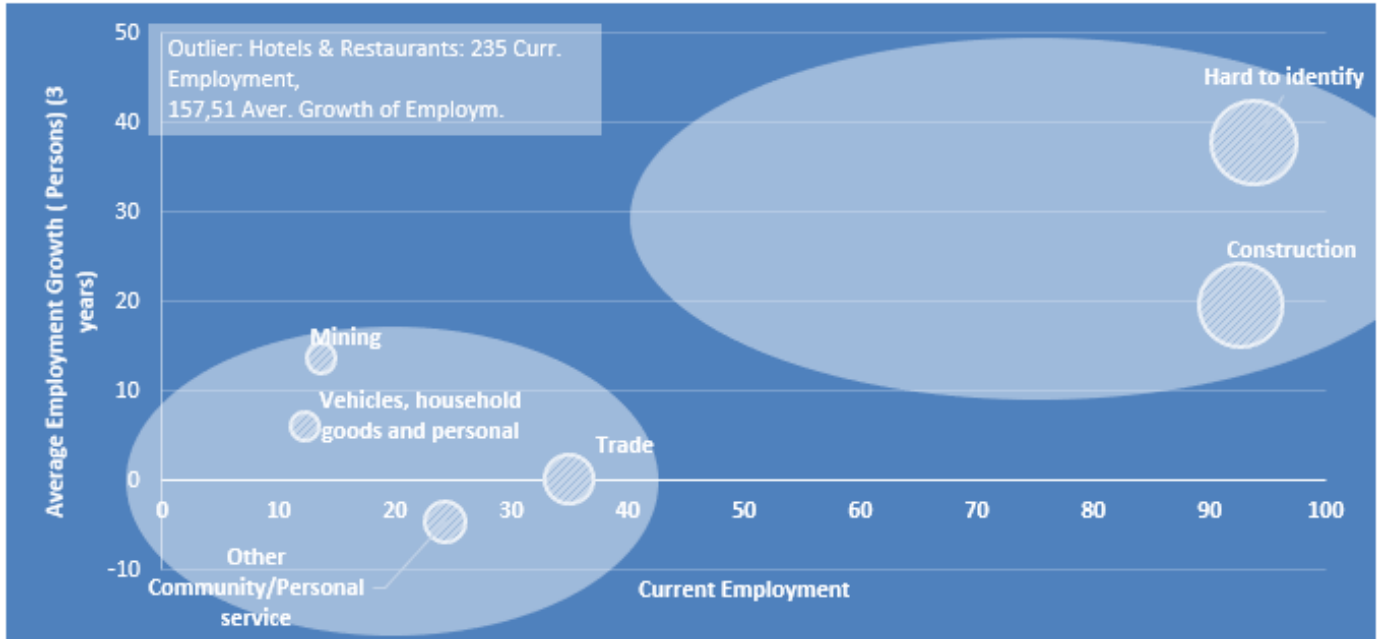
Source: Geostat.

According to the business survey, the Hotel and Restaurants sector was a clear outlier both in terms of employment capacity as well as job creation in the last 3 years. Additionally, the construction sector can be distinguished from other sectors which has some employment capacity. Mining sector has created some new jobs. Other sectors did not do well on these dimensions.

<sup>21</sup> Kazbegi LAG

<sup>22</sup> ARDA

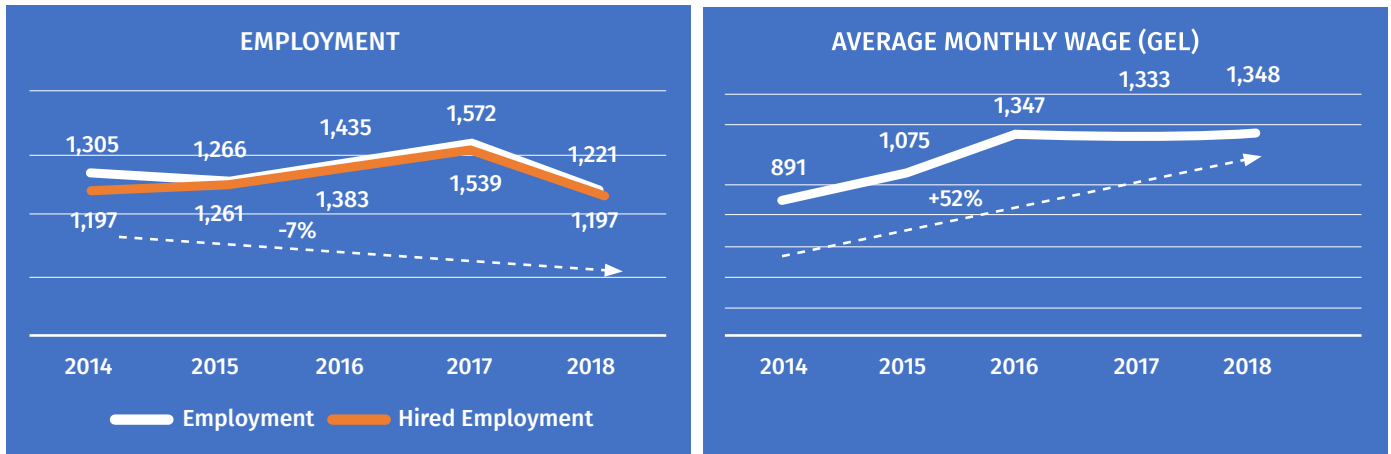
### Sectors With High Employment Potential In Business Sector In Municipality<sup>23</sup>



Source: UNDP, 2019.

Along with the poor performance of the business sectors, the employment in the municipality declined in the last few years and made up 1,221 people in 2018 (some 7% decline). Contract employment is about 1,197 (or about 98%) people, which is *the highest ratio* among all of the target municipalities. Along with productivity growth, average wage of the contract employees went up by 52% in the same period and reached about 1,348 GEL/month.

### Employment and contract Employment

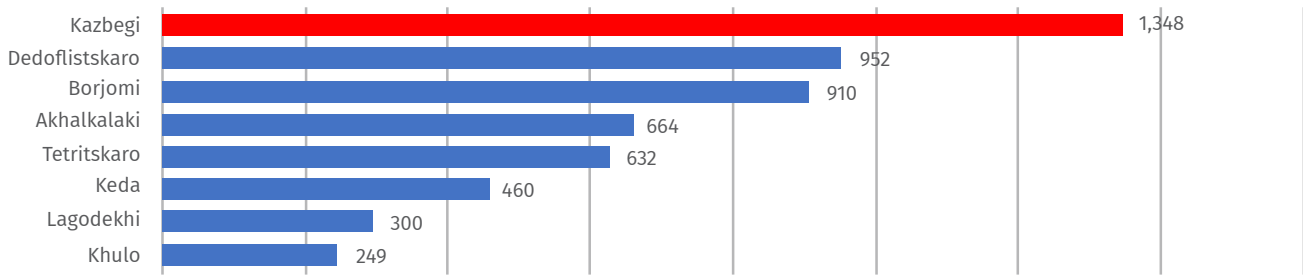


Source: Geostat.

With its average monthly wage, the municipality performs well and has the highest rank among the target municipalities. This is a clear example of how the emerging tourism sector can contribute to the social and economic conditions of the municipality.

<sup>23</sup> Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

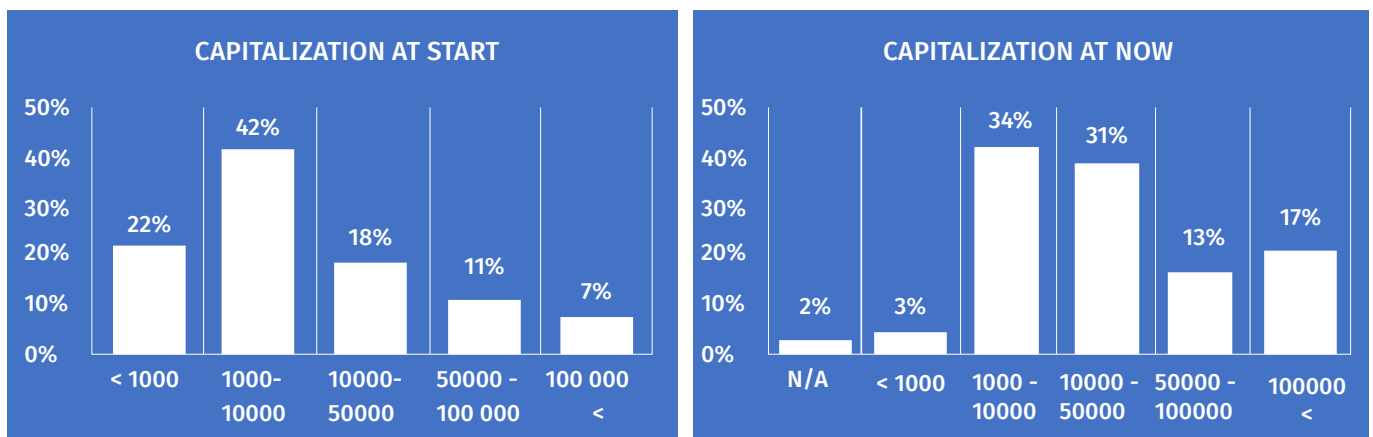
### Average Monthly Wage Of Contract Employment



Source: Geostat.

Capitalization of businesses increased in the municipality during the past few years. For instance, the share of the businesses with equity capital above 100,000 GEL is about 17%, compared to only 7% at the start. The share of the firms the capitalization of which was above 1,000 GEL went up from 78% up to 98%;

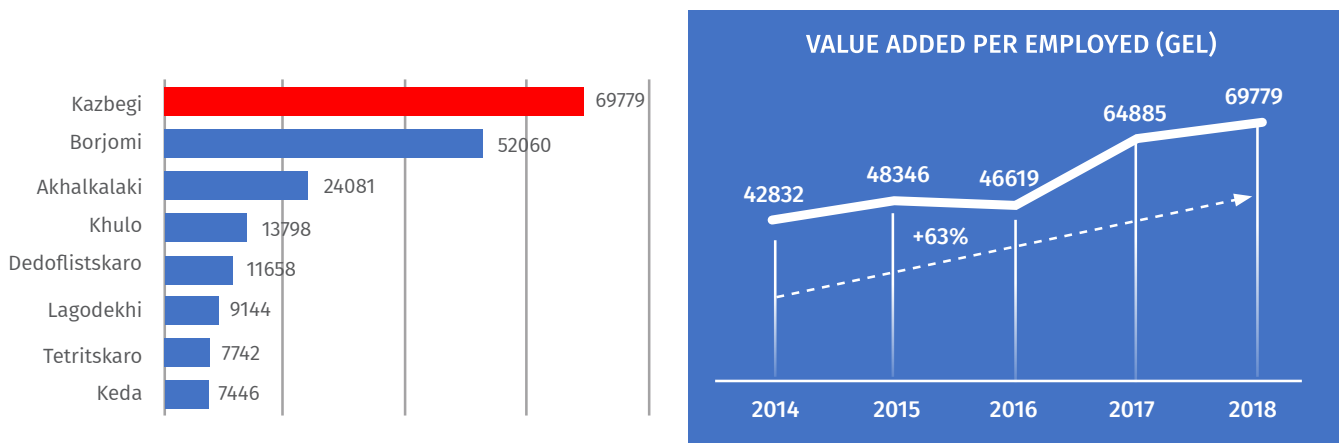
### Capitalization Growth Of Enterprises In The Municipality<sup>24</sup>



Source: Analysis of Business Survey (UNDP, 2019).

The Kazbegi municipality performs well on the dimension of productivity as well (measured by value added per employed person). From 2014 productivity in the municipality increased steadily making up 69,779 GEL by 2018, which is about 63% growth. Overall, it can be considered as a success story, with about ten times as much productivity as the lowest ranking municipality (Keda) from the IRDG target sample.

### Business Sector Productivity In The Municipality



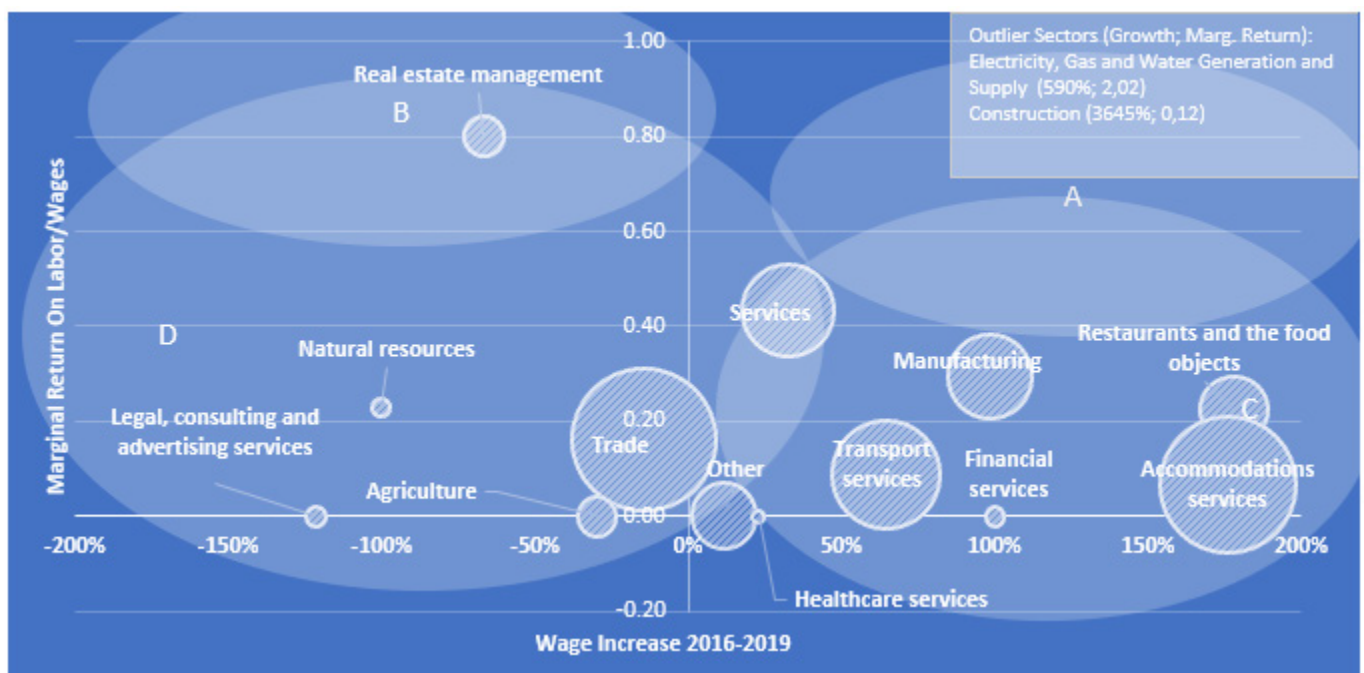
Source: Geostat.

<sup>24</sup> Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

The analysis of increased *wages paid* and *marginal revenue product on labor* provides useful insights about the sectors which contributed to more employment (wages paid) in the recent period in the municipality and about the sectors which can generate more employment because of their marginal return on labor is high. The Chart below plots the growth of wages paid by different sectors (measured by income tax paid, in 2016-2019) against the marginal revenue product of labor (MRPL) (measured by the average value of profit tax paid in GEL per income tax paid in GEL, the median of 2016-2019).

Several conditional groups of industries can be identified in this analysis: A) the group of industries, which contributed to the growth of wages in the period and are distinguished by the relatively high MRPL (thus the capacity to employ); B) the group of industries with less than average growth in wages but relatively high MRPL; C) the group of industries with high growth of wages but low MRPL, D) the group of industries with less than average indicators.

### Marginal Revenue product of Labor In Business Sector In The Municipality



Source: Authors' Analysis Based On Revenue Service Data.

Group A only includes Electricity et al. (shown as an outlier), but there is *no sector* with high MRPL, which also significantly contributed to the employment growth. *The biggest sector of the local economy – Trade is in Group D*, with average level of MRPL and relatively low increases (or decreases) in wages in the recent years. Construction (shown as an outlier), Hotels and Restaurants, Accommodation Services, Financial Services, and few others exhibited relatively high growth in employment, but their MRPL was not much (Group C).

According to the business survey, *median productivity* (measured by turnover per employee) in the municipality is about 20,000 GEL and the mean productivity is 26,829 GEL.

### Productivity Dynamics and Differences<sup>25</sup>

ENTERPRISES MANAGED BY:		CURRENT PRODUCTIVITY (GEL)	PAST PRODUCTIVITY (3 Y AGO) (GEL)
Men	Average	29,855	24,361
Women	Average	22,965	17,800
Total	Average	26,829	20,806

Source: UNDP, 2019.

<sup>25</sup> Analysis Based on Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

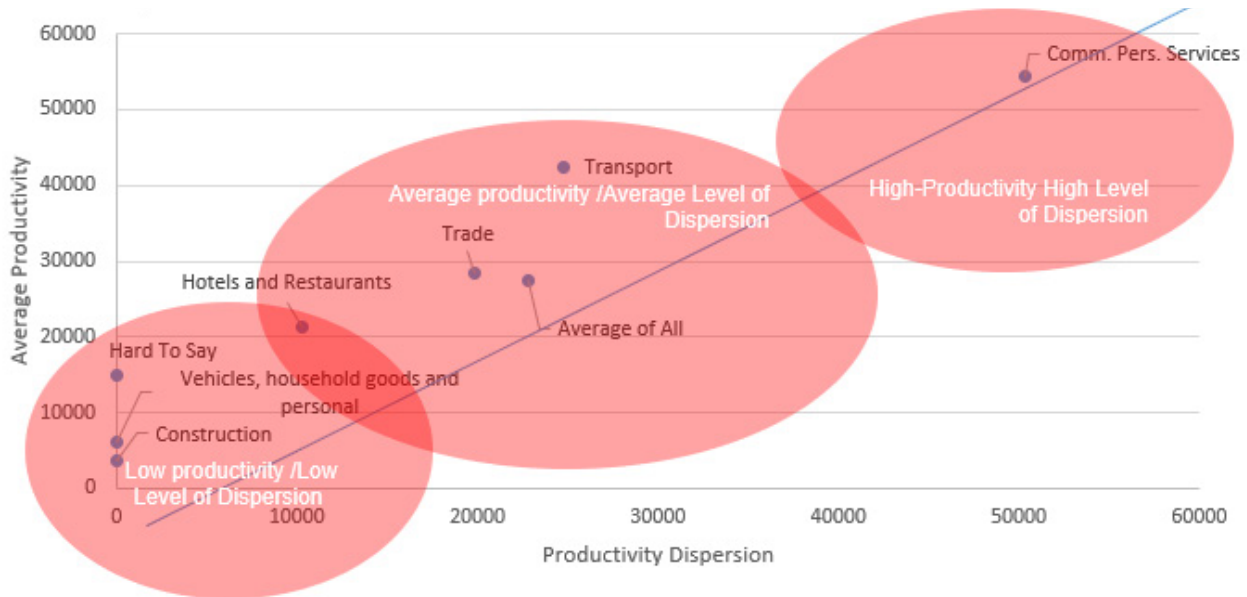
It should be noted that in case of women-run enterprises average productivity (about 22,965 GEL) lags notably behind the men-run companies (about 29,855 GEL). *This shows the existing gap and the need for assistance to women-run enterprises to catch up with the enterprises run by men.* Productivity of men-run and women-run enterprises increased almost equally during the last 3 years.

Resource misallocation measured by the dispersion of productivity within individual industries was identified by the World Bank as a key issue preventing the maximizing output by the Georgian economy. Consequently, moving the labor force from less efficient companies to more efficient ones within each sector could eliminate the misallocation. According to the study, eliminating these allocative distortions could increase Total Factor Productivity by up to 70% in Georgia.<sup>26</sup>

Policies should be aimed at reallocating the resources to maximize output, by shifting employment from low to high – productivity sectors and also from low to high productivity *firms within each industry*. A higher level of output can be achieved in the municipality by shifting workers from the unproductive enterprises and sectors to more productive ones, until their employment levels are consistent with their productivity differentials or until the marginal product of labor is roughly equal across all the firms.<sup>27</sup>

The analysis of productivity in the municipality shows that there are wide differences between the sectors. For instance, the productivity level in Community and Personal Services is higher than the productivity level in Transport sector and also a way above the levels of productivity in the other sectors such as Hotels and Restaurants. At the same time, productivity in Community and Personal Services shows large dispersion, measured by the standard deviation in relation to the average productivity. This is indirect evidence of significant misallocation (highly efficient industries should be considerably above the diagonal line and highly inefficient industries below the line. In this regard, Kazbegi *performs quite well* in relation to other target municipalities as there are no sectors which are significantly below the diagonal line.

**Productivity and Its Dispersion industries In the Municipality (Gel)**



Source: Analysis of the Business Survey.

<sup>26</sup> Georgia at Work: Assessing the Jobs Landscape, The World Bank, 2018

<sup>27</sup> Due to particularly low response rate from the municipality enterprises on such sensitive questions as turnover, this statistics should be treated carefully

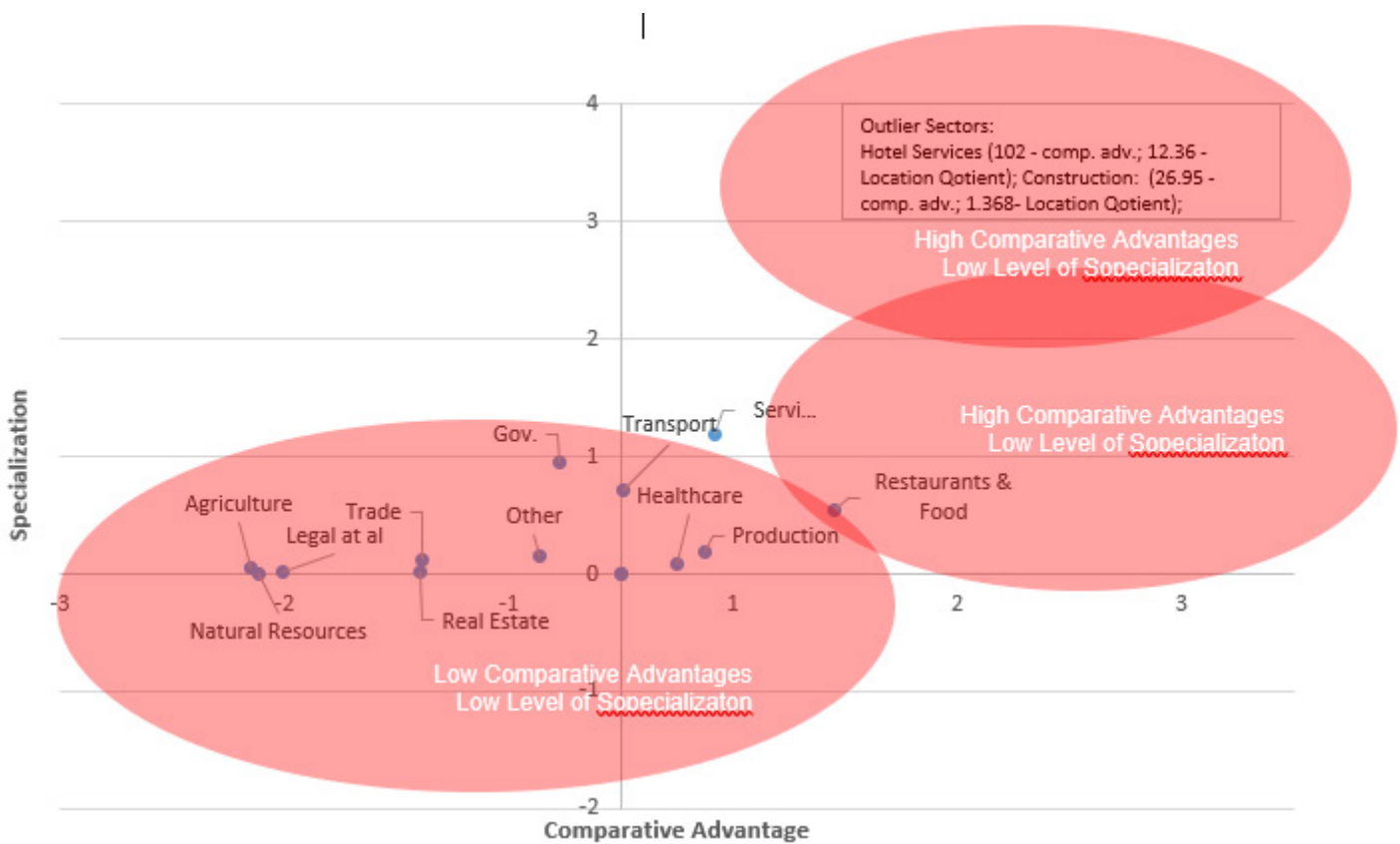


## Comparative Advantages and Specialization of the Municipality Business Sector

Understanding the growth of various sectors driven by region-specific factors, as well as the relative specialization of the municipalities is key to unlocking comparative advantages of the local economy. For this purpose, analytic instruments of Shift-Share Analysis and Location Quotient were applied.<sup>28</sup>

Shift-Share Analysis (indicating the growth of the sector contributing to the region-specific factors) and Location Quotient (indicating to the relative sector specialization of the municipality) analysis suggest that *Hotel Services* and *Construction* were clear outliers and the best performing sectors of all sectors, both in terms of comparative advantage as well as specialization measures. These sectors are both concentrated in the region (especially the hotel sector) and are having a strong momentum of growth.<sup>29</sup>

Shift-Share Analysis And Location Quotient Of The Municipality Sectors



Source: Authors' Analysis Based on RS Data.

## Allocation Effect and Policy Considerations

There are four possible combinations of specialization and comparative advantage, which imply different policy prescriptions. In the table below, the sectors are distributed across the four combinations, along with the policy options. The sectors which both score positive (Group A) or both negative (Group D) on these two dimensions, policy interventions are useless in both cases. Policy interventions are productive if sectors score positive and negative at the same time in either of the dimensions, suggesting the bottlenecks and the necessity to overcome them.

<sup>28</sup> The description of the instruments and methodology behind these two instruments are provided in the Annex of this document.

<sup>29</sup> Detailed methodology is described in the Annex of the document.

## Allocation effect and policy interventions

		COMPARATIVE ADVANTAGE	
		POSITIVE	NEGATIVE
SPECIALIZATION	POSITIVE	(The industry is healthy, and intervention is unnecessary) [A] <ul style="list-style-type: none"> <li>• Electricity et al</li> <li>• Hotel Services</li> <li>• Services</li> </ul>	(Intervention may be useful but further study is required) [B] <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Government Administration</li> </ul>
	NEGATIVE	(Intervention may be useful but further study is required) [C] <ul style="list-style-type: none"> <li>• Construction</li> <li>• Healthcare</li> <li>• Production</li> <li>• Restaurants and Food</li> <li>• Transport</li> </ul>	(The sustainability of intervention is questionable. The industry cannot efficiently expand) [D] <ul style="list-style-type: none"> <li>• Financial services</li> <li>• Gambling</li> <li>• Legal and consultancy and advert.</li> <li>• Natural Resources</li> <li>• Other (No economic activity)</li> <li>• Real estate</li> <li>• Trade</li> </ul>

Source: Authors' Analysis Based on RS Data.

The analysis suggests that there are two groups of industries which might be the source of multisector development and diversification in the municipality and they require closer analysis. On the one hand there are sectors with positive specialization and negative comparative advantages (Group). *Agriculture is the only business sector in this regard.* It is important to understand why this sector loses *its sources of competitiveness.* On the other hand, there are sectors, which demonstrated positive comparative advantages considering the regional factors, but they are not concentrated in the municipality. These are Group C sectors – *Construction, Healthcare, Manufacturing/Production, Restaurants and Food, Transport.* For this group it is important to find the *sources of such growth* and explore whether they could become key competitive sectors of the municipality.

## LABOR MARKET

Competitive and qualified labor force is a key for competitiveness of local economy. This Section addresses the state of the labor market in the municipality.

## Workforce, Employment and Unemployment

Migration processes affect the formation of the workforce in the Kazbegi municipality. These processes are very specific and very different from the target municipalities. There has been certain inward migration to the municipality in recent years, with people returning to the Kazbegi to open seasonal guesthouses, correlated with increased number of tourists in the areas. Nearly half of the population is leaving Kazbegi in winter. 3,800 people live in the Kazbegi municipality Its population decreased by 10% in the last 10 years.<sup>30</sup> In the Kazbegi municipality 22% of labor force is employed in governmental institutions (incl. teachers, nurses) and 22% of labor force works in the private sector. The Kazbegi municipality shows the highest level of employment in the public and private sectors as well as in family businesses (49.2%). The main employers are: (1) Governmental institutions (city hall, secondary schools and kindergartens, border police,

<sup>30</sup> Geostat, 2020

etc.); (2) “Kazbegi Rooms Hotel”; and (3) Dariali HPP. Other employers include small and medium-size hotels, restaurants and cafés in Stepantsminda and Gudauri. The workforce is 78% of population.<sup>31</sup> In most cases unofficially, the inhabitants also have their own family or individual businesses related tourism (e.g., room rentals in guesthouses, work as tour guides, rent horses, taxi drivers). Except for Stepantsminda (incl. Gergeti) (represent almost half of the municipality population) and Gudauri, most of the other communities heavily rely on low output agriculture (mainly potatoes due to the lack of arable lands and high altitude) and social assistance payments (TSA, pensions). There is a large gap in terms of HHs income between Stepantsminda, Gudauri and the rest of the communities.

According to survey conducted under the IRDG project (different methodology), the detailed breakdown of the workforce and its composition is provided in the exhibit below.

**Composition Of Workforce<sup>32</sup>**

Total number of working age population (18 years and older)		3088	100%			
Working age population (18 years and older) - Active data		3049	98.7%			Mising data 39 1.3%
Youth		533	17.5%	Non-Youth		2516 82.5%
In the labor force		2647	86.8%			Not in the labor force 402 13.2%
Youth		497	18.8%	Non-Youth		2150 81.2%
Employed		2551	96.4%	Unemployed		96 3.6%
Youth		466	18.3%	Non-Youth		2086 81.7%
Employed in Public sector		697	27.3%	Employed in Family business		2551 6.4%
Employed in Private sector		679	26.6%	Balance		-947 -37.1%
Self-employed		604	23.7%			
Not in agriculture		439	72.7%	In Agriculture		164 27.2%
				Balance		1 0.2%
				Youth		32 33.3%
				Non-Youth		64 66.7%

Source: IRDG UNDP, 2019.

The Kazbegi municipality shows the highest labor market participation level (86.8%) compared to the other target municipalities. In terms of employment, the largest share of employed people can be found in the Kazbegi (83.7%) municipality. The municipality also has the lowest levels of unemployment 3.1%. Both employment and unemployment levels for females are lower as compared to those for the total labor market. The Kazbegi municipality has the highest levels of labor participation and employment (81% and 78.8% respectively) and the lowest level of unemployment. For private sector employees the daily working hours are the lowest (7.68 hours). The Kazbegi municipality shows the highest rate of self-employed in such sectors as Hotels and Restaurants (44.8%) and Transport (14.9%). The daily working hours for self-employed persons in the Kazbegi municipality is the lowest (4.44 hours) among all the IRDG target municipalities. The Kazbegi municipality reports the best employment figures for the youth (87.3%) and the lowest youth unemployment rates (6%) in the same pool of the municipalities. The highest proportion of young managers (12.6%) can be found in the Kazbegi municipality. The non-farm sector in the Kazbegi municipality has outstanding results with 71.2% of managers with higher education and 17.8% of managers with the vocational education. The same indicator for family business employees is the lowest in the Kazbegi municipality (2.58 hours).<sup>33</sup>

<sup>31</sup> Source: Kazbegi municipality city hall

<sup>32</sup> The chart is developed on the basis of Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019.

<sup>33</sup> Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

## The Main Problems of Human Capital Development

Studies show several main features of human capital development and the key factors affecting it:

### FACTORS INFLUENCING HUMAN CAPITAL DEVELOPMENT<sup>34</sup>

- LACK OF BOTH FUNDAMENTAL AND SEGMENTAL RESEARCH IN THE LABOR MARKET
- LACK OF A PERMANENT MECHANISM FOR IDENTIFYING REQUIRED VOCATIONS AND KNOWLEDGE/SKILLS
- THE INSUFFICIENT ORIENTATION OF THE VOCATIONAL EDUCATION SYSTEM IN ADJARA TO THE REQUIREMENTS OF THE LABOR MARKET
- LOW OPPORTUNITIES FOR VOCATIONAL EDUCATION INSTITUTIONS
- LACK OF MUNICIPAL EMPLOYMENT PROGRAMS
- LOW SCALE CURRENT EDUCATIONAL PROGRAMS FOR ADULTS
- LACK OF JOBS IN MOUNTAINOUS MUNICIPALITIES
- LOW LEVEL OF BUSINESS EDUCATION AMONG ENTREPRENEURS
- LOW LEVEL OF MOTIVATION IN TERMS OF VOCATIONAL TRAINING
- LOW WAGES, WHICH CONTRIBUTES TO MIGRATION
- AGING OF THE POPULATION AND REDUCTION OF THE LABOR FORCE
- INSUFFICIENT FINANCIAL RESOURCES TO PROVIDE SKILLED LABOR

Source: UNDP.

Labor market institutions and vocational education institutions in the Kazbegi municipality do not have a permanent mechanism in place for identifying the required vocations and knowledge / skills. It is necessary to conduct periodic segmented labor market researches, the purpose of which should be to determine the needed vocations and the relevant knowledge/skills for these vocations. Lack of research organizations in the country and absence of good quantitative researches addressing the labor market needs of the municipality, justify using qualitative methods to analyze this subject.

## Institutional Framework of Labor Market and Employment Services

Out of the labor market institutions, only the local branch of State Employment Support Agency operates in the municipality. The functions of the agency include: implementation of active labor market policy measures; the analysis of Georgian labor market; implementation of state employment programs; providing intermediate services in the labor market of Georgia; providing information and consulting services to job seekers; organizing vocational training and retraining activities for job seekers; organizing employment forums. There are no private labor market institutions in the municipality. The programs of the SESA of Georgia are mainly national. The agency does not have regional or municipal programs. There are no municipal employment programs for young people either. The inhabitants of the municipality have the opportunity to participate in the general national employment programs with the support of the Kazbegi branch of SESA.

## Access to VET and Non-formal Education

In terms of vocational education, two colleges cover the Kazbegi municipality: Ilia Tsinamdzgvrishvili College and Adventure Tourism School (ATS).

**Ilia Tsinamdzgvrishvili College.** The college is located in Village Tsinamdzgvriantkari, Mtskheta Municipality. It is the legal successor of the first school, which was opened in 1883. The school mainly trained agricultural specialties. It still operates mainly in the field of agrarian education. After 8 years of suspension and rehabilitation, the college was authorized and received its first students in 2016. Currently the college provides modular curricula and pilot programs. The College trains students in the following vocations : Guide of Georgian Cultural Heritage, Hotel Service, Cook, Pastry-Cook, Woodcraft Worker, Specialist of Decorative Craftwork of Stone and Related Materials, Tiler, Plumber, Gardener, and so forth. In 2017,

<sup>34</sup> Human Capital Development, UNDP

the training building of the same college was opened in Stepantsminda. The Stepantsminda branch of the college provides work-based learning in different fields, including Hotel Service. Stepantsminda hotels train the partners of the college. According to the evaluation of Ministry of Education, the training base of Stepantsminda College does not have the human resources to administer tourism programs independently.

**Adventure Tourism School (ATS).** It is a vocational education institution, the main directions of which are adventure tourism, related industries and other high-risk mountain-related activities. The school offers to its customers the vocational education programs such as Mountain Guide, Trekking Guide, as well as Certificate Programs such as Mountain Guide Course, Alpine Guide Course, Trekking Guide Course. These courses are developed according to the international standards.

**Other Vocational Education Opportunities.** Besides Tsinamdzgvriankari College, there are other opportunities to receive vocational education in the Kazbegi municipality: Stepantsminda #1 and Sioni public schools are involved in vocational education-related activities, offering vocational guidance courses. However, these schools do not have the resources to implement more vocational programs.

## KEY SUCCESS FACTORS, NEEDS AND CHALLENGES FOR DOING BUSINESS<sup>35</sup>

Enterprises from different sectors and different municipalities face different needs and challenges. However, some problems are shared among them. The key findings from the two surveys (business and population) conducted by UNDP related to non-farm economy needs in the target municipalities, with regards to various aspects are provided in the section below. The first sub-section provides findings based on the analysis of the full sample (all target municipalities together). The second sub-section focusses on the municipality-specific insights.

### Key Determinants of Business Success<sup>36</sup>

According to the survey, among the key factors that influence the productivity of non-farm businesses in targeted municipalities are managers' personal characteristics, like age, gender, education, experience, previous work experience, personal values; business characteristics and policies – rented and owned facility, starting capital, strategic planning, trainings of managers and employees; business environmental factors – access to credit; government support programs; attractiveness of business climate; as well as spatial and industry factors. Given below are the most important highlights:

- Managers with *higher education usually show 40% higher productivity* performance than managers without higher education. Higher education is also an important factor in employment and capital growth.
- Each additional year of experience within the field of activity adds 0.3% of increase in productivity.
- Managers with *personal values oriented on environment protection and innovations show almost 42% higher productivity* performance.
- Young managers perform better in achieving employment growth, while female managers show poor performance in terms of capital growth and expansion planning.
- *Access to credit* improves productivity performance by almost 30%. It also determines capital growth as well as promotes expansion planning.
- *Attractive business environment* makes local businesses more productive by 22.6%.
- Participating in training programs of managers and/or employees and availability of strategic planning is very helpful for enhancing business performance.
- Each extra vehicle owned by the manager improves the productivity of his/her businesses by 4.4%. Also, the productivity of non-farm businesses increases by 3,62% per 1,000 sq. M of rented land and by 6% per 10 sq. M of rented real estate.

<sup>35</sup> Rural Non-Farm Economy Needs Survey (Business Survey), UNDP, 2019

<sup>36</sup> Rural Non-Farm Economy Needs Survey (Business Survey), UNDP, 2019

- Participating in government support programs ensures expansion planning, specifically through introduction of new products/services, penetration of existing products and territorial expansion.
- Other factors being equal, doing business in Lagodekhi and Kazbegi municipalities increases productivity level by 98.1 and 68% respectively, as compared to the baseline municipality (Keda). On the contrary, *businesses in the Borjomi municipality show on average 52.7% lower productivity performance.*
- Among the industries, Mining (129.8%), Transport (95.6%) and Trade (63.8%) have higher productivity performance than the baseline industry (Tourism). Education has 194% lower productivity compared to the baseline industry.
- Managers with higher education and young managers have managed to expand their businesses on average by 0.365 and 0.98 employee respectively, during the last three years.

## MUNICIPALITY-SPECIFIC FINDINGS - BUSINESS NEEDS AND CHALLENGES<sup>37</sup>

### Structure and Profile

**A Relatively Unconcentrated Non-Farm Economy.** In most of the target municipalities, there are one of two dominant non-farm industries (usually Trade sector), whereas in the Kazbegi municipality the structure is less concentrated and is more diversified. In Kazbegi municipality, the share of Trade sector is 28.8% – one of the lowest among the target group, followed by Hotels and Restaurants (24.6%). The shares of other sectors are negligible.

**Extremely High Geographic Concentration.** On average, more than About 70% of non-farm businesses are located in municipal centers. In the Kazbegi municipality, almost 100% of firms are located in the municipal center.

**Younger Enterprises and Entrepreneurs with Higher Education. The** Kazbegi municipality is characterized by a relatively high share of businesses established after 2010 (46.1%), *by a large share of young managers* (more than 75% are under age 54) and a relatively *large share of managers with higher education* (71.2%). This could be one of *the key reasons behind the success* of the municipality, since the analysis shows that higher education of the owner/manager is strongly correlated with the success of a firm in the target municipalities.

**No Outside Orientation of Businesses at All.** Among all of the target municipalities, almost 90% of sales by non-farm businesses comes on local villages (45.8%) and municipality markets (43.6%), while sales at regional and national markets account for only 4.4 and 2.94%, respectively. Only negligible (0.28%) share of sales comes on international markets. The Kazbegi municipality enterprises have an *exclusively high (compared to the sample average) share in the local village and municipality sales*, while their participation at regional, national and international levels is nonexistent (0%). In this regard, the Kazbegi municipality has the lowest performance of all the target municipalities.

### Starting a New Business

**Motivation for Starting a Business.** The majority of respondents in the municipality (45.2%) said that they started business because they had sufficient skills and experience for starting a business and in this aspect, the Kazbegi municipality strongly stands out from the other target municipalities, where the main motivation of starting business was insufficient monthly incomes.

**TSA and Other Social Instruments – Negative Stimuli for Starting Business.** Social assistance instruments such as TSA (Target Social Assistance) play an important role in eradicating extreme poverty and raising the overall state of welfare in the municipality, but they have adverse effects on starting a business and overall level of entrepreneurship. The population survey in the target municipalities revealed that the such

<sup>37</sup> Rural Non-Farm Economy Needs Survey (Business Survey), UNDP, 2019

income sources as TSA and pensions always have a negative effect on business participation and the effect of remittances can vary depending on the type of business. As expected, having an extra money have positive implications for the intentions to start a business.<sup>38</sup> Therefore, social assistance packages should be reformed and planned carefully so that they ensure business participation incentives for the recipients.

**Kazbegi - Highest Score on Intentions to Start a Business.** The survey showed that the intention to start a business among the population in the Kazbegi municipality has substantially higher odds (coefficient is 3.074) than any other IRDG target municipalities (e.g., compared to Akhalkalaki (by 0.441 times) and Khulo (by 0.552 times)).<sup>39</sup>

**Higher and Professional Education and Better Infrastructure – Greater Odds to Starting a Business.** It is not surprising to see from the survey that, in general, people with higher and vocational education have greater chances to start a business, and people with higher education achieve better results than those with vocational training. Similarly, problems with sewage, gas supply and road infrastructure substantially reduce the incentive to do business, while better local conditions for starting business have an opposite effect.<sup>40</sup> All the findings indicate the need to channel more efforts in order to ensure better access to higher and vocational education as well as ensure availability of better local utilities infrastructure.

## Financing

**Limited Borrowing Experience, Mainly for Investments.** The enterprises in the municipality have *relatively limited borrowing experience*. Less than half (31.4%) of the respondents have borrowed for their businesses over the last three years (sample average is 51.7%). In most cases (49.2%), the loans borrowed were below 10,000 GEL, and strangely enough, the portion of cases of borrowing more than 100,000 was also disproportionately high (35.6). In most cases they borrowed from the bank (89.8%) and for capital investment purposes (64.4%), which again is a very distinctive profile from the other target municipalities.

**Limited Appeal to Bank Loans for Future Investments (Largely due to Interest Rates).** Among the respondents, who did not take a loan from the beginning, the major reason cited was that they *the interest rate was unfavorable* (45.4%). Majority (55.3%) of the enterprises report that *they do not require a loan for future investments*. Such limited appeal towards the loan for business purposes is concerning.

**Need of the Amount of up to 10,000 GEL.** Among the respondents, who require financing for future investments, the most required range of loan is up to 10,000 (about 41.2% of the responses), whereas the portion of the respondents who require from 10,000 to 50,000 GEL is about 32.1%. The funds are intended to be used for purchasing new technology (33.3%) or for expanding the operations (57.4%).

## Existing Needs and Challenges

**No Need of New Equipment or Machinery Has Been Identified.** More than 79% of the respondents are happy with the efficiency of their equipment and up to 4.8% of them do not use any type of equipment at all.

**Quality - A Key Source of Competitive Advantage.** Usually, achieving cost leadership is a key determinant of the competitiveness in businesses in rural areas. However, among all the target municipalities almost 68.5% of non-farm businesses consider *quality* as a main source of competitive advantage, followed by *service* - 20.3% - and *price* 10.6%. *Uniqueness and innovation* are evaluated as sources of competitive advantage by very negligible proportion (0.5%) of non-farm businesses. *Quality* is also emphasized in the Kazbegi (61.7%) municipality.

**Limited Knowledge of Key Obstacles of Enterprises.** Surprisingly enough, a large (60.2%) portion of respondents find it hard to name even one such obstacle. This indicates the unsophistication of the businesses. The portion of other problems is very small.

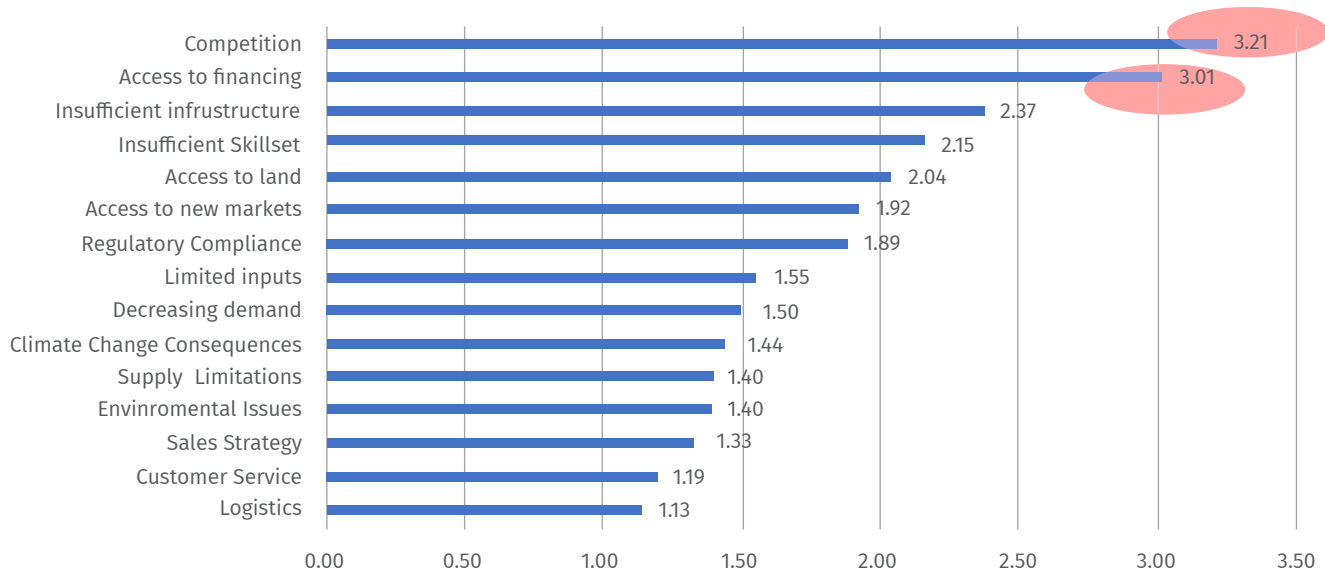
<sup>38</sup> Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019

<sup>39</sup> Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019

<sup>40</sup> Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019

**Competition and Access to Finance Are Key Challenges.** Key challenges that businesses face can be grouped as a) Market-Related (Competition); b) Finance-related (Access to Finances). Other factors are rated comparatively low. Due to the recent surge of new tourism enterprises in the municipality, along with the growth of tourism in the region, it is not surprising that enterprises face competition and rivalry.

### Key Challenges That The Enterprises Face in the Municipality



Source: UNDP, 2019.

## Expansion Plans and Perceived Assistance Needs

**Limited Plans for Expansion.** About 64.9% of the respondents said that they *do not plan expansion*. Considering the current pandemic background (taking place after the survey), it will not be surprising to see this indicator worsens. In this aspect the firms in the Kazbegi municipality share the overall spirit of other poorer municipalities.

**Assistance Related to Access to Finance - the Most Required Mode of Assistance.** Businesses consider that assistance with Loan Guarantees (52.8%) and Subsidized Loans (37.2%) would be the most helpful for advancing their businesses.

## Potential Policy Consequences

The results of the study highlight several areas where policy intervention can support non-farm business in expanding their activities in the target municipalities. Possible instruments can be:

- Programs to upgrade educational level; participate in training programs; intensify participation of employees in training programs; Stimulate planning processes and increase the length of strategic planning process within business.
- Second, the government and local authorities, must ensure for non-farm businesses: the ease access to credit; enhancement of business environment; expansion of government support programs and raising the awareness level on this program among potential beneficiaries.
- Third, special incentives and opportunities should be provided for female managers. This will assist them in planning expansion of their businesses.

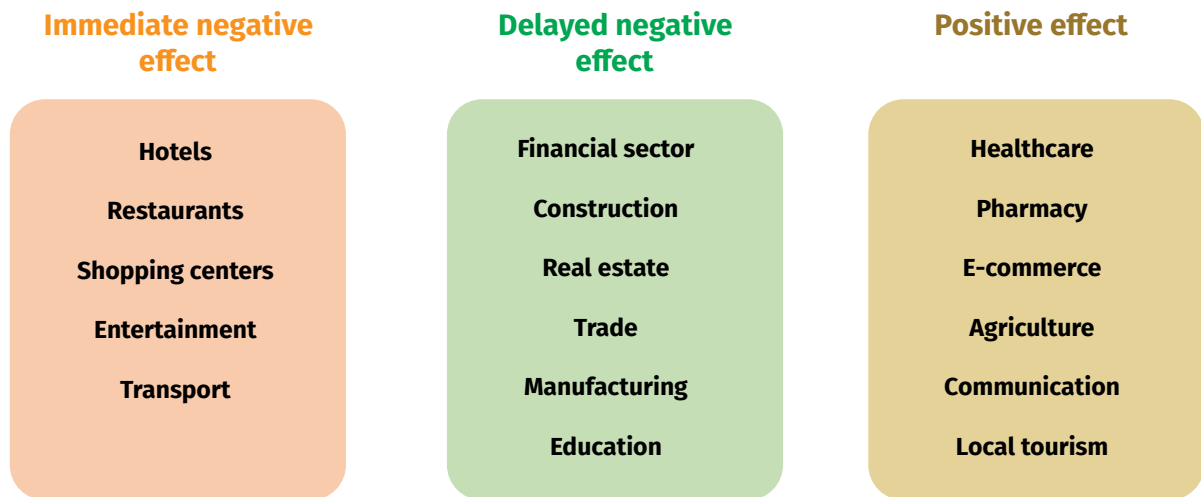
These policy considerations are integrated in the final set of policy interventions offered in this document.



## Short-Term (COVID19- driven) Needs

It is difficult to estimate precisely the impacts of COVID-19 pandemic on industries and enterprises. These are expert opinions, which should be taken into account. For instance, Galt & Taggart assesses the prospects of the impacts of the pandemic on the economy of Georgia, and identifies possible impacts on individual sectors. Among the other issues it also covers considerations related to tourism sector.<sup>41</sup> According to Galt & Taggart, the following sector groups are identified according to the impacts of COVID19.

### Expected Impacts of COVID19 on Different Sectors of Georgian Economy



Source: Galt & Taggart.

It is hard to estimate the magnitude of each sector precisely, but it could be done by groups. The first group (*Immediate Negative Effect*) comprises the sectors mostly related to tourism, therefore identifying the likelihood and magnitude of impacts for each sector could be derived from the anticipated impacts on tourism.

The forecast identified three possible economic scenarios, the key driver (independent variable) of which is the assumption as to when control will be gained over the pandemic. The three possible scenarios are summarized in the table below:

### Short-term Economic Growth Forecast Scenarios

SCENARIO	ASSUMPTION	DATE OF VIRUS CONTROL	PROBABILITY	ECONOMIC GROWTH	TOURISM IMPAC
1-Optimistic	Economic downturn from March to May, recovery from June	April-May	10%	2.10%	-\$1.2 bn
2-Mild	Economic downturn in March-May, recovery in June-September, and downturn again from October	Controlled in April-May, re-spread of the virus from October	50%	-2.70%	-\$2 bn
3-Pessimistic	Continued economic downturn from March	Not stopped in 2020	40%	-6.0%	-\$2.8 bn

Source: Galt & Taggart.

<sup>41</sup> Impact on Georgian Economy, Galt & Taggart, March 25, 2020

According to the study, the industries which are mostly related to the tourism industry fall under the immediate impact group. This includes hotels, restaurants, shopping centers, and the transport sector. According to the three scenarios, the estimated impact on tourism sector, ranges between 1.2-2.8 bn USD. With 50% likelihood in case of 2-Mild Scenario, the target is 2 bn USD loss of contraction as a likely target for the months to come, which is about 50% of the baseline level.<sup>42</sup> This estimate can be applied to the *Immediate Negative Impact* group.

The impact on the Delayed Negative Impact group can be assumed to be at least of the same extent as for the impact on the Immediate Negative Impact group but protracted over a longer period of time. If we assume that this period will last for two years, then the impact during this year will be half (resulting in 25% loss). This is rough estimation due to the absence of detailed economic modeling.

The following structure of economy is mapped across these three impact sectors.

### The Structure Of Economy by Impact Groups

IMPACT SECTORS	NUMBER OF ENTERPRISES	% OF TOTAL NUMBER	EMPLOYMENT (INCOME TAX PAID)	% OF TOTAL EMPLOYMENT
IMMEDIATE NEGATIVE EFFECT SECTORS	134	40%	896,626	48%
DELAYED NEGATIVE EFFECT SECTORS	192	58%	955,735	52%
NEUTRAL	7	2%	62	0%
GRAND TOTAL	333	100%	1,852,424	100%

Source: author's calculations, based on RS data.

The magnitude of impacts is summarized in the table below.

### Magnitude Of Short-term Impacts On Industries

IMPACT GROUPS	NUMBER OF ENTERPRISES IN THE MUNICIPALITY	EMPLOYMENT OF IMPACTED INDUSTRIES	EXTENT OF IMPACT	WEIGHTED AVERAGE IMPACT ON FORMAL ECONOMY	TYPICAL ISSUES
Immediate Negative Effect Sectors <ul style="list-style-type: none"> <li>Hotels and Restaurants</li> <li>Shopping Centers</li> <li>Entertainment</li> <li>Transportation</li> </ul>	<ul style="list-style-type: none"> <li>134 Enterprises (40% of all enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>48% of all formal employment (calculated by income tax paid)</li> </ul>	<ul style="list-style-type: none"> <li>50% loss</li> </ul>	<ul style="list-style-type: none"> <li>39% (Enterprises)</li> <li>38% (Employment)</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity</li> <li>Sales disruption</li> <li>Input disruption</li> </ul>
Delayed Negative Effect Sectors <ul style="list-style-type: none"> <li>Financial</li> <li>Construction</li> <li>Real estate</li> <li>Trade</li> <li>Manufacturing</li> <li>Education</li> </ul>	<ul style="list-style-type: none"> <li>192 Enterprises (58% of all enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>52% of all formal employment (calculated by income tax paid)</li> </ul>	<ul style="list-style-type: none"> <li>25% loss</li> </ul>		<ul style="list-style-type: none"> <li>Decline in sales</li> <li>Reduced profitability</li> </ul>

Source: Author's calculations.

Stemming from the structure of the economy of the municipality, about 134 enterprises (or about 40% of all the enterprises) and 48% of all formal jobs will be affected in the Immediate Negative Impact Group. 192 enterprises (or about 58% in total pool) and 52% of the total formal jobs will be affected in the Delayed

<sup>42</sup> Based on Author's calculations.

Negative Impact Group. The average *weighted impact on formal economy will be about 39% (enterprises) and 38%(employment)*. By far this effect is *the largest observed* among the IRDG target municipalities, largely due to the structure of the economy and the business sector.

## Impact on Self-employment and Informal Employment

**Self-employment.** In terms of self-employment and informal employment, a separate methodology should be used. According to Geostat, out of the total number of people employed in the municipality (1,221), most of them (98%) are contract employees. In general, the biggest number of self-employed is in Agriculture. In fact, about *97% of the employed* in Agriculture is self-employed. Self-employment in Agriculture represents about *76% of all self-employment in Georgia, whereas other sectors contribute jointly about 24%*.<sup>43</sup> It is assumed that the short-term COVID-19 impact does not apply to the Agricultural sector. Therefore, it can be assumed that the extent of impact on the *registered self-employed in the municipality was insignificant*.

**Informal Employment.** Besides, the total informal employment in the non-farm sector in Georgia is about *34.7%*. It is hard to break up this figure by each individual sector but if we assume that the total non-farm employment in the municipality represents an absolute majority (almost 100%) of the total employment, then total value of the wages paid in the municipality in the informal sector can be estimated.

### ESTIMATION OF INFORMAL EMPLOYMENT

TOTAL INCOME TAX PAID (GEL, 2019)	TOTAL WAGES PAID (GEL, 2019)	PORTION OF INFORMAL EMPLOYMENT IN NON-FARM SECTOR (NATIONAL AVERAGE)	ESTIMATED VALUE OF WAGES IN INFORMAL EMPLOYMENT (GEL, 2019)
1,852,424	9,262,118	34.7%	4,921,830

Source: Author's assumptions and calculations based on RS data.

In summary, the estimated volume of informal sector wage is about *4.9 mln GEL*. However, it is hard to determine the impact of the COVID-19 crisis on the informal employment, because there is no estimation of informal employment by each individual non-farm sector.

**COVID-19 Compensations.** The statistics of compensations which the GoG introduced to mitigate the impact of the pandemic on the employed, can provide useful insight on the extent of the impact. The compensations are intended for the persons who received wages during at least one of the first three months of 2020 and who were laid off or suspended from work during the state emergency and were no longer receiving wages.

According to the Revenue Service (June 2020), the number of Covid-19 compensation recipients in the Kazbegi municipality is 109. The highest number of compensation recipients was in Accommodation and Food (33 people) sector, followed by Retail/Wholesale Trade (19), Healthcare Services (8), Financial and Insurance (7), Professional, Scientific and Technical Activities (11). (It is important to mention that the compensations are given not by the geographic place of employment, but by legal registration address of a beneficiary (which might not coincide with the actual place of their employer or their business activity)).

According to experts, in the long run, provided that there is a stable epidemic situation, about a third of those who receive compensations will return to their jobs.

## YOUTH DIMENSION OF LOCAL ECONOMY

Economically active youth is one of the key drivers of the economy and non-farm sector development in the municipality. Understanding the reasons behind limited economic participation of youth and then promoting it, is a major way to foster the local supply of workforce, new business ideas and the economic diversification. According to the survey conducted by UNDP, among the key factors that influence the

<sup>43</sup> Employment Survey 2018

productivity of non-farm businesses in the targeted municipalities are managers' personal characteristics, like age - young managers perform better in achieving employment growth and higher productivity.<sup>44</sup>

Key issues in this regard are *high levels of economically inactive youth (low level of participation in labor market)*, the *youth unemployment* along with a *level of entrepreneurship* of the youth, which result in underutilization of the productive resources. On top of this, outbound migration, driven by the lack of economic opportunities, results in reduced supply of both workforce as well as potential entrepreneurs.

## Economic Participation

**Participation in Labor Market.** According to the 2014 General Population Census, the total population in the Kazbegi municipality is 3795; out of which 583 are 15-29 years old, representing 15.3% of the Municipality population. Only 39.7% of the total number of 15-29-year-old in the Kazbegi municipality are economically active; out of which 71.1% are employed, while 28.8% are unemployed. 57.9% of the total youth are economically inactive and are not seeking jobs. It should also be noted that 12.7% of the youth employed are working in agricultural farms, while 83.6% are contract workers.<sup>45</sup>

**NEET Youth.** The level of NEET youth is a good indicator of this problem. Although the information is not available at the municipality level, the share of NEET youth in the Mtskheta-Mtianeti region is 27.88. Incentivizing these young people and maximally *returning them to the workforce* remains a challenge.

**Unemployment.** According to GEOSTAT data, starting from 2014, the level of youth unemployment in Georgia is decreasing. While in 2014 the level of unemployment of the 15-29-year-old people was on average 32.6%, the same indicator was 25.8% in 2018, according to the same study.<sup>46</sup>

### YOUTH EMPLOYMENT IN THE MUNICIPALITY

15-29 YOUTH	ECONOMICALLY INACTIVE	ECONOMICALLY ACTIVE	UNEMPLOYED	EMPLOYED
583	338	232	67	165
				21 are employed in agriculture
				138 hired workers

Source: Geostat.

Mismatch between the demanded and supplied skills, absence of highly-paid non-farm jobs and economic opportunities are main reasons underlying the low level of youth economic activity and participation in the labor market.

**Entrepreneurship.** The survey of non-farm economy needs in the Kazbegi municipality has revealed that 12.6% of youth are engaged in non-agricultural production, which is a relatively high than in other IRDG municipalities. Youth also have managed to expand their businesses by 0.98 on average, during the last three years.<sup>47</sup>

Despite the low number of young people engaged in non-agricultural production it should be noted that the main motivator for starting a business for 62.5% of the youth surveyed was sufficient funds for investment. The startup capital for 44.0% of the youth ranges between GEL 10,000 - 50,000 for 24.0% ranges between GEL 1,000 - 10,000 and for the rest 20.0% it was between 50,000 - 100,000 GEL. It should be also mentioned that

<sup>44</sup> Business Survey on Rural Non-Farm Economy Needs, IRDG UNDP, 2019

<sup>45</sup> General Population Census 2014, Geostat

<sup>46</sup> Geostat 2014-2018 (national level)

<sup>47</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

37.5% of the youth borrowed money from the bank, 25.0% got support from donor organizations and another 25.0% of the youth have invested their own funds in their businesses.<sup>48</sup>

100.0% of the youth surveyed think that local conditions in the municipality are favorable for starting up a business. The study revealed that 37.5% of the youth have information about state programs, but have not participated in them because of lack of information or unfair selection procedures.<sup>49</sup>

The research also revealed that 12% of the youth interviewed approached the local authorities regarding administrative issues once per year .

## Migration

Outbound migration from the municipality, driven by search for better educational and job opportunities, reduces overall supply of qualified workforce and therefore is a key challenge. Students who graduate from the public schools in the municipality and continue their studies at various higher and vocational colleges do not desire to return to the municipality. The biggest challenge to reduce migration from the municipality is to promote economic diversification and increase the youth involvement in tourism and non-agricultural sector.

## Summary of Key Challenges and Needs

The summary of the main *challenges* and *needs* among the youth are as follows:

### SUMMARY OF KEY CHALLENGES AND NEEDS

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• HIGH YOUTH MIGRATION FROM KAZBEGI</li> <li>• LACK OF COOPERATION BETWEEN THE YOUTH AND LOCAL AUTHORITIES</li> <li>• LACK OF INFORMATION FOR YOUTH ABOUT DIFFERENT ECONOMIC OPPORTUNITIES</li> <li>• LOW LEVEL OF ENTREPRENEURIAL SKILLS AND KNOWLEDGE</li> <li>• LACK OF YOUTH INVOLVEMENT IN TOURISM AND TOURISM RELATED NON-FARM BUSINESS</li> </ul>	<ul style="list-style-type: none"> <li>• CREATION OF LOCAL EMPLOYMENT OPPORTUNITIES FOR YOUTH</li> <li>• ENHANCEMENT OF KNOWLEDGE AND SKILLS FOR ECONOMIC EMPOWERMENT OF YOUTH</li> <li>• STRENGTHENING YOUTH THROUGH ENTREPRENEURSHIP</li> <li>• INCREASING ACCESS TO FINANCE AND LACK OF ENTREPRENEURIAL SKILLS</li> </ul>

## GENDER DIMENSION OF LOCAL ECONOMY

International experience shows that the low participation rate of women in the economy hinders economic growth and negatively affects development. It is proven that empowering women and girls helps economic growth and development.<sup>50</sup>

The economic activity of women in Georgia is low, which affects overall output of the local economy. Similarly, economic participation of women in Kazbegi is low. 51.2% of male respondents in Kazbegi are employed in the business sector, while 48.8% of them are females. Thus, employment in the business sector by gender seems relatively balanced with slightly fewer females employed in businesses.

When asked about the most important factor in starting a business, 93.5% of female respondents cited themselves and that they tried to start their business independently, while 82.7% of males cited the same reason. Additionally, almost two times more of male respondents cite relatives and family members as a main factor. *Consequently, it seems that females in Kazbegi are more reliant on themselves in starting a business.*

<sup>48</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>49</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>50</sup> UNDP Georgia

100% of female respondents think that local environment for starting a business is either fully or partially suitable for starting a business and none of female respondents evaluate the state of their business as bad. Only 6.5% of female respondents think that the state of their business will worsen in following 6 months and only 3.2% think that it worsened during the past year. Overall, it seems that local environment, state of business and future outlook seems to be positive for female business owners.

## Women in Entrepreneurship<sup>51</sup>

**Start up a Business.** Starting a business for women is associated with greater difficulties than for men. When asked about the primary reason for starting a business, the majority of both male and female respondents cited having relevant skills and experience. However, more than two times more female respondents cited having unsatisfactory income as a primary motivator for starting a business. This might highlight that overall, women in the region have a tougher financial state.

When asked about financial sources for starting their businesses, the majority of both female and male respondents cited their own finances, and banks as a second main source, with 4.5% larger share of female respondents being reliant on banks.

As for start-up capital, the environment seems to be very different for male and female respondents. While only 3.1% of male respondents had startup capital of less than 1,000 GEL, 40.4% of female respondents fell in this category. Additionally, women are underrepresented at higher start-up capital brackets, with roughly two times lower ratio of female respondents being in higher than 100,000 GEL bracket and roughly three times less ratio of female respondents in 10,000 to 50,000 and 50,000 to 100,000 brackets. This highlights that overall women are much more likely to have lower start-up capital than men in the region.

**Running a Business.** The regional stereotypes might entrench negative beliefs about women in business, and hinder their involvement in business. This creates a special need to support women in business. In running a business, women may face more obstacles than men, therefore their business performance might suffer, and the situation in this regard seems to be similar in the Kazbegi municipality too.

When it comes to current capital, only 6.5% of female respondents have current capital of less than 1,000 GEL, which means that a very large proportion of female respondents were able to grow their business successfully.

It is also important to note that, unlike the other municipalities, when choosing suppliers, female respondents primarily value quality, followed by price and accessibility. Besides, compared with male respondents more female respondents sell their produce at local markets, and fewer females sell it at the municipal markets.

The majority of female respondents sell their produce to final consumers, and in terms of total customer ratio, more male respondents have merchants, the government, businesses and tourists as their customers. Therefore, it can be assumed that majority of females sell consumable goods and they might need to expand their offerings.

When it comes to spending money on transportation, female respondents tend to spend less money on these services compared to their revenues. However, it can be assumed that this applies to females, who normally sell consumable goods locally.

In terms of planning a business, the vast majority (94.5%) of female respondents do not do strategic planning, and they only plan their business only for one year or less, which might mean that there is a need for female oriented business management and development courses.

As for annual turnover and number of employees, female respondents lag behind male respondents, which highlights that they are leading smaller businesses and need to grow their business.

**Access to Resources and Credit.** Access to resources and credit is crucial for starting and growing a business. Stereotypes, especially associated with ownership may negatively impact women's access to credit and ability to grow their business.

<sup>51</sup> Business survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

OWNERSHIP OF CAPITAL BY GENDER<sup>52</sup>

GENDER		OWNED LAND (SQ M.)	OWNED EQUIPMENT (PIECE)	OWNED REAL ESTATE (SQ M.)	OWNED MEANS OF TRANSPORTATION (PIECE)	RENTED LAND (SQ M.)	RENTED EQUIPMENT (PIECE)	RENTED REAL ESTATE (SQ M.)
Male	Average	304.1	2.3	148.8	.6	65.7	23.3	23.2
Female	Average	146.0	4.1	78.7	,5	10.7	2.4	6.8

Source: UNDP.

As the table show above, , females have less ownership of every capital asset except for equipment. However, as the analysis below highlights, it did not seem to affect their ability negatively to receive credit. 29% of female respondents and 32.7% of male respondents received a loan for their businesses in the last three years. It seems that slightly fewer female respondents received a loan from a bank. As for loan amounts, more female than male respondents receive a loan above 100,000 GEL. Thus, female respondents seem to do well when it comes to receiving loans from banks and there seems to be no major disparity between female and male respondents in the region. None of female respondents received loans from microfinancing organizations while 18.8% of male respondents did. As microfinancing organizations are known for having higher interest rates, and worse terms than banks, the fact that less female respondents have received loans from these organizations could be advantageous.

77.8% of female respondents spend loans on fixed assess rather than on working capital, unlike the male respondents who only spend 53.1% on fixed assets, which might be a positive sign that female respondents are investing in their business rather than just spending money on inventory. Moreover, none of the female respondent are late in their loan payments and two times more female than male respondents have already repaid their loans.

Additionally, the majority of female respondents who have not taken a loan, cite high interest rates as a major reason, while most male respondents cite that they did not need a loan. This might highlight, that females in the region are more risk averse as they do not take loans with high interest rates, although none of them have delays on current loan payments. While 0% of male respondents stated that they were denied a loan due to low income, 4.5% of women were denied for the same reason. 83.8% of female respondents plan to spend a loan on expanding production capacity, which is a right direction to grow their businesses.

**Access to State Programs.** Equal access to state programs is crucial for aiding economic development in the municipalities. The vast majority of female respondents (93.5%) have not participated in the trainings on business planning, while 82.7% of male respondents have participated in these trainings. Therefore, female participation in business planning trainings needs to be increased. 15.9% of female respondents did not attend any training courses during the last three years due to the lack of information, while 33.8% of male respondent did not attended any training for the same reasons. Therefore, it is important to provide information to both female and male residents about training opportunities.

## Summary of Main Challenges and Needs

Based on available statistics, low economic activity of women is the main problem. Challenges that hinder women's economic activism as well as detailed summary of needs is provided below.

<sup>52</sup> Business Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• INSUFFICIENT MANAGEMENT EXPERIENCE</li> <li>• DOUBLE, REPRODUCTIVE / FAMILY WORK FOR WOMEN AND CARE FOR FAMILY MEMBERS</li> <li>• INSUFFICIENT KNOWLEDGE AND SKILLS TO START AND DEVELOP A BUSINESS TO START UP</li> <li>• ACCESS TO INFORMATION</li> <li>• WOMEN HAVE LOWER ATTENDANCE RATES FOR BUSINESS TRAININGS AND COURSES</li> <li>• STEREOTYPES RELATED TO WOMEN'S ACTIVITIES AND PROFESSIONS</li> </ul>	<ul style="list-style-type: none"> <li>• TO EMPOWERMENT WOMEN ECONOMICALLY</li> <li>• TO INCREASE AWARENESS ON THE RIGHTS OF WOMEN, ESPECIALLY REGARDING THE RIGHT OF PROPERTY</li> <li>• TO INFORM WOMEN AND GIRLS ABOUT BUSINESS TRAINING OPPORTUNITIES, WHICH ARE HELD IN THE MUNICIPALITY</li> <li>• TO INFORM GIRLS AND WOMEN ABOUT THE STATE AND NON-STATE PROGRAMS REGARDING BUSINESS DEVELOPMENT</li> </ul>

## KEY CONCLUSIONS ON ECONOMY AND MULTISECTOR DEVELOPMENT

In short, there are several key issues facing that the economy of the municipality at present, that needs to be addressed in order to increase the overall welfare of the residents. These conclusions are:

**Low Population Density and Higher Business Density - Undiversified Non-Farm Economy.** This is evidenced in the large number of enterprises per 1,000 population (88), compared with the other municipalities as well with the national average (48). These are mostly tourism-related services and trading businesses. Large share of the enterprises which are registered in the municipality, operate outside it. The municipality has extremely low population density (3.5) relative to the sample (20) and the national average (53). This setting automatically puts more emphasis (compared with other municipalities) on preventing the decline of the population through targeted policies of increasing their social, economic and environmental conditions as well as diversifying the non-farm sector to the greater extent.

**Average Market Potential.** The overall market potential index of the municipality (calculated by cumulative distance from the rest of the large cities) is the average compared to the target pool. The municipality can be categorized as Remote Rural Region.<sup>53</sup> Being relatively away from the large (50k +) capital city, the municipality does not benefit from opportunities and advantages which regions of Predominantly Rural Close to Cities have.<sup>54</sup> Improving linkages with Tbilisi as a main economic center will significantly contribute to increasing overall wellbeing of the municipality population.

**Economy with Moderate Growth but Best Productivity Performance.** The turnover and employment and value added fluctuated in the municipality in the recent years, resulting in reduced employment but higher monthly wages (1,348 GEL/month) and productivity (69,779 GEL) – the highest among all of the target municipalities. Positive structural shifts among sectors took place in recent years. The biggest contributors to the employment growth were the sectors outside the traditionally large Trade sector, such as Electricity, etc., Construction, Accommodation Services, Restaurants and Food, Manufacturing.

**Resource Misallocations Among and Within Industries.** This is proved by the large differences in the productivity of the labor among several industries (e.g., Comm. Pers. Services vs Trade) as well as productivity differentials among the firms within each individual industry (e.g., Comm. Pers. Services), measured by standard deviation from the average the productivity. Although, in this regard, Kazbegi performs better compared with the other target municipalities, the dispersion level is smaller. Proper allocation of resources will facilitate moving the labor force from low-productivity sectors to high-productivity ones and from low-productivity firms to high-productivity firms within each sector or enhance the skills of the workforce and increase capital intensity of the non-performing enterprises and sectors. This would increase overall output of the non-farm enterprises. There is a disparity in terms of productivity between men and women-run enterprises.

**Sectors with Signs of Comparative Advantages or Regional Specialization Require Attention.** The instruments of the Shift-share Analysis and Location Quotient reveals that on the one hand, there are

<sup>53</sup> Policy Note – Rural Policy 3.0. – A Framework for Rural Development, OECD, 2018

<sup>54</sup> Policy Note – Rural Policy 3.0. – A Framework for Rural Development, OECD, 2018



sectors with positive specialization and negative comparative advantages (e.g., *Agriculture*). It is important to understand why these sectors *lose sources of their competitiveness*. On the other hand, there are sectors, which exhibited positive comparative advantages due to the regional factors but they are not concentrated in the municipality. These are: *Construction, Healthcare, Manufacturing/Production, Restaurants and Food, Transport*. For this group it is important to find the *sources of such growth* and explore whether they can become key competitive sectors in the municipality. These two groups of sectors should be studied to understand the dynamics of their drivers and their potential.

**Young Profile of Businesses and their Management Could Account for the Relative Success of the Region.**

The analysis of the survey in all target municipalities shows that *young managers* perform better in achieving employment growth. Higher education of the manager/owner is also strongly correlated with the success. Kazbegi enterprises are mostly newly established, run by *mostly young managers/owner, most of who have higher education*. This clearly *sets the municipality aside from other target municipalities and explains much about the relatively good performance* of the region in terms of productivity and wages growth shown by the statistics.

**Key Obstacles and Challenges to Start a Business in The Municipality.** Identifying the challenges and obstacles to starting a business in the municipality might lead to creating more opportunities to develop non-farm enterprises in the region. Businesses face several obstacles, but surprisingly a larger portion of the businesses do not understand this issue. Among the challenges competition is a major one. Another key challenge is access to Finance, which is bottlenecked by high interest rates – one of the key reasons businesses did not take loans before. The importance of other factors or challenges is relatively insignificant.

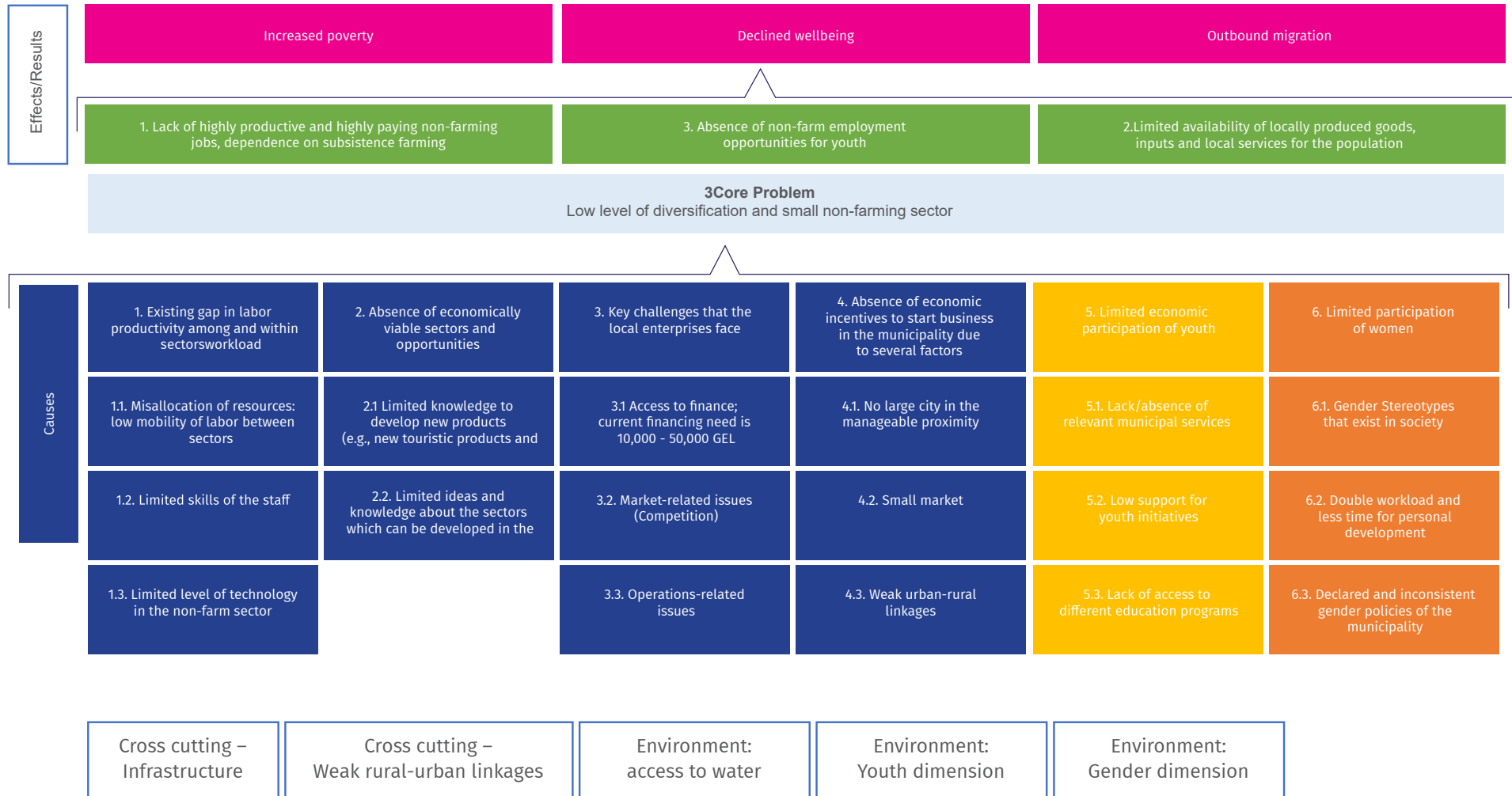
Notably a large number of the businesses do not plan expansion (64.9%). The majority (55.3%) of the enterprises report that *they do not require a loan for future investments*. However, for those who require financing, the current financing need is up to 10,000 GEL, to be mostly used for expansion. Naturally, the most favorable modes of potential assistance are Loan Guarantees and Subsidized Loans.

**Common Determinants of Success of Non-farm Enterprises.** According to the survey, among the key factors that influence the productivity and employment growth of non-farm businesses in the targeted municipalities are managers' personal characteristics, like age (young managers perform better), gender (women managers perform poorer), education (higher education is very important determinant of success), experience, previous work experience, personal values (the managers with *personal values oriented on environment protection and innovations* perform better); business characteristics and policies – rented and owned facility, starting capital, strategic planning, trainings of managers and employees; business environment factors, such as access to credit; the government assistance programs; attractiveness of business climate. All of these factors positively correlate (to more or less degree) with higher productivity and employment growth and should be targeted by the policies.

**Short-Term Needs related to Covid-19.** The likely impacts of the COVID-19 crises is one of the most focused among all the municipalities, since a larger share of the sectors employing the population are either in the immediate or in the delayed impact group. Estimated *weighted average scale of impact on formal economy will be about 39% (number of enterprises) and 38% (formal employment)*.

The impact on employment mostly applies to the formal salaried employment, whereas the impact on the registered self-employment is negligent due to the small portion of such employment in the municipality. The estimated share of non-formal employment is about 4.9 mln GEL, the sectoral breakdown of which is difficult.

# P1 - (Economy and Multisector Development) - Problem Tree



## P1 - (Economy and Multisector Development) - Proposed Intervention Actions

Given below is a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by OECD rural policy approach for this priority - multi-sector development. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P1-EC01 - Technical Assistance Program</li> <li>P1-EC02 - E-Commercialization Program</li> </ul>	<p>Outside agriculture, the enterprises which trade with the rest of the country are almost nonexistent. Tourism is the sector with the potential to become a part of the national and international value chains. Other products with the potential of integration into the global value chain needs to be discovered yet.</p>		<ul style="list-style-type: none"> <li>Integrating rural areas into global value chains</li> </ul>	<p>P1-YU01 - Young CEOs Incentive Program                      P1-YU02 - Youth Innovation Center                      P1-YU03 - Work-Based Vocational Training for Kazbegi Youth                      P1-GE01 - Women Participation Intervention                      P1-RU01 – Exploring Rural-Urban Linkages Program</p>
<ul style="list-style-type: none"> <li>P1-EC03 - Exploring Sources. of Competitiveness</li> <li>P1-EC04 - Feasibility Studies Program</li> <li>P1-EC05-01 - Productivity. Reallocation (Skills Development)</li> <li>P1-EC05-02 - Productivity Reallocation (Technology Upgrade)</li> <li>P1-EC06 - Workforce Growth Program</li> <li>P1-EC10 - Strengthening Vocational Education</li> </ul>	<p>Identifying and promoting competitive rural industries (outside agriculture and tourism) is top priority. Some concentrated sectors loose comparative advantage, others gain. Understanding the root-causes of such dynamics is critical. Identifying and promoting local feasible business ideas will be instrumental for entrepreneurs to pursue them. Besides, there are large gaps in productivity levels across and within the sectors, leading to non-efficiencies. These inequalities should be eliminated through number of measures.</p>		<ul style="list-style-type: none"> <li>Promoting rural industry</li> </ul>	
<ul style="list-style-type: none"> <li>P1-EC07 - Access to Finance Program</li> <li>P1-EC08 - After COVID-19 Re-launch Op-Ex Financing</li> <li>P1-EC09 - After COVID-19 Compliance Financing</li> </ul>	<p>Businesses have positive experience with bank financing, the expansion need is out there. 10,000 – 50,000 GEL is the typical need, mostly required to expand capacity (same product) and upgrade technology.</p>		<ul style="list-style-type: none"> <li>Promoting access to finance, credits and markets</li> </ul>	
<ul style="list-style-type: none"> <li>P1-EC0110 -Technical Assistance Program (Tourism)</li> </ul>	<p>Due to the abundance of natural resources and landscapes, sustainable eco-tourism products is the identified priority of the local tourism and the task is to provide technical assistance (international experts and knowledge) to the regional DMO, the municipality and tourism enterprises to develop infrastructure and products which would appeal to international and local environmentally conscious tourists.</p>		<ul style="list-style-type: none"> <li>Promoting sustainable tourism</li> </ul>	

# **4 Priority 2 (P2) – Community**

**Social Dimension Of Local Society**

**Healthcare Dimension of Local Society**

**Youth Dimension Of Local Society**

**Gender Dimension Of Local Society**

## 4. PRIORITY 2 (P2) – COMMUNITY

This Chapter consist of the Sections, which discusses different aspects of the local society life, such as healthcare, social issues, issues related to youth life and women.

### SOCIAL DIMENSION OF LOCAL COMMUNITY

The social condition of the local population is one of the key aspects and a direct indicator of overall wellbeing of the population in the municipality.

Social protection has been recognized as an effective measure to reduce poverty and foster rural development. Expanding social protection to cover all, particularly the poorest and most vulnerable, is one of the proposed targets of the new Sustainable Development Goals. Evidence clearly shows the positive impacts of social protection, especially for poor and vulnerable rural households. In addition to removing social barriers to access social services, social protection can also reduce poverty by directly providing income or support to vulnerable households and foster local economic development by stimulating and increasing demand for goods and services, increasing labor productivity, employability, and income through increased access to social services. Social protection can contribute to strengthening resilience by breaking the vicious cycle of increased vulnerability to poverty and exclusion, and greater exposure to shocks.<sup>55</sup>

While the share of people living in poverty and extreme poverty have declined in recent years, in Georgia, the incidence of general poverty has increased from 16.4% of total households in 2015 to 19.6% in 2017; 19.6% of households, 21.7% of the population, 27.6% of children and 17.6% of pensioners live below the general poverty threshold (2.5 USD per day). The percentage of households living below the general poverty line is estimated to be 20.8% in rural settlements and 18.4% in urban settlements. An estimated 24.1% of households live below the relative poverty line in rural areas and 20.9% in urban areas.<sup>56</sup>

### Composition of Income Sources

According to the population survey, the main source of monthly incomes for about 36 % of population in the Kazbegi municipality is old age pension and targeted social assistance programs, and just 11% of households depend on income from their own non agriculture business. Compared with the other municipalities, the number of households whose income comes from contract employment is higher and makes up 43,5%.<sup>57</sup>

Social assistance plays an important role in wellbeing of Kazbegi population and after the COVID-19 pandemic, the importance of the social protection network has increased. The municipality exhibits very high portion of incomes from pensions, TSA and other social assistance among the target municipalities.

#### DISTRIBUTION OF HOUSEHOLDS BY MAIN SOURCES OF MONTHLY INCOMES ACROSS MUNICIPALITIES

	MUNICIPALITIES	SALARY	OWN NON-AG- RICULTURAL BUSINESS	OWN AGRICULTURAL BUSINESS(ES)	PENSION, TSA & OTHER	REMITTANCES	OTHER
1	KEDA MUNICIPALITY	37.94	3.68	11.71	39.2	1.16	6.31
2	KHULO MUNICIPALITY	41.63	1.74	11.26	44.08	0.66	0.63
3	DEDOPLISTSKARO MUNICIPALITY	22.86	4.96	9.35	46.83	6.72	9.28
4	LAGODEKHI MUNICIPALITY	19.14	7.55	26.35	24.36	8.02	14.58
5	<b>KAZBEGI MUNICIPALITY</b>	43.56	11.06	3.17	35.9	1.22	5.09

<sup>55</sup> Source: FAO

<sup>56</sup> The Welfare Monitoring Survey 2017 UNICEF

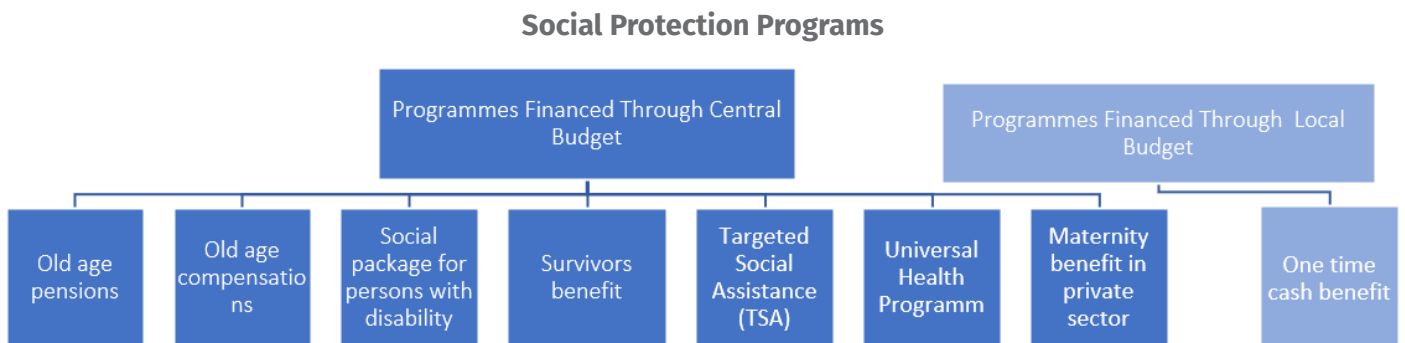
<sup>57</sup> Population Survey OF Non-Farm Economy Needs in the Target Municipalities, UNDP, 2019

6	AKHALKALAKI MUNICIPALITY	14.42	2.45	27.8	28.67	21.85	4.81
7	BORJOMI MUNICIPALITY	42.68	7.09	1.74	40.9	3.26	4.33
8	TETRITSKARO MUNICIPALITY	26.92	4.71	12.35	49.71	2.39	3.92

Source: Population Survey, UNDP.

## Mapping of Social Projection Programs

Social protection programs consist of non-contributory schemes, financed from the general budget, with eligibility usually determined on a means-tested (poverty) or category basis (age, disability, displacement). The Ministry of IDPs from Occupied Territories, Labor, Health and Social Affairs of Georgia (through its Social Service Agency) administers all social protection programs except one-time cash benefits. All local municipalities provide cash benefits based on TSA scores or for a variety of groups of population (persons with disabilities, veterans, single mothers etc.).



Source: Social Service Agency.

Social assistance and social services for population in the Kazbegi municipality are mostly provided and financed by the central government. The local government programs mostly offer one-time cash benefit for vulnerable groups and co-finance health related expenditure.

As of May 2020, the beneficiaries of the main Social Programs at country, regional and municipal levels are as follows:

### BENEFICIARIES OF MAIN SOCIAL PROGRAMS AT NATIONAL, REGIONAL AND MUNICIPAL LEVELS

PROGRAMMES	GEORGIA		MTSKHETA-MTIANETI		KAZBEGI	
	Female	Male	Female	Male	Female	Male
OLD AGE PENSIONS	550 095	222 227	13 250	6 057	679	323
OLD AGE PENSIONS COMPENSATION FOR MOUNTAIN REGIONS (+20%)	47 872	23 408	4 286	2 236	617	304
SOCIAL PACKAGE FOR PERSONS WITH DISABILITIES	115 399		2 618		212	
SOCIAL PACKAGE FOR CHILDREN WITH DISABILITIES	11 463				6	
TARGETING SOCIAL ASSISTANCE	264 918	218 875	8 190	6 763	396	302

Source: Social Service Agency.

## Income Support Transfers (Main Types of Social Assistance)

**Old Age Pensions.** Old age pension has an important impact on the households' poverty level. The main social transfer is old age pension (220 GEL) which plays most important role in social economic conditions of the households. In Georgia, if pension is removed from household income, an estimated 81.4% of households receiving pension income fall below the extreme poverty, 73.2% below the relative poverty line, and 74.1% below the general poverty line.<sup>58</sup>

Old age pension is the biggest social assistance in the Kazbegi municipality and highest among other municipalities, which covers 27.1 % of population. In the Kazbegi municipality 1,002 (679 female and 323 male) persons received old age pensions as of May 2020. More than 92% of old age pensioners received old age pensions compensation for mountain regions – additional 20% of old age pensions (264 GEL) and from 1<sup>st</sup> of July 2020 old age pensions increased by 30 GEL for pensioners at the age 70 and above.

### OLD-AGE PENSIONERS IN THE TARGET MUNICIPALITIES

	MUNICIPALITIES	OLD AGE PENSIONERS		% TO POPULATION
		FEMALE	MALE	
1	KEDA MUNICIPALITY	1972	1052	17.9
2	KHULO MUNICIPALITY	3131	1495	19.7
3	DEDOPLISTSKARO MUNICIPALITY	3629	1528	24.5
4	LAGODEKHI MUNICIPALITY	5174	2378	18.1
5	KAZBEGI MUNICIPALITY	679	323	27.1
6	AKHALKALAKI MUNICIPALITY	5599	2145	17.2
7	BORJOMI MUNICIPALITY	4445	1785	24.7
8	TETRITSKARO MUNICIPALITY	2968	1448	21.0

Source: [ssa.gov.ge](http://ssa.gov.ge)

**Social Package for Persons with Disabilities.** Persons with disabilities receive disability status based on the assessment. There are three categories of disability: Severe disability (Group I), significant disability (Group II), and moderate disability (Group III). There is a separate status for disabled children. The person who has been assigned the moderate category of disability is eligible for benefits if he or she was assessed as disabled from his/her childhood. When a person with disability reaches the age of 65 (female 60) he or she can choose between the old age pension and the disability benefit.

Persons with disability receive so called Social Package based on the disability status (severe disability – 220 GEL, children with disability 220 GEL, significant disability – 140 GEL, moderate disability – 100 GEL (The person assigned the moderate category of disability is eligible for benefits if he or she was assessed as disabled from his/her childhood) ). From 1st of July 2020 the social package for severe disability and for disabled children increased by 30 GEL. If the person is registered in a mountainous region, he/she receives additional compensation, 20% of the social package.

In the Kazbegi municipality the disability social package was received by: 6 children with disability, 22 persons with severe disability, 47 persons with significant disability and 10 persons with moderate disability. The percentage of persons with disabilities (2,3%) compared with the municipal population is much lower than the average national indicator, which is at 4%. 85 children who lost their parents (one of them or both) received survivor benefit – 100 GEL.

<sup>58</sup> Georgia Welfare Monitoring Survey Fifth Stage 2017 (UNICEF)

**SOCIAL PACKAGE/PENSION FOR DISABILITIES (DISABLEMENT)**

	MUNICIPALITIES	PERSONS WITH DISABILITIES	% TO POPULATION
1	KEDA MUNICIPALITY	1012	6.0
2	KHULO MUNICIPALITY	1951	8.3
3	DEDOPLISTSKARO MUNICIPALITY	580	2.8
4	LAGODEKHI MUNICIPALITY	2147	5.1
5	KAZBEGI MUNICIPALITY	84	2.3
6	AKHALKALAKI MUNICIPALITY	1005	2.2
7	BORJOMI MUNICIPALITY	1014	4.0
8	TETRITSKARO MUNICIPALITY	486	2.3

Source: *ssa.gov.ge*

Based on the data from Revenue Service, 109 people from the Kazbegi municipality lost their jobs during the pandemic and received unemployment compensation (200 GEL for six month).<sup>59</sup>

**UNEMPLOYMENT COMPENSATION - COVID-19**

	MUNICIPALITIES	NUMBER OF PEOPLE WHO RECEIVED COMPENSATION
1	KEDA MUNICIPALITY	249
2	KHULO MUNICIPALITY	412
3	DEDOPLISTSKARO MUNICIPALITY	202
4	LAGODEKHI MUNICIPALITY	318
5	KAZBEGI MUNICIPALITY	109
6	AKHALKALAKI MUNICIPALITY	189
7	BORJOMI MUNICIPALITY	863
8	TETRITSKARO MUNICIPALITY	199

Source: *Revenue Service*

**Targeted Social Assistance.** Targeted social assistance is a particular cash assistance program aimed at reducing poverty of the most vulnerable households. It should be noted, that TSA has a great impact on poverty reduction. According to UNICEF, if TSA with child assistance were removed from the household consumption, extreme poverty among the children would have increased from 6.8% to 13.1%.<sup>60</sup> These findings demonstrate that TSA, plus the child benefit (CB) has the highest impact on children. TSA is also more focused on the households with children.

The program has been in operation since 2006 and is based on the assessment of households using Proxy Means Testing formula and by assigning “wellbeing score” to each household. In 2013, the government embarked on the revision of this program to ensure its continued effectiveness and to revise some of the parameters of the eligibility formula. The amounts of TSA are as follows: up to 30,000 score – 60 GEL per person; up to 57,000 score – 50 GEL per person; up to 60,000 score – 40 GEL per person; up to 65,000 score 30 GEL per person; up to 100,000 score – additional 50 GEL child benefit (CB). About 3,798 (16 064 persons) households have applied TSA and registered with the Social Service Agency.

<sup>59</sup> Although, due to the methodology of issuing the compensation (based on a person’s place of registration), it is not possible to find out the place of their employment.

<sup>60</sup> Georgia Welfare Monitoring Survey Fifth Stage 2017 (UNICEF)



Approximately 30 % of the population in the Kazbegi municipality identify themselves as poor, from them just 297 households (698 persons) received TSA. With 16.8% of the households and 18.9% of the population of the Kazbegi municipality receiving targeted social assistance, the municipality is slightly more than the average indicator for the country (13%). 176 (up to 16) children received TSA as of 2020.

#### TARGETED SOCIAL ASSISTANCE PROGRAM BY MUNICIPALITIES

	MUNICIPALITIES	REGISTERED HOUSEHOLDS	REGISTERED PERSONS	RECEIVED TSA HOUSHOLDS	RECIVED TSA FEMALE	RECIVED TSA MALE	% TO POPULATION	CHILDREN (16)
1	KEDA MUNICIPALITY	3086	13283	1204	3243	2971	36.8	1894
2	KHULO MUNICIPALITY	3798	16064	1706	3958	4320	35.2	2446
3	DEDOPLISTSKARO MUNICIPALITY	2783	7405	1016	1950	1632	17	1258
4	LAGODEKHI MUNICIPALITY	5444	17763	1909	4052	3745	18.7	2818
5	KAZBEGI MUNICIPALITY	544	1201	297	396	302	18.9	176
6	AKHALKALAKI MUNICIPALITY	1366	3651	558	1034	631	3.7	572
7	BORJOMI MUNICIPALITY	2217	6395	614	978	1216	8.7	734
8	TETRITSKARO MUNICIPALITY	2942	8555	2031	2955	3544	30.9	1919

Source: Social Service Agency.

**Social Programs Funded by the Municipality Local Budget.** The Kazbegi municipality provides direct financial aid to war veterans and families of soldiers killed in military actions, families with newborn children, families with many children, students and PWD.

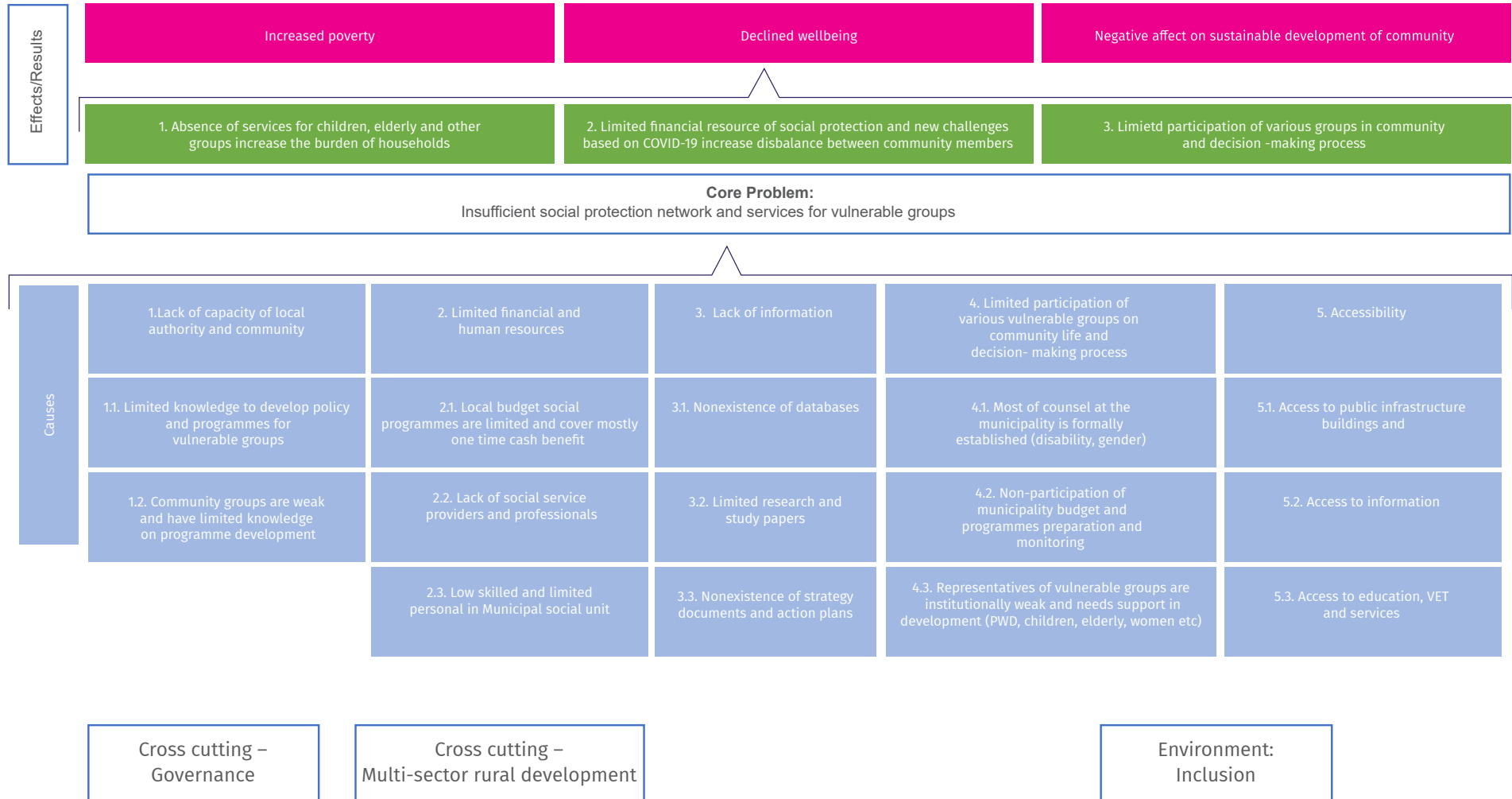
By 2019 the social budget was planned at 120,892 GEL, and for 2020 the social budget was planned at 215,000 GEL.

As in the other municipalities, the main part of local social programs in Kazbegi offer one-time cash benefits, and services for vulnerable categories are virtually non-existent. At the same time in the Kazbegi municipality social services are not provided by the central government. Accordingly, it is assumed that a large number of vulnerable groups (children, elderly, PWD) in Kazbegi are left without services, which further complicates their inclusion in the community. At the same time, the effectiveness of one-time cash benefit is very low for vulnerable categories and practically fail to provide the main goal of social programs, that is social protection of the population.

Unfortunately, today the local authority does not have databases on vulnerable categories, and it is unable to develop programs according to specific needs of target groups.

The summary table of the programs that was financed from local municipality budget in 2019 or was planned for 2020 is provided in the annex of this document.

## P2 - (Community ) - (Social Dimension) - Problem Tree



## P2 - (Community) - (Social Dimension) - Proposed Interventions

Below is given a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by OECD rural policy approach for this priority, that is the community and its social aspects. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P2-SO01- Social Service Development Program</li> </ul>	<p>Social protection is one of the main challenges to Kazbegi municipality. The main monthly income for more than 35% of municipality population are is TSA and the old age pension. COVID- 19 generates impacts of social economic conditions for the households with vulnerable groups (children, PWD, elderly). social services for vulnerable groups are not developed. Children with disability have limited access to services at the municipality level.</p>		<ul style="list-style-type: none"> <li>Cash transfers to promote development</li> </ul>	
<ul style="list-style-type: none"> <li>P2-SO02 - Training of Personnel of Local Authorities</li> </ul>	<p>Despite the recent changes (new law on social work), social units of local municipalities still have a lot of challenges - limited and unskilled personal, insufficient financial resources, professional social workers. Also, the local community who represents the vulnerable groups is still in need of support and development.</p>		<ul style="list-style-type: none"> <li>Building government capacity</li> </ul>	
<ul style="list-style-type: none"> <li>P2-SO03 - Institutional and Financial Capacity Building for Service Providers and Social Enterprises</li> </ul>	<p>The most important part of inclusion vulnerable groups is giving them needed social services and support their employment. Establishment of social service providers without governmental/ donor support is practically impossible especially in mountainous regions. Nowadays, vulnerable groups from Kazbegi municipality does not have any access to social services and COVID- 19 impact practically isolated this category from the community. Vulnerable groups, especially in the post pandemic period, are not competitive on labor market and they need special condition and employment support. Social entrepreneurship is a great opportunity for income generation for such groups.</p>		<ul style="list-style-type: none"> <li>Promoting private-sector rural service industries</li> </ul>	

## HEALTHCARE DIMENSION OF LOCAL COMMUNITY

### Main Demographic Indicators

Demographic indicators are one of the main gauges of life quality, the level of socio-economic development of the society and indirect indication of the conditions of the healthcare system in the given municipality. In the table below, the main demographic indicators of the Kazbegi municipality are compared to the regional and national levels in 2018.

MAIN DEMOGRAPHY INDICATORS AT NATIONAL, REGIONAL AND MUNICIPAL LEVELS

INDICATOR	GEORGIA	MTSKHETA-MTIANETI	KAZBEGI
TOTAL NUMBER OF LIFE BIRTH	51138	1067	63
BIRTH RATE PER 1000 POPULATION	13.7	11.4	16.5
NATURAL POPULATION GROWTH	4614	-262	-15
POPULATION GROWTH RATE PER 1000 POPULATION	1.2	-2.8	-3.9
TOTAL NUMBER OF DEATH	46524	1329	78
MORTALITY RATE PER 1000 POPULATION	12.5	14.2	20.4
TOTAL NUMBER OF INFANTS DEATHS	416	8	2
INFANT MORTALITY PER 1000 LIFE BIRTH	8.1	7.5	31.7
TOTAL NUMBER OF STILLBIRTH	436	6	1
STILLBIRTH PER 1000 BIRTHS	8.5	5.6	15.9
TOTAL FERTILITY RATE (TFR)	2.1		
LIFE EXPECTANCY AT BIRTH	74.0 years (in females – 78.2; in males – 69.7)		
TOTAL NUMBER OF MATERNAL DEATHS	14		
MATERNAL MORTALITY RATE PER 100000 LIVE BIRTHS	27.4		
TOTAL NUMBER OF UNDER FIVE DEATHS	499	8	2
UNDER-5 MORTALITY RATE PER 1000 LIVE BIRTHS	9.8	7.5	31.7

Source: NCDC.ge.

Based on the data, the most important problem that the Kazbegi municipality is facing is infant mortality as well as the mortality of children under-five. Both rates are extremely high compared with regional and county rates.

### Immunization Coverage and Selected Communicable Diseases

Immunization is a top public health priority. Increase immunization rates and reduced preventable infectious diseases is one of the main objectives of Georgian national healthcare policy.<sup>61</sup> This is clearly demonstrated by a significant increase of funds allocated to the State immunization program (4 million GEL in 2012 and 22,400 million GEL in 2018). All vaccines included in the national immunization schedule are free of charge for the population. The state purchases vaccines for immunization, which are prequalified by the World Health Organization to guarantee that only high quality and safe vaccines are used for immunization of the population. According to the NCDC, in 2018, immunization coverage rates are significantly higher than in previous years. The table below provides immunization coverage regional and county data for 2018.

<sup>61</sup> On Approval of the 2014-2020 State Concept of Healthcare System of Georgia for 'Universal Health Care and Quality Control for the Protection of Patients' Rights' Government of Georgia, ordinance #724, 2014

**IMMUNIZATION COVERAGE (PERCENT) MTSKHETA-MTIANETI AND GEORGIA, 2018<sup>62</sup>**

	BCG	DPT+HIB+HEPB/ DPT+HIB+HEP- B+IPV/DPT3	POLIO-3	MMR-1	MMR-2
MTSKHETA-MTIANETI	102.2%	95.4%	95.4%	99.6%	97.3%
GEORGIA	97.1%	92.6%	92.6%	98.7%	95.6%

Source: NCDC.ge

According to the 2018 data, HIV incidence per 100,000 population was 19.2 for Mtskheta-Mtianeti region while it was 18.0/100,000 for the entire country. There are no cases of HIV registered in Kazbegi municipality during the last five years.

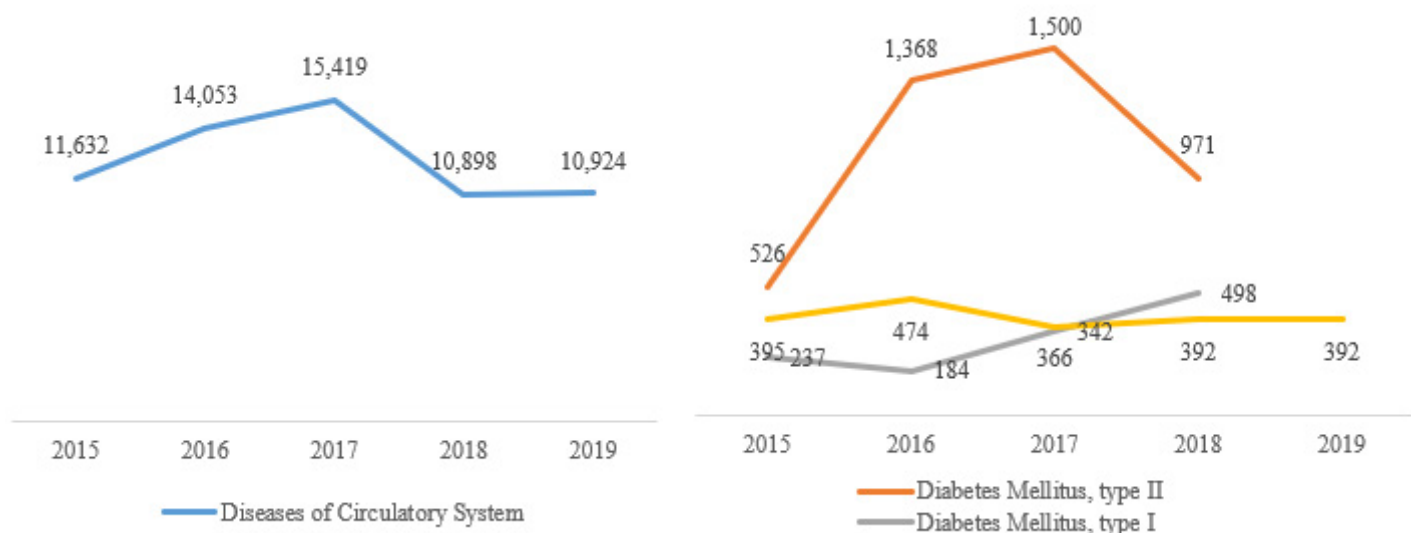
According to the 2018 data, Mtskheta-Mtianeti region has the highest rate of TB per 100,000 population among all the regions of Georgia. Although TB have not been registered in the Kazbegi municipality over the last five years.

Since 2015, the number of people, covered by Hepatitis C screening is increasing. 2,629 individuals were screened for Hepatitis C in 2018 and 3.2% (84 individuals) tested positive, while HCV positive rate among the screened population was 7.82% for the entire country in 2018.

**Non-Communicable Diseases**

The figure below presents the last five-year trend of prevalence rate of Diseases of Circulatory System, Diabetes Mellitus and Chronic Respiratory Diseases for the Kazbegi municipality.

**PREVALENCE RATE OF DISEASES OF CIRCULATORY SYSTEM, DIABETES MELLITUS AND CHRONIC RESPIRATORY DISEASES**



Source: NCDC.ge

The prevalence of Diseases of Circulatory System in Kazbegi has a rather stable trend during the last five years. In 2018, the prevalence per 100,000 population was almost the same as for the entire country, but lower than the regional average (country – 10,954.7/100,000; region – 12,045.8/100,000; municipality - 10,897.6/100,000). By the end of 2019, there were 418 registered cases of diseases of the circulatory system in the municipality.

<sup>62</sup> Coverage according to the scheduled number of the target population

By the end of 2018, there were 19 patients (no cases under-15) with type I and 37 with type II Diabetes Mellitus registered in the Kazbegi municipality. Prevalence of type I Diabetes was higher than the county average in 2018 (498.4/100,000 VS 379.5/100,000). On contrary, the prevalence of type II Diabetes was lower than the county average in 2018 (970.6/100,000 VS 1681.6/100,000). The last five-year trend is quite stable for both types.

There is a stable trend in prevalence of Chronic Respiratory Diseases (CRD) in the municipality during the last five years.

The incidence of Malignant Neoplasms per 100,000 population has an increasing trend and in 2018, it was much higher than the country and regional averages in the same year (in the country - 258.5/100,000; in the region - 250.6/100,000; and in the municipality - 522.6/100,000).

## Organization and Governance

The healthcare system is now highly decentralized and was extensively privatized under the reforms implemented from 2007 to 2012. In 2012, the change of the Government brought a significant change of direction in health policy. The health system is still largely oriented towards curative care. Spending on inpatient care represents 67% of public health spending, while 25% is allocated to outpatient care.<sup>63</sup>

The out-patient clinics and family medicine centers coexist both in the cities and in the regional centers as well. The system of rural doctor and nurse also remains the main health care provision in the villages, providing the primary health care services in the rural areas. The rural medical staff make referrals to the regional out-patient clinic or multi profile hospital, which provide treatment of complex cases. The current primary health care services provided include maternal and child services, immunization, reproductive health, screening, some activities in health promotion and disease prevention at the population and individual levels, basic laboratory tests, diagnostics, palliative care, rehabilitation, psychiatric community-based care and health check-ups. Rural doctors and nurses are under the control of the MoH and the Emergency Situations Coordination and Urgent Assistance Center. At the same time, they play a key role in implementing the state programs run by National Centre for Disease Control and Public Health.

In agreement with the MoH, the municipalities also implement thematic programs that complement the Ministry's programs. The Local Self-Government Code clarifies that local self-governments have the right, within their authority, to develop and implement programs to finance themselves from their own budgets. The municipalities also have the authority delegated in the field of public health, which is clearly defined by the Law of Georgia on Public Health. Public health is financed from the municipal budgets in order to implement the activities defined by the law, specifically: to ensure that preventive and epidemiological control measures are carried out in the case of epidemic threats; to facilitate primary epidemiological research on the territory of the municipality, to organize deratization, disinsection and disinfection measures according to the National Immunization Schedule, etc.<sup>64</sup> Thus, municipalities have sufficient legal grounds to plan, develop and implement effective and needs oriented municipal health programs in independently.

## Financing Issues

Health care services for Kazbegi population, as it is for the entire Georgia, are financed and provided through the State Health Programs. Since 2013, the Universal Health Care Program is implemented in the country. Besides the UHC program, state finances healthcare services in priority areas through Vertical Programs (including Disease Early Detection and Screening, Immunization, Epidemiological Surveillance Safe Blood, Prevention of Occupational Diseases, TB, HIV/AIDS and Hepatitis C Management, Maternal and Child Health, Drug Addiction, Health Promotion) for the entire population of the country.

<sup>63</sup> Georgia Health Utilization and Expenditure Survey WHO, USAID, World Bank, MoLHSA, 2017

<sup>64</sup> Law of Georgia on Public Health

Both in the whole country and in the Kazbegi municipality, “State Program of Rural Doctors” is being implemented. The program aims at increasing the geographical and financial access of the rural population to primary health care services.

## Municipal Budget

According to the approved 2020 budget of the Kazbegi municipality the budget income totals 9,094,400 GEL, out of which 300,300 GEL (3,3%) is allocated for health-related expenditure. Distribution of funds allocated for healthcare is as follows:

### DISTRIBUTION OF FUNDS ALLOCATED FOR HEALTHCARE FROM THE LOCAL BUDGET

- 90,300 GEL - FOR PUBLIC HEALTH ISSUES (GENERAL EPIDEMIOLOGICAL SURVEILLANCE, IMMUNIZATION, MALARIA DIAGNOSTICS, PREVENTION MEASURES AGAINST MALARIA, HCV SCREENING, REPRODUCTIVE HEALTH FOR YOUTH, DISEASE AND RISK FACTOR PREVENTION, SURVEILLANCE OF SANITARY NORMS);
- 210,000 GEL – FOR INPATIENT AND OUTPATIENT SERVICES (THE MUNICIPALITY OFFERS ADDITIONAL FUNDING IN A PRE-DETERMINED AMOUNT TO THE POPULATION ACCORDING TO THEIR SOCIAL STATUS, PLANNED AND URGENT SERVICES, UNDER 5 AND OVER 80 YEARS OLD POPULATION RECEIVE CO-FINANCING FOR INPATIENT AND OUTPATIENT TREATMENT SERVICES, FINANCING FOR MEDICINES FOR CERTAIN GROUPS);

Source: Local Authorities.

It should be mentioned that assistance/co-payment for inpatient medical care is classified as a social assistance program rather than medical. Social assistance provided in the form of services includes healthcare programs and co-financing of medical services.

With the aim of promoting a healthy lifestyle among the adolescents, the municipality allocates 20,000 GEL for sporting events.

Under the infrastructure development budget line, 20,000 GEL is allocated for construction, rehabilitation of damaged facilities and buildings, but it is not specified whether it envisages the rehabilitation of medical facilities or rural outpatient clinics.

## Human Resources

As of 2018 there are 15 physicians (including dentists) in the municipality and 16 nurses, making up the ratio of nurses to physicians 1.1, which is higher than the ratio for the country (0.6 in 2018). In 2018, the number of physicians per 100,000 population was lower than the regional average and almost 2 times lower than in the entire Georgia (in the country - 784.2/100,000; in the region - 413.8/100,000; in the municipality - 394.7/100,000). The same indicator for nurses was higher than the regional and slightly lower than country average for the same year (in the country - 494.8/100,000; in the region - 278.3/100,000; and in the municipality - 421.1/100,000).

The number of rural physician-entrepreneurs in the municipality is 3, meaning that 3 rural doctors are serving 25 out of 45 villages of Kazbegi municipality that have permanent residents. Considering the number of total municipality’s population (3,795), on average there is 1 rural doctor per 1,300 population.

## Provision of Services and Access to Health Care

As of 2019, there is one hospital with 15 hospital beds, 3 rural independent physicians facilities, 1 first aid health center, 1 Emergency Medical Service Center, and 1 public health center in the municipality. There is Antenatal Department operating in the hospital.

Bed occupancy rate was 10.3 (187.2 for Georgia), with an average length of stay 1.3 (4.9 for Georgia) in 2018.

In 2018, the number of visits at out-patient clinics was 2.6 per capita per year for the Kazbegi municipality, while the same indicator amounts 1.8 for the Mtskheta-Mtianeti region, and 3.3 for the entire country.

In 2018, out of the number of cases when people received emergency medical assistance, 3.3% cases were due to accidents and 96.4% - due to sudden illness. The figure for accidents is twice higher than the county average.

According to the Kazbegi Development Strategy for 2020-2024, all major organizations are in Stepantsminda, including the hospital. This makes difficulties for the residents of the villages to use medical services, especially during the winter season. Based on the survey results, it is possible to receive pharmacy services only in the small town in Stepantsminda. According to the information provided by the municipality, there are only three pharmacies, two in Stepantsminda and one in Daba Gudauri, operating throughout the municipality. Not all medicines are available even in these pharmacies. There is a multi-profile medical center in Stepantsminda, the material and technical capacity and human resources of which do not provide all the necessary medical manipulations/medical services to the patients. Timely and safe transportation to the another medical facility is also a problem, especially during winter.<sup>65</sup>

The only dental office in the municipality has a positive evaluation and response, but the clinic does not have a full package of services and it is necessary to leave the municipality to get some procedures.

The development strategy of Mtskheta-Mtianeti region also states that limited access to healthcare facilities and medicines is observed for the majority of the population; there is a lack of specialists in the healthcare field.<sup>66</sup> Qualified doctors from the leading clinics in Tbilisi often come to Kazbegi to conduct free examinations and surgeries.<sup>67</sup>

According to the Evaluation of Development Strategies and Regional Tourism Development Strategies of Samtskhe-Javakheti and Mtskheta-Mtianeti regions, a large portion of the region's population is elderly, thus the demand for medical care is high.<sup>68</sup> The income of the population is low, and the poverty level is high therefore medical services have become less affordable for the population at large. The hospital is located in the municipal center and inhabitants of remote villages find it difficult to access medical facilities especially in winter. Due to the complex geography and specific nature of the settlements, there is an urgent need to improve medical helicopter services. There is a serious shortage of qualified medical personnel in the region. Therefore, the population of the region has to go to other places/the capital to receive high quality medical care. In most cases, the population go to medical service suppliers in Tbilisi. As it was mentioned before, access to medicines is also a serious problem in the Kazbegi municipality.

As tourism grows in Kazbegi, so does the need for facilities to deal with difficulties that might arise concerning tourists' health and well-being.

The availability of outpatient clinics providing family planning services and women's counseling centers is limited in the regions, especially in the mountainous villages, including Kazbegi. Rural women have to go to a nearby village or a town to get services, which is associated with additional financial barriers. The problem of availability of services in the villages is exacerbated by the lack of adequate equipment and necessary resources in the medical centers.<sup>69</sup>

According to the survey conducted in 2019, only 28.8% of participants (26.3% of men and 31.4% of women) assessed the health infrastructure and services in the Kazbegi municipality as "fully satisfactory", while 19.3% expressed full dissatisfaction (full dissatisfaction was even higher among women [22.1%]). It should be highlighted that 79.4% of participants aged 18-24 expressed full dissatisfaction with health infrastructure and services. No one from the persons with disabilities expressed full satisfaction with the health infrastructure and services of the municipality.<sup>70</sup>

<sup>65</sup> Kazbegi Development Strategy for 2020-2024

<sup>66</sup> The development strategy of Mtskheta-Mtianeti region, 2016-2021

<sup>67</sup> Kazbegi Municipality Mid-Term Development Document (2020 - 2023)

<sup>68</sup> The Strategic Environmental, Social and Cultural Heritage Assessment (SECHSA) of the regional development and tourism development strategies of Samtskhe-Javakheti and Mtskheta-Mtianeti, 2016

<sup>69</sup> Sexual and Reproductive Health and Rights: National Assessment, Key Findings, UN and Public Defender, 2019

<sup>70</sup> Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019.



## Rural Primary Health Care

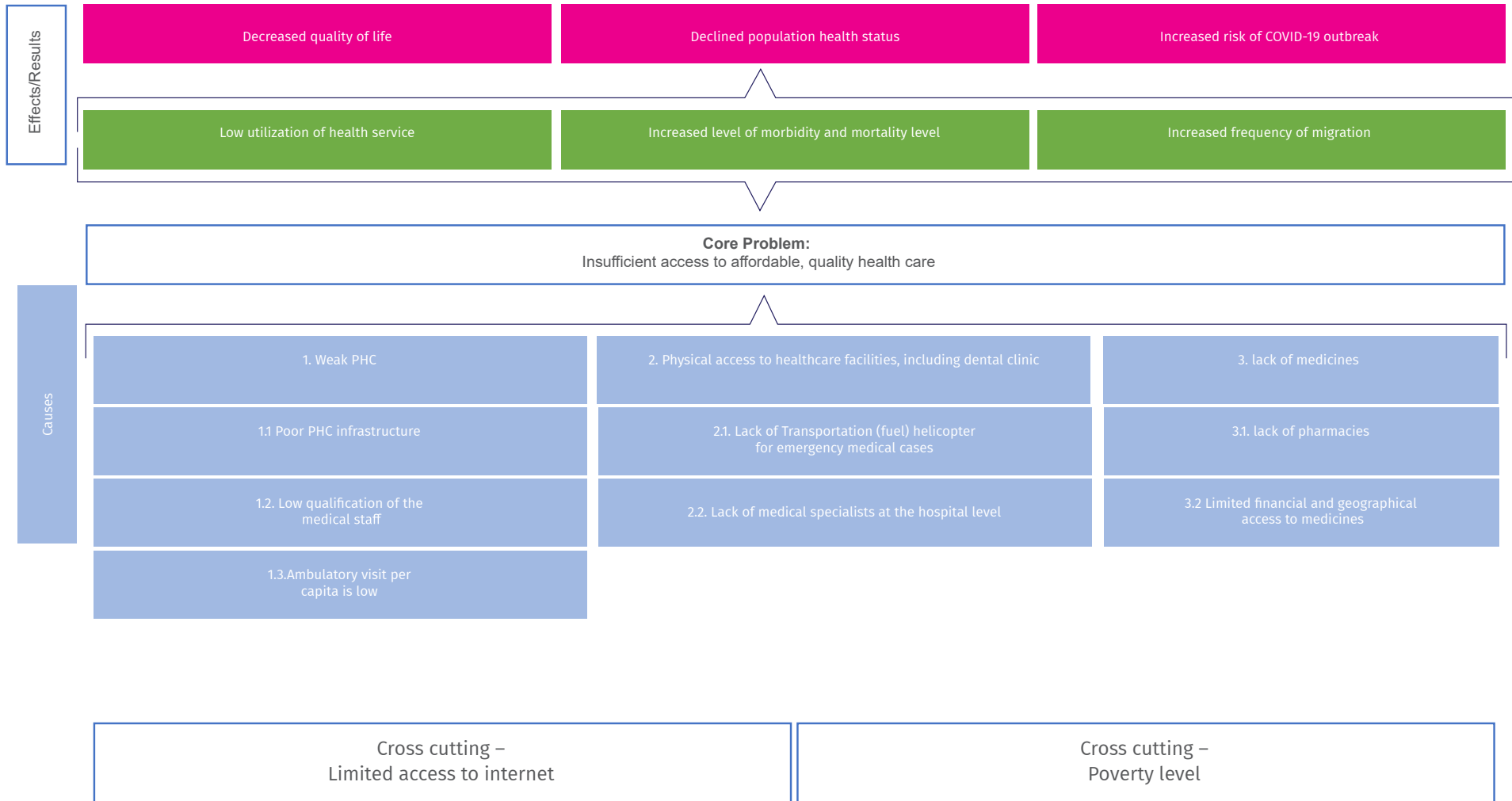
Primary health care can cover the majority of person's health needs throughout their life including prevention, treatment, rehabilitation and palliative care.<sup>71</sup> Therefore, World Health organization recognizes the central role of primary health care for achieving health and well-being for all, at all ages. PHC system is poorly developed in Kazbegi, and in many cases, out-patient clinics are not accessible for the population. Due to the low qualifications of the medical personnel, the population distrusts the medical staff employed in the out-patient clinics. During the development of the presented document, the Municipality provided us with information regarding the operation, needs and challenges of rural out-patient clinics . There are three rural out-patient clinics (in Goristsikhe, Sno and Sioni) with PHC teams composed of rural doctors and nurses. In addition, only nurses are available in two settlements, Kobi and Gudauri.

The conditions of facilities are satisfactory, although there are problems with water systems and need for renovating the buildings. Computers are available for all doctors, but they do not have access to the Internet. The personnel have access to PHC guidelines and protocols and they always apply them in their practice. All doctors have taken some kind of training 1 year ago. They all have information on the management of COVID-19 presumptive cases. The following were named among the most important needs faced by the rural out-patient clinics in the Kazbegi municipality: trainings for PHC personnel, access to the Internet and availability of vehicles for transportation.

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<sup>71</sup> <https://www.who.int>

## P2 - (Community) - (Healthcare Dimension) - Problem Tree



## P2 - (Society) - (Healthcare Dimension) - Proposed Intervention Actions

Below is given a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by OECD rural policy approach for this priority, that is the local community, and its healthcare aspect. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P2-HE01 - Home-based Maternal and Childcare Program</li> </ul>	Maternal, perinatal and newborn health matters to every person, society and country, and should be viewed from both a human rights and health and wellbeing perspective as highly important topics.		<ul style="list-style-type: none"> <li>Ensuring basic health</li> </ul>	<ul style="list-style-type: none"> <li>Poverty level</li> <li>Limited access to internet</li> </ul>
<ul style="list-style-type: none"> <li>P2-HE02 - The Health Workforce Growth Program</li> </ul>	Rural doctors play a significant role in preventing people from becoming impoverished. Rural doctors provide a series of health services to the local residents, including preventive services, maternal and child health services, and emergency medical aid. Despite a low level of service in terms of equipment and medical instruments, the primary health-care services provided by rural doctors effectively reduce costs and provide timely treatment for the rural residents. The qualified health workforce is urgently needed at hospital level.		<ul style="list-style-type: none"> <li>Ensuring basic health</li> </ul>	
<ul style="list-style-type: none"> <li>P2-HE03 - Emergency and Non-emergency Medical Transportation Service Program</li> </ul>	Kazgebi is a mountainous region and rural doctors need vehicles. Emergency medical transport is difficult in rural areas, because of small, widely dispersed population, geographical barriers, and harsh weather. Rural transport may be improved through better organization of existing ground based resources and by using air medical transport service.		<ul style="list-style-type: none"> <li>Promoting basic physical infrastructure investments</li> </ul>	
<ul style="list-style-type: none"> <li>P2-HE04 - Access to Internet</li> </ul>	In the COVID era, during the shift to extensive online communication, access to internet is to be a priority. Therefore, an improved access to internet services among rural doctors and nurses is critical. Georgia faces challenges in transitioning to electronic health information systems. However, it is compulsory for doctors and nurses to fill in annual medical form in electronic format. Access to Internet is crucial for continued medical education as well as for developing the health information system for the whole country.		<ul style="list-style-type: none"> <li>Promoting access and use of ICTs</li> </ul>	
<ul style="list-style-type: none"> <li>P2-HE05 - Continued Medical Education for Medical Personal</li> </ul>	The quality of health care services relies on a health care workforce that is trained, supported, and motivated to provide high-quality care. Qualified staff is particularly important to improve clinical care delivered in primary health care as well as hospital level; and engage and empowered the patient, family, and community.		<ul style="list-style-type: none"> <li>Providing education and training</li> </ul>	

## YOUTH DIMENSION OF LOCAL COMMUNITY

Several broad building blocks comprise the youth dimension of the municipality including education, economic empowerment, participation and engagement in society, sport and cultural life.

### Education

It should be also noted that the Kazbegi municipality is a highland settlement with a small number of young people living far from each other, as well as there is a small number of children in school classes. The above-mentioned environment is an obstacle for the development of interpersonal communication skills, young people experience difficulty of social communication and self-expression, which ultimately leads to the passiveness of the youth and lack of involvement of young people in public and social life. In order to promote active participation of the youth in the municipality, it is important to implement the targeted youth policy, which includes supporting youth employment, entertainment and recreation activities.

There are 8 public general educational institutions, with 563 students.<sup>72</sup> Compared to 2005, in 2020 the number of students fell by 10.6 %. According to 2014 Geostat data, 30.3 % of 15 to 29 years old young people have higher education, while 11.4 % of the youth have vocational education.<sup>73</sup> The school infrastructure is mostly improving. The high school teachers need to improve their professional skills. Learning foreign languages is a particular challenge for students. There are no vocational institutions in the municipality, except Ilia Tsinamdzgvrishvili Public Collage in the Mtskheta municipality which, has a training space in Kazbegi but with limited number of vocational programs.

In the municipality, there is an increased demand for professional staff in the hospitality sector, although most of the youth either do not have access to vocational education outside the municipality, or do not consider vocational education and employment in this sector as suitable for them.<sup>74</sup>

The share of the youths that are not in Education, Employment or Training (NEET) is quite high in Georgia. According to GEOSTAT data, the share of NEET youth in 2018 was 31.6%.<sup>75</sup> While the study conducted by the World Bank earlier shows that the share of NEET youth was 32.4% in 2014.<sup>76</sup> Unfortunately, the mentioned data are calculated at the national level only. Although there is a valid assumption that the data at the municipal level should not be any better. The table below shows that the share of NEET youth in the Mtskheta-Mtianeti region is 27.88, which is less than in other regions but it is still high in General.<sup>77</sup>

#### NEET YOUTH IN GEORGIA BY REGIONS

REGION	%
KAKHETI	37.47
TBILISI	29.27
SHIDA KARTLI	43.54
KVEMO KARTLI	34.04
SAMTSKHE-JAVAKHETI	26.24
ADJARA AR	31.69
GURIA	27.78

<sup>72</sup> Geostat 2020

<sup>73</sup> General Population Census 2014, Geostat

<sup>74</sup> Kazbegi Development Strategy 2020-2024

<sup>75</sup> Geostat 2018 (national level)

<sup>76</sup> NEET Assessment - Technical Assistance to Ministry of Sports and Youth Affairs, World Bank, June 2017; Assessment of the Georgian Youth Policy Action Plan implementation. (National Level)

<sup>77</sup> NEET Assessment - Technical Assistance to Ministry of Sports and Youth Affairs, World Bank, June 2017; GFSIS policy Paper on NEET by Tinatin Ramishvili (Regional Level)

SAMEGRELO-ZEMO SVANETI	42.27
IMERETI, RACHA-LECHKHUMI AND KVEMO SVANETI	31.41
MTSKHETA-MTIANETI	27.88

Source: World Bank.

## Economic Empowerment of Youth

Economic empowerment of young people is an important means to support the full realization of the potential of the youth. Therefore, it is important to equip young people with the knowledge and skills that will help them in employment and entrepreneurship. It is necessary to take measures that will contribute to the realization of their capabilities and involvement in economic activity. In terms of economic empowerment of young people, it is important to raise their level of motivation and awareness about entrepreneurship, and to develop education and professional skills, as well as increase their access to financial resources in order to launch targeted youth entrepreneurship programs, etc.

**Sources of Incomes.** It is interesting to assess the youth by the sources of their income in the Kazbegi municipality. The statistical data has revealed that 55.9% of 15-29 years old are dependent on others, while 11.5% have income from their farms. While 15.4% of the youth receive income from contract employment. 8.6% of the youth depend on social assistance, which is quite a large number.<sup>78</sup>

### POPULATION AGED BETWEEN 15-29 YEARS BY MAIN SOURCES OF INCOME

INCOME STATUS	NUMBER
Dependent	326
Income from own farm	0
Salary from contract employment or other regular remuneration	126
Income from individual labor activity	0
Remittances from abroad	0
Other	35
Not specified	0
Pension	0
Other forms of government support	0
Income from own enterprise	0
Social assistance	61
Income from property	0
Total	583

Source: Geostat.

**Economic Activity and Participation.** The population survey conducted to identify non-farm economy needs has revealed that 87.3% of the young people interviewed in Kazbegi are employed, while 6% unemployed are unemployed and and 6.7% are not in the labor force. In the other municipalities the employment rate of young people is lower than the average employment (43.2%) and higher unemployment (33.9%) rates.

47.2% of the youth employed work in the private sector, 8.8% work in the public sector, while 12.6% is self-employed. In comparison with the other municipalities, the lower proportion of young people are employed in the private sector (10.1%), while the share of the young people employed in the public sector is also lower (6.7%) and the average self-employment is higher (16.9%).

<sup>78</sup> General Population Census 2014, Geostat

The research of non-agricultural needs in Kazbegi has revealed the issues of engagement of youth in entrepreneurial activity. 30.7% of the youth surveyed have not thought about starting a business, while 38.6% have thought about it but were unable to accomplish it and only 30.7% have started or is planning to start a business. The average results across the other municipalities are as follows: the average share of the young people who have not thought about starting a business is higher (39.1%), the number of those who have thought but had a problem with starting a business is also higher (48.1%), At the same time the youth (12.7%) in the other municipalities have started or is planning to start the businesses, which lowers the average indicator.<sup>79</sup>

The research results show that 76.1% of those who have thought about starting a business does not have relevant resources for starting a business.<sup>80</sup>

## Civic/Community Engagement of Youth

According to the Georgian Youth Policy Document, the youth participation is a main strategic direction in the youth policy development. The participation of young people implies their active involvement in the civic, social, cultural, political, and economic life of the community. In modern democratic societies, the engagement of youth in different processes is extremely important. When young people are active, it means that the decision-making process is inclusive and reflects the interests of different groups. Besides, consideration of the interests and the needs of the youth in the decision-making process is a critical precondition for sustainable development.

The youth engagement in public and social life is very low. Low level of public awareness causes a problem for various social or environmental issues, so raising awareness is one of the first steps in achieving change. In this direction, intensive work with young people is important. It is essential to support motivated and independent non-governmental youth organizations and non-formal education activities. It is also important to raise the level of professional awareness of municipal stakeholders in relation to the modern challenges of the youth, which will help to deepen mutual understanding and cooperation between the municipality and the youth.

Currently the most active youth organization in Kazbegi is GergArt. The purpose of the organization is to promote volunteering culture and to build tolerant society by focusing on popularization of healthy and eco lifestyle, and by practicing and spreading the concept of social entrepreneurship, organizing environmental and cultural activities, creating open space for the local community members to be actively involved in solving the community problems, and providing opportunities for the local community to participate in national and international projects, programs and exchanges.

Based on the analysis of the current situation, supporting the active youth participation should be one of the main directions of the municipality in order to increase the involvement of young people in public, cultural and political life, and to develop opportunities for self-realization of young people in various fields of economy, which will help them develop professionally and improve their employment opportunities.

## Sports and Culture

Cultural and sports life in the Kazbegi municipality has improved compared to the previous period; Municipal NNLE *Kazbegi Education, Culture and Sports Development Center* has cultural, educational and sports sections. The services provided by the sections are funded from the municipal budget. The sports and culture sections include the following directions: Children's Folklore Ensemble; Children's pop ensemble "Endzelebi"; Children's ensemble "Mze Shina"; Literature and Folklore section; Rugby; Football; Wrestling Class and Rock climbing. There are 5 libraries in the municipality.

<sup>79</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>80</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

Despite the cultural or sports potential, there is lack of tournaments, championships, marathons and thematic festivals. Annually organizing such events in the municipality will increase the youth engagement in sports and cultural life and will support public and social participation of the youth.<sup>81</sup>

## Summary of Key Challenges and Needs

The following challenges and needs were identified in the youth field in the municipality:

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• LACK OF YOUTH PARTICIPATION IN DECISION MAKING PROCESS</li> <li>• LACK OF PUBLIC AND SOCIAL INCLUSION</li> <li>• HIGH RATE OF MIGRATION OF YOUNG PEOPLE;</li> <li>• LOW LEVEL OF KNOWLEDGE OF FOREIGN LANGUAGES;</li> <li>• LACK OF SKILLS NECESSARY FOR DELIVERY OF TOURISM SERVICES</li> <li>• LOW LEVEL OF AWARENESS OF YOUTH ABOUT EXISTING PROGRAMS, SERVICES AND OPPORTUNITIES.</li> </ul>	<ul style="list-style-type: none"> <li>• PROMOTE YOUTH MEDIA AND INFORMATION</li> <li>• SUPPORT TO CAPACITY DEVELOPMENT OF LOCAL YOUTH</li> <li>• INCREASE PROFESSIONAL LEVEL OF MUNICIPAL YOUTH WORKERS</li> <li>• PROMOTE ACTIVE YOUTH PARTICIPATION AND PUBLIC INCLUSION OF THE YOUTH</li> <li>• PROMOTING CIVIC RESPONSIBILITY OF YOUNG PEOPLE</li> </ul>

## P2 - (Community) - (Youth Dimension) - Problem Tree





## P2 - (Community) - (Youth Dimension) - Proposed Intervention Actions

Below is given a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by the OECD rural policy approach for this priority, that is the community and the youth issues. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P2-YU01 - Key Personal Competencies for Economic Empowerment</li> </ul>	<p>The study of the local needs of the youth has revealed that there is lack of entrepreneurial competencies and knowledge, which is an important matter for self-employment opportunities. Entrepreneurship competence refers to the capacity to act upon opportunities and ideas, and to transform them into values for others. Entrepreneurial competencies are founded on creativity which includes imagination, strategic thinking and problem-solving, and critical and constructive reflection within evolving creative processes and innovation.</p>		<ul style="list-style-type: none"> <li>Providing education and training</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU02 - Municipal Youth Workers Development Program</li> </ul>	<p>Active participation and engagement both of the youth and local self-government authorities is one of the significant preconditions for the skills enhancement of the youth. In regard of the youth issues the human capital at the municipal level is one of the key challenges. Insufficient attention is paid to the development and professional growth of the staff members who are working with the youth.</p>		<ul style="list-style-type: none"> <li>Building government capacity</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU03 - Youth Digital Media Platform</li> </ul>	<p>The digital age has made it easy for anyone to create media. It is not always identified who created what, why they created it, and whether it's credible. Supporting the existing youth media platform will allow youth to create, disseminate and advocate for their local community needs, and thus become active citizens. The Program will also help young people to critically analyze the information flow provided in the media</p>		<ul style="list-style-type: none"> <li>Building social capital</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU04 - Youth Empowerment and Capacity Building Program</li> </ul>	<p>Active participation of young people in the public, economic, and political life on local and national level is essential for the democratic development of the state. Thus, it is necessary to implement such interventions that will deepen knowledge of the young people about human rights, democracy, participation. Besides, efforts should be made to enhance local well-being. The youth empowerment and capacity building program will facilitate engagement of the youth more actively in public and social life, and will promote gender equality, and different educational or other opportunities for young people.</p>		<ul style="list-style-type: none"> <li>Providing education and training</li> </ul>	

## GENDER DIMENSION OF LOCAL COMMUNITY

The 5th goal of the 2030 Agenda for Sustainable Development Goals is Gender Equality. The aim of the Goal 5 is to achieve gender equality and empower all women and girls. Ending all forms of discrimination against women and girls is not only a basic human right, but it is crucial for sustainable future.

**Review of Social Status.** The participation level of women in the Kazbegi municipality in decision-making positions is very low. There are 2 women and 19 men in the City Council and only 1 woman at the managerial position. There are no women among the Deputy Mayors. The managerial positions in the Mayor's Administration are held by 9 men and only by 2 women.<sup>82</sup>

In 2018, based on the decree N17 of the Municipality, Gender Equality Council of Kazbegi was established, which consists of 8 members (4 women and 4 men).<sup>83</sup> There is no CSO representative in the Gender Equality Council.

The Gender Equality Council approved the Municipal Gender Equality Action Plan for 2018-2019.<sup>84</sup> One of the priorities of the plan is women's economic empowerment (Article 2.7. Article 2.8), according to which programs and activities that support the employment of the population, including professional creative educational programs for rural women and socially vulnerable women should be guaranteed. According to the plan, financial participation in micro and small business support programs should be offered. The budget has not been allocated for implementing the programs included in the Action Plan.

*Although there is a Gender Equality Council in the municipality and the Gender Equality Action Plan has been adopted, Gender Equality Council meetings were held only twice in 2018 and 2019, indicating shortcomings in the implementation of the Action Plan.*

Additionally, the specified amount of GEL 3,500 was not spent to raise the awareness of the municipal staff as needed.<sup>85</sup> The municipal service *Women's Room* is not functioning in the municipality.

**Civil Society.** There are non-governmental organizations of different profiles in the municipality: Khevis Momavali, GergArti, Association of Friends of the National Park, Global Support, Association - Women's Foundation, Lomeki, Stepantsminda, Mountain Development Center and Kazbegi Local Action Group (LAG). The LAG has 146 members (women-90, men-56).<sup>86</sup>

**Trust in Information Networks.** *In Kazbegi municipality, there is a very high level of distrust of both women and men towards media outlets, NGOs, courts, banks. The trust of the UN and the EU is relatively high. It is noteworthy that local initiative groups, women, and environmental organizations have higher trust than NGOs in general.* The survey data show that 83.9% of female respondents and 80.4% of male respondents do not trust the print and online media. 81.6% of female respondents and 74.6% of male respondents do not trust Television, 93.3% of female respondents and 88.8% of male respondents do not trust posters and flyers. Trust in the court is low. 77.6% of female respondents and 60% of male respondents do not trust the court. 70.7% of female respondents and 83.9% of male respondents do not trust banks. Trust in NGOs is low - 68.4% of female respondents and 62.7% of male respondents. Trust towards the UN is relatively high - 44.1% of women, 55.2% of men, 49.4% of women and 60.9% of men trust the EU, 45.6% of women and 53.8% of men trust the local initiative groups, 60.1% of women and 70.5% of men trust the Environmental organizations, while 56.8% of women and 57% of men trust women's organizations. *There is absolute distrust in Russia and Turkey in the municipality. Female respondents tend not to trust Russia, while male respondents do not trust Turkey.* 94.2% of female respondents and 92% of male respondents do not trust Russia, while 96.2% of female respondents and 97.7% of male respondents do not trust Turkey.

<sup>82</sup> Map of Institutional Mechanism of Gender Equality, 2020, Women's Information Center

<sup>83</sup> Legislative Herald of Georgia, Resolution №17 of Sakrebulo of Kazbegi Municipality, 30 April, 2018

<sup>84</sup> Gender Equality Information Portal, Gender Equality Action Plan of Kazbegi Municipality, 2018-2019

<sup>85</sup> Person responsible on Gender Equality of Kazbegi Municipality

<sup>86</sup> Person responsible on Gender Equality of Kazbegi Municipality

Women were more willing to receive information from television, print and online media, than men. And from posters and flyers, situation is almost identical. 45.9% of female respondents and 43.8% of male would like to receive information from television. 41.7% of women and 42.1% of men would like to receive from the printed and online media, 39.5% of women and 40.9% of men would like to receive information through posters and flyers. 66.5% of women respondents and 66.2% of the men respondents would like to receive information from the municipal government, 51.1% of the female and 57.1% of the male respondents -- from the regional administration, 47.3% of the female and 61.7% of the male respondents - from the central government. 58.1% of women and 64% of men respondents would like to receive information from the UN, 57.7% of women and 53.5% of men -from local initiative groups, 53.8% of women 67% of men - environmental organizations, 48.6% of women and 56.4% of men -from NGOs, 44.5% of women and 42.1% of men from women's organizations, 39.8% of women and 54.2% of men from banks.

**Employment.** Systemic gender inequality in employment deepens poverty, economic insecurity and reduces opportunities for girls and women. At the same time, the country's economic progress, unemployment and socio-economic poverty cannot be eliminated without increasing the employment rate of women.

The Kazbegi municipality differs from the other municipalities in Georgia by the relatively high level of employment and economic activity of women. The UNDP survey data show that more women are employed in the public sector than men, although the statistics show that the share of women holding decision-making and managerial positions in the public sector is very low, indicating that women are employed in low-paid jobs and have less influence on setting priorities and making decisions in the public sector. Most women are employed in the family business, which means that the development of the family business and the improvement of the status of women in the family business will have a positive impact on the economic empowerment of women.

The survey data show that 2.3% of female and 4.2% of male respondents are unemployed, 78.8% of female and 88.9% of male respondents are employed, 19% of women and 6.9% of men are not economically active. Among the respondents, 23.4% of women and 21.7% of men are employed in the public sector. 19.3% of women and 25% of men are employed in the private sector. 17.4% of women and 21.9% of men are self-employed, 45.9% of women and 52.7% of men work in the family businesses.

A large proportion of employees in Kazbegi are concentrated in state-paid services - 26% are employed by the state (mainly teachers) and only 17% are employed in the business sector. Most of the teachers are women. As expected, a large proportion of women in the business sector hold low-paid positions in the service sector and the most women have no experience of owning or running a business.

**Starting a Business.** Majority of female (91%) and male (89.1%) do not have business ownership or management experience. Most of the female respondents (37.1) discontinued their businesses as it was not profitable, while the majority of male respondents (49.3%) discontinued it for personal reasons. 69.1% of women led businesses are registered while only 49.3% of men led businesses are registered. The larger share of female respondents (31.1%) have not thought about starting a business, however most of female respondents (63.6%) see it as a viable career choice. 50% of women who thought about starting a business but didn't do it, state that it was due to scarcity of financial resources and for 14.6% of women it was due to their lifestyle. 83.4% of female respondents and 73.3% of male respondents agreed with the statement that women need special support in starting a business. Majority (more than 90%) of both female and male respondents think that local environment is suitable for starting a business, however women are more cautious of risks associated with starting a business, and of business failure.

**Funding Opportunities.** According to the data of 2018-2019, the number of beneficiaries funded within the framework of micro and small entrepreneurship program of "Enterprise Georgia" in the Kazbegi municipality is 16 (8 women, 8 men).<sup>87</sup>

<sup>87</sup> Legal Entity of Public law Enterprise Georgia, 2020

**Education.** *The number of people with higher education in the Kazbegi municipality is higher than in the other municipalities. Though the number of women with higher education is lower than men, as for vocational education, women predominate here.* 38.9% of female and 43.2% of male respondents have higher education, while 32.4% of female and 21.1% of male respondents have vocational education.

However, professional choice is influenced by gender stereotypes and attitudes of the society. Women are less likely to be enrolled in adventure tourism school (only 16%). A small proportion of women and girls choose the profession of a hiker, while the profession of a mountain guide is not considered by women at all, which indicates that the choice of profession is influenced by stereotypical views of the society.

The total number of graduates from the vocational programs at the educational institutions in 2019 is 7 (2 women, 5 men), and it is reduced compared to 2018 -17 (5 women, 12 men).

#### ADVENTURE TOURISM SCHOOL, KAZBEGI

YEAR	MOUNTAIN GUIDE		ADVENTURE TOURISM		TREKKING GUIDE		TOTAL	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
2016	15	0	0	0	11	2	26	2
2017	0	0	0	0	9	6	9	6
2018	0	0	26	4	0	0	26	4
Total	15	0	26	4	20	8	61	12

Source: Ministry of Education.

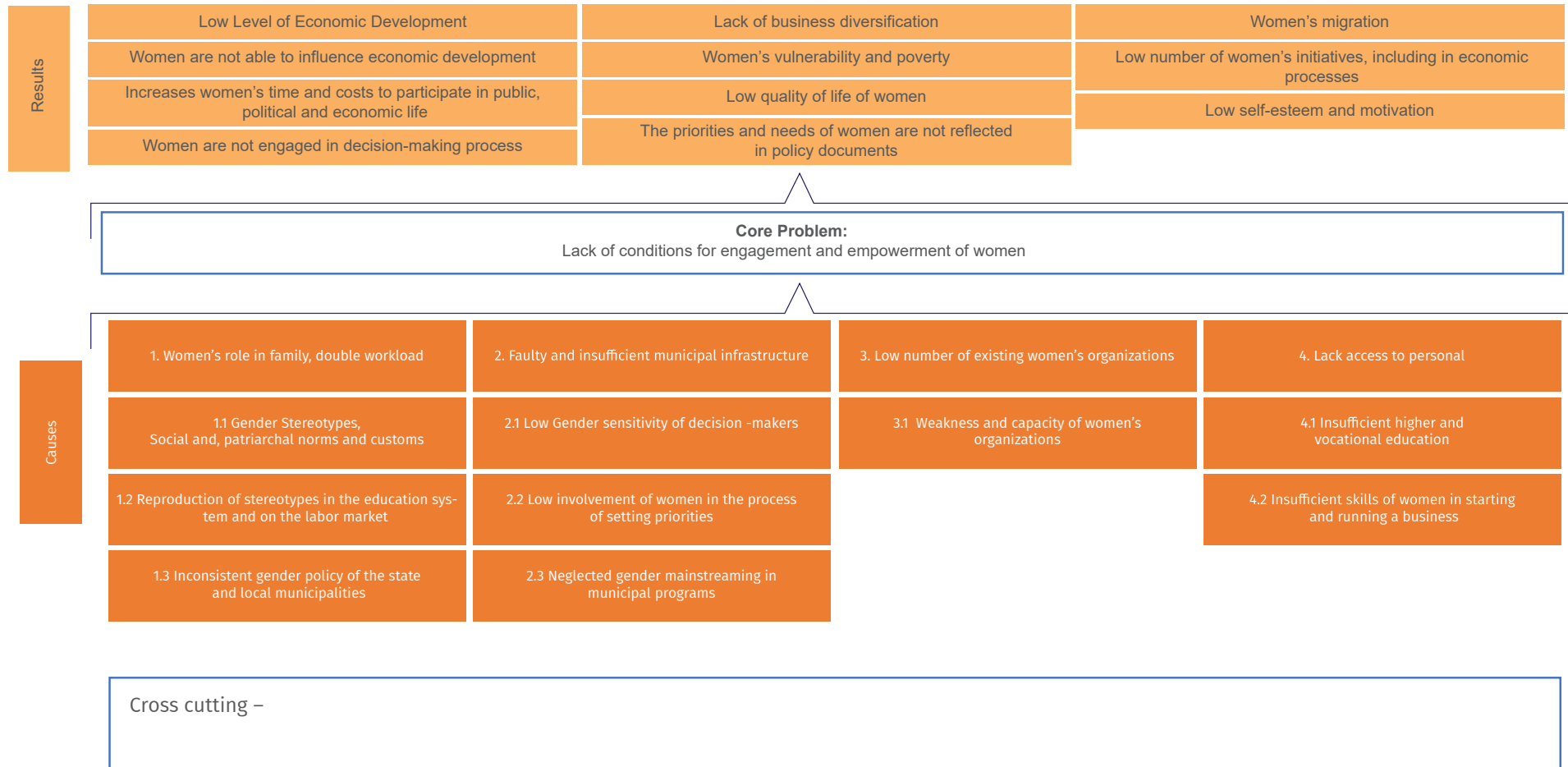
*As for the secondary schools, their number is insufficient in the municipality.* There are only 7 schools in the municipality with 25 villages, and some villages are quite far from all schools.

The school infrastructure in the municipality (with the exception of several schools) is poor. One of the reasons mentioned for the large outflow of population to Tbilisi was the desire of families to send their children to better schools.<sup>88</sup> The number of secondary school students who dropped out of school in the Kazbegi municipality is low, compared to the other municipalities. According to the data of 2019, one boy discontinued his studies, and according to the data of 2018 3 boys stopped attending school. The situation in this regard is better for the girls as in the same years as no girl has dropped out.

**Priority Problems.** *A significant problem in the municipality for women was the lack of drinking water, health facilities and roads.* When naming three important problems, the opinion of female and male respondents coincided regarding the first and third priorities - the problem of drinking water and the road. As for the second priority, for women it is the lack of health facilities, and for men it is unemployment. 31% of women and 30% of men rate health facilities as completely unsatisfactory or unsatisfactory.




CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• STEREOTYPES CONNECTED WITH THE ROLE OF WOMEN IN THE FAMILY AND SOCIETY, AS WELL AS STEREOTYPES IN THE LABOR MARKET</li> <li>• DOUBLE WORKLOAD OF WOMEN IN THE FAMILY. AND LACK OF TIME FOR DEVELOPMENT AND PARTICIPATION IN PUBLIC LIFE, FAMILY RESPONSIBILITIES</li> <li>• LACK OF WOMEN’S ORGANIZATIONS</li> <li>• LOW RATE OF WOMEN WITH VOCATIONAL AND ESPECIALLY HIGHER EDUCATION</li> <li>• LOW ECONOMIC ACTIVITY OF WOMEN COMPARED TO MEN</li> <li>• WOMEN’S LOW INVOLVEMENT IN ALL SECTORS EXCEPT FOR THE PUBLIC SECTOR</li> <li>• LOW PARTICIPATION OF WOMEN AT THE DECISION-MAKING LEVEL</li> <li>• LACK OF GENDER SENSITIVITY AT DECISION-MAKING LEVELS</li> <li>• PROBLEMS WITH THE IMPLEMENTATION AND EFFICACY OF INSTITUTIONAL WORK TAKEN BY THE GENDER EQUALITY ACTION PLAN</li> <li>• POVERTY AND MIGRATION OF WOMEN</li> <li>• LACK OF SERVICES AND PROGRAMS FOR CREATING OPPORTUNITIES FOR WOMEN</li> <li>• FAULTY INFRASTRUCTURE AND ACCESS TO SERVICES - WATER, THERE IS NO MUNICIPAL TRANSPORT, UNREGULATED TRANSPORT, ETC. PROBLEM OF DRINKING WATER AND ROADS.</li> <li>• ACCESS TO HEALTH FACILITIES</li> <li>• ACCESS TO THE INTERNET</li> <li>• COVID 19 PANDEMIC</li> </ul>	<ul style="list-style-type: none"> <li>• TO ESTABLISH WOMEN’S INITIATIVE GROUPS AND WOMEN’S ORGANIZATIONS</li> <li>• TO STRENGTHEN THE EXISTING NGOS AND SUPPORT THEIR ENGAGEMENT IN THE MUNICIPAL AND OTHER PROGRAMS</li> <li>• TO INCREASE THE REPRESENTATION OF WOMEN’S INITIATIVE GROUPS AND NON-GOVERNMENTAL ORGANIZATIONS IN THE GENDER EQUALITY COUNCIL</li> <li>• TO PROMOTE WOMEN IN TERMS OF HIGHER AND VOCATIONAL EDUCATION</li> <li>• TO ENSURE THE MEANINGFUL INVOLVEMENT OF WOMEN IN THE DECISION-MAKING PROCESS</li> <li>• TO ADOPT NEW GENDER EQUALITY ACTION PLAN FOR THE COMING YEARS TO REFLECT THE NEEDS OF WOMEN FOR WOMEN’S EMPOWERMENT, INCLUDING ECONOMIC EMPOWERMENT</li> <li>• TO RAISE AWARENESS OF DECISION-MAKERS ABOUT WOMEN’S RIGHTS AND GENDER EQUALITY AND INTERNATIONAL AND LOCAL OBLIGATIONS</li> <li>• TO INVOLVE WOMEN IN THE BUDGET DEVELOPMENT PROCESS OF THE MUNICIPALITY</li> <li>• TO TAKE SPECIAL MEASURES IN TERMS OF WOMEN’S ECONOMIC EMPOWERMENT</li> <li>• TO PROVIDE INFORMATION TO WOMEN, ESPECIALLY FROM THE MUNICIPALITY</li> <li>• TO CREATE EDUCATIONAL CENTERS AND LIBRARIES</li> <li>• TO TAKE SPECIAL INITIATIVES TO INVOLVE SPECIFIC AND VULNERABLE GROUPS</li> <li>• TO PROVIDE ACCESS TO WATER, ROAD INFRASTRUCTURE AND PROVIDE INTERNET ACCESS</li> <li>• TO CREATE EMERGENCY RESPONSE PLAN</li> </ul>

## P2 - (Community) - (Gender Dimension) - Problem Tree



## P2 - (Community) - (Gender Dimension) - Proposed Interventions

Below is given a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by OECD rural policy approach for this priority, that is the community, relevant to gender aspects. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<p>(Economic Participation)</p> <ul style="list-style-type: none"> <li>• P2-GE02 - Creation of Women’s Room</li> </ul>	<p>The 5th goal of the 2030 Agenda for Sustainable Development Goals is Gender equality. The aim of goal 5 is to achieve gender equality and empower all women and girl. Ending all discrimination against women and girls is not only a basic human right, it’s crucial for sustainable future; it’s proven that empowering women and girls helps economic growth and development. International practice shows that low participation of women in the economy hinders economic growth and negatively affects development. Women’s economic activity in Georgia is low, which affects the quality of life of women and the well-being of their families. Though economic activity of women in the Kazbegi municipality is relatively high compared to the other municipalities, still women mostly are working in low paid jobs and their participation in decision-making is limited.</p>		<ul style="list-style-type: none"> <li>• Gender mainstreaming in development</li> </ul>	<p>Social, health Economy and infrastructure</p>
<p>(Engagement in Socio-economic Life)</p> <ul style="list-style-type: none"> <li>• P2-GE03 - Awareness-raising Campaign on Gender Sensitivity Opinion-leader and Decision-maker Men and Women</li> <li>• P2-GE04 - Supporting Women’s Initiatives and Community Groups</li> </ul>	<p>Ensuring women’s engagement in socio-economic life is important because the municipal programs without women’s participation cannot reflect the needs and priorities of all of its population, men and women, boys and girls. All this hinders development, human well-being and violates democratic principles.</p>		<ul style="list-style-type: none"> <li>• Gender mainstreaming in development</li> </ul>	
<p>(Gender-Sensitive Approach by Local Authorities)</p> <ul style="list-style-type: none"> <li>• P2-GE01- Gender Mainstreaming in Municipal Programs</li> </ul>	<p>Gender policy implementation and mainstreaming are the obligations of the municipality. According to the article 229 of the Beijing declaration and platform for action “In addressing the enjoyment of human rights, Governments and other actors should promote an active and visible policy of mainstreaming a gender perspective in all policies and programs so that, before decisions are taken, an analysis is made of the effects on women and men, respectively.”</p>		<ul style="list-style-type: none"> <li>• Gender mainstreaming in development</li> </ul>	

# **5 Priority 3 (P3) - Environment**

**Geography and Natural Assets**

**Environmental Infrastructure and Services**

**Environmental pressures, impacts and key issues**



## 5. PRIORITY 3 (P3) – ENVIRONMENT

### GEOGRAPHY AND NATURAL ASSETS

**Location, Relief and Geology.** The Kazbegi municipality is located in the north-east of Georgia, on the northern slope of the Greater Caucasus Mountain Range, at the upper watershed area of the Tergi (Terek) River. The municipality is bordered by Dusheti municipality to the south-east, by the Akhlagori municipality to the south, by the Java municipality to the west and, from by Russian Federation to the north and north-east. Total area of the municipality is 1,081.7 km<sup>2</sup>.

The municipality has very complex terrain, represented by middle to high mountains, glaciers, volcanic, karst and other forms. The altitude ranges from 1,500 to 5,000 m above sea level (ASL). The Greater Caucasus, lateral ridges and their branches, as well as three large gorges of Khevi, Truso and Sno make the unique relief of Kazbegi. The south border of the municipality follows the peak of the Greater Caucasus Range from Zilgaikhokhi mountain to Bursachiri Oass; the west border follows Ardon-Tergi watershed from Zilgaikhokhi mountain to Siverauti mountain and separates Khevi from South Osetia (Dvaleti cave). The north boarder coincides with the peak of Khokhi and other massifs of Caucasus lateral ridge. It follows Siatisi, Jimara and Mkhinvartsveri mountain peaks, crosses the Dariali rock (between the villages of Gveleti and Larsi), then follows the mountain peaks of Mgvirgala, Shavana and Gvelis Mta. The east border follows the watersheds of Tergi and Khevsuretis Aragvi rivers from the mountain Gvelis Mta passing by Chaukhi mountain to Bursachiri pass. Khokhi Ridge is one of the great massifs of the Caucasus lateral ridge. It borders the region only to the east. It is connected to main ridge with cross-cut hill where the Thruso pass is located (3,150 m). On this ridge, from west to east Midargrabini pass and Siverauti (3,785 m), Suatisi (4,480 m), Jimara (4,777 m), Maili (4,622 m) and Mkhinvartsveri mountains are located. (the highest peak of Khokhi ridge is at 5047 m). An axial zone is constructed with diorites and dolerites. The mountains group of Khda is located at the east of meridional section of Tergi gorge and at the north of Sno gorge It is a part of the lateral ridge. From its slopes begins the right tributary of the Tergi River – called “Khdis Tskali” (Water of Khda). This group includes three meridional ridges: Khuro, Shavana and Kidegani. Their east ends are connected with each other longitudinally. Khuro Ridge is the watershed of the rivers Tergi and Khdis Tskali, where the peak of Khuro mountain (4,091 m) and mountain Shino are located. Shavana (Shana) Ridge is the watershed of Khdis Tskhali and Armkhi (Ingushetia). It is higher than the Khuro Ridge. The highest peak of Shavana Ridge is at 4,430 m. Kideganis Maghali (4,219 m) and Gvelis Mta (3,881 m) on the Kidegani Ridge, bordering Khevsureti mountains, are located. On both slopes of Shavana Ridge and the east slope of Khuro Ridge there are several hanging and circular glaciers stretched over 80km<sup>2</sup> area. The most significant ones are Gergeti and Devdaraki glaciers. At the longitudinal hill connecting the three ridges mentioned above there are two saddle-like lowlands – Khibe and Samtrekhloghele passes. Through the paths they connect the Sno gorge with Khda and Armkhi gorges.<sup>89</sup>

Tectonically, the territory of Kazbegi municipality belongs to the Kazbegi–Lagodekhi (Eastern Georgia) tectonic zone of the Southern Slope of the Greater Caucasus where the upper boundary of shale-bearing deposits with thickness up to several kilometers approaches the earth’s surface.<sup>90</sup> There are following major lithological varieties in the target area:<sup>91</sup>

- Clay slate with thin siltstones and sandstone bands;
- Slate with thin siltstone bands;
- Gray, fine arkosic sandstones; quartzite;

<sup>89</sup> Source: Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final Report. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR). Agency for Protected Areas (APA). March 2010

<sup>90</sup> Source: Shales of Georgia: Shale Gas Mining Context, Irakli Shekrladze, Nodar Poporadze, Ucha Zviadadze. Departments of Applied Geology Georgian Technical University. t. 7, #1, 2013; Bulletin of The Georgian National Academy of Sciences, vol. 7, no. 1, 2013

<sup>91</sup> Source: Mtsketa-Stepantsminda-Larsi International Road Alternative Alignment of KM132-KM135. Devdoraki Mudflow Section. Preliminary Design Report. Landsvirjun Power. Prepared for Roads Department of the Ministry of Regional Development and Infrastructure of Georgia. 2017

- Greenish tuff sandstone;
- Striate greenish and grayish hornstones;
- Diabase.

In more detail, Palaeozoic shale of sedimentary rocks and Lower, Middle and Upper Jurassic shales, sandstones, limestones and marl make up the geological structure of Kazbegi municipality. In addition, igneous (effusive) rocks represented by Jurassic limestone tuff deposits, Palaeozoic and older granites, along with younger (Quaternary) lava and moraine (glacial) deposits, travertines, deposited by hot springs as well as riverine (alluvial, delluvial and proluvial) sediments are widely spread in target area. The oldest rocks in Tergi gorge are represented with Paleolithic (330 million years) granites of Gveleti and Dariali. Sedimentary rocks are mainly of Early, Middle and Upper Jurassic period. Quaternary (new) sediments are met in river gorges.<sup>92</sup>

According to official statistics (Geostat data), the total population of Kazbegi municipality, by 1 January 2020 was estimated at 3,806, with 1,412 urban population and 2,394 rural population. There are 6 territorial-administrative entities in the Kazbegi municipality, including Stepantsminda town (an administrative center) and Goristsikhe, Sioni, Sno, Kobi and Gudauri rural communities, consisting of 47 villages with only 25 of them having permanent population.

**Climate.** The Kazbegi municipality is stretched from the Tergi River Basin to the Greater Caucasus northern slope, which is open to the Russian lowland; therefore, northern cold Arctic air masses enter here without any barriers. Consequently, winter weather is severe and summers are relatively cool. More specifically, in comparatively lower zone (within 1,700-2,000 m ASL), the climate is moderately humid. Winters are cold and dry, while summers are cool. Average annual air temperature is 4.9 °C, while average annual precipitation is 800 mm. Within 1,800-2,000 m ASL, average air temperature diminishes to 3.5 °C, while precipitation reaches 1,160 mm. Above 3,600 m, the nival zone is met with 5-7-month stable snow cover. Overall, mountain-gorge winds prevail in the municipality and west winds – in the upper zone.<sup>93</sup>

**Water Resources.** The Kazbegi massif is the major area of glaciers in Kazbegi municipality, which are found on peaks of the main watershed exceeding 3,800 m ASL. In total, there are 99 glaciers in the Tergi catchment, with a total area of 67.2 km<sup>2</sup>. The glacier of Devdoraki, with an area of 7.55 km<sup>2</sup> and a length of 7 km, is of particular interest known for its ice avalanches.<sup>94</sup>

There are 48 rivers in Kazbegi municipality and lots of small gorges. They belong to major river basins: Tergi and Aragvi. The latter is a tributary of the Mtkvari (Kura) River. Both basins represent sub-basing of the larger Caspian Sea B Basin.

The largest and most abundant waterway is the Tergi River, originating at Zilgakhokh Glacier, northern slope of the Greater Caucasus, at an altitude of 3,400 m ASL, 30 km from the headwaters flows between the main and side ridges of the Caucasus. At Kobi, it turns sharply north and crosses the side ridge (Dariali Valley), then the rocky ridge and the Black Mountains. The river is shared by Georgian and Russian Federation (North Ossetia, Kabardino-Balkaria, Chechnya, Ingushetia, Dagestan). Its total length is 623 km, with the basin area of 43,200 km<sup>2</sup>. 30 km from the headwaters flows between the main and side ridges of the Caucasus. After the point of the Sunji River confluence, it flows into the Caspian lowlands and joins the Caspian Sea north of Agrakhan Peninsula in Russian Federation. At the confluence, there is a delta with an area of 4,000 km<sup>2</sup>.

<sup>92</sup> Source: 1) Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final REPORT. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR). Agency for Protected Areas (APA). March 2010; 2) Environmental and Social Impact Assessment Report on the Construction and Operations of Dariali Hydropower Plant. JSC DarialEnergy. Contractor Gamma, Scientific-Research Firm. 2011; 3) Dariali Hydropower Plant Construction and Operation Project. Biodiversity Action Plan Terrestrial Biodiversity. Dariali Energy. 2015

<sup>93</sup> Source: Mtsketa-Stepantsminda-Larsi International Road Alternative Alignment of KM132-KM135. Devdoraki Mudflow Section. Preliminary Design Report. Landsvirjun Power. Prepared for Roads Department of the Ministry of Regional Development and Infrastructure of Georgia. 2017

<sup>94</sup> Source: Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final REPORT. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR). Agency for Protected Areas (APA). March 2010

In Georgia, the river's catchment is around 780 km<sup>2</sup>. The riverbed meanders moderately and branches in wide places. In Georgia it flows in deeply embedded riverbed through the Dariali Gorge. The current depth varies from the source downwards from 0.5 to 1.5 m, its width - from 8-10 m to 15-20 m, and the flow velocity - from 1-1.5 m/s to 1,8- 2.3 m/s. The riverbed bottom in narrow places is uneven, rocky and stopped by large stones/rocks, and in wide places, it is sandy-gravelly. Average annual flow of the Tergi River is 34 m<sup>3</sup>/sec near Vladikavkaz and 305 m<sup>3</sup>/sec – within the 16-km section from the confluence. In Georgia (Kazbegi Municipality) multi-year average flow varies between 18.6 m<sup>3</sup>/sec (1934) to 30.4 m<sup>3</sup> /sec (1963); average maximum flow until 1986 – 128 m<sup>3</sup>/sec and minimum – 6.90 m<sup>3</sup>/sec. The river is fed by glacial and rain waters. The water regime is characterized by spring-summer floods and instable low water levels in different periods of the year. The spring-summer floods, caused by snow, glacier melting and rains reaches its maximum in July and ends in September. Minimal water levels are observed in February. River gorge from the headwater to the village Resi is V-shaped. Below Resi to Okrokana it expands and acquires a box-like shape. In this section, where the width of the bottom of the valley is 1-1.3 km, the river splits and forms several islands. The gorge near the village of Okrokana again narrows to about 2 km in length and then widens again. The river bed is moderately twisted and widened in places. In the vicinity of Stepantsminda, the river flows in a deep riverbed. Flow depth from head to toe varies from 0.5 to 1.5 m, width from 8-10 m to 15-20 m, and the velocity – from 1-1.5 m /sec to 1.8-2.3 m /sec. The bottom of the bed is narrowed from place to place and clogged with large boulders.

Following are the main tributaries of the Tergi River within Georgia (Kazbegi Municipality):

- Right tributaries – Khdistskali (Brolistskali), Snostskali (Gudushauris Aragvi), Esikomi, Armkhi, Arkhadoni, Bidara, Desikomidoni;
- Amali, Tifidoni, Chkheri, Chkhati, Suatisi, Mnasistskhali, Kesia, Resistskali, Babakhi, Jimaristskali and Devdaraki.

Khdistskalri, Snostskali, Chkheri, Baidara, Mnaisi, Suatisi, Gimara and Desikami. Mnaisi, Suatisi and Desikami are mudflow rivers. Three rivers are originated from glaciers on Mt. Mkinvartsveri (Kazbeg): R. Chkheri – Ortsveri; R. Khdistskali – Kibishi; R. Devdaraki - Devdaraki.

The Snostskali River is a right tributary is the Tergi River. It takes its source on the northern slope of the Greater Caucasus Range, at an altitude of 3,035 m ASL; Length – 27.3 km, catchment – 256 km<sup>2</sup>. It feeds on snow, rain and groundwater. Floods occur in spring and early summer, low waters – in winter. The average annual flow is 6.72 m<sup>3</sup>/sec.<sup>95</sup>

The Khdistskali River (Khde, Kistura, Brolistskali) is the right tributary of the Tergi River. It originates on the northern slopes of the Caucasus Mountains, at Mount Kora, 2,900 m ASL. It flows into the Tergi from the right in the Dariali gorge; Length - 19 km. Average annual flow – 2 m<sup>3</sup>/sec. It feeds on snow, glacier and rain water. Dariali HPP is located on the river.<sup>96</sup>

The Chkheri River is a left tributary of the Tergi. It originates on the eastern slope of the glacier massif, at an altitude of 3,565 m; Length – 10 km, catchment – 33 km<sup>2</sup>. It feeds on glacier, snow, rain and groundwater. Floods are in spring and in the beginning of summer, and low waters in winter. Average annual flow at the junction is 1 m<sup>3</sup>/sec.<sup>97</sup>

The Bidara River is a right tributary of the Tergi. The Georgian military road follows the Bidari gorge from the Jvari pass to the north. At the upper part Riv. Bidara flows at the beginning of the plain and forms well-defined meanders.

Mtiuleti Aragvi (Tetri Aragvi) is shared by Dusheti and Kazbegi municipalities. It originates in the north-eastern part of the Keli volcanic plateau, at 3,180 m ASL. Gudamakari (Black) Aragvi joins it in Pasaauri; Length – 41 km, catchment – 339 km<sup>2</sup>. It feeds on groundwater, snow, rain and glacial (slightly) water. Floods are known from April to August, water shortages - in winter. 60-65% of the annual runoff falls during the

<sup>95</sup> Source: <https://ka.wikipedia.org>

<sup>96</sup> Source: <https://ka.wikipedia.org>

<sup>97</sup> Source: <https://ka.wikipedia.org>

flood period, 19-20% in autumn and 17-18% in winter. The average annual flow near Pasanauri is 12.2 m<sup>3</sup> / sec. From the second half of December to the end of February there are ice formations on the river.<sup>98</sup>

There are many lakes in the Tergi River Basin, but they are very small. Particular attention is paid to the carbonate rocks from the carbonate rocks near the village of Abano in the Truso Valley, which form a small lake, forming small fountains 10-15 cm high and giving the impression of “boiling” at 3,832 m ASL in the Truso gorge. There are 4 small lakes at the height, the total area of which is about 1 ha.

The Tergi River Basin is rich in mineral waters of different types and compositions. The Truso gorge is particularly abundant with mineral waters (e.g., mineral water spring near the village of Panshet). The mineral spring “Katrisi” in the Truso Valley has been declared a natural monument. The debit of this Narzan-type hydrocarbonate calcium source is immense. The Narzan mineral spring is near Bidara.

According to the hydrogeological zoning of Georgia (I. Buachidze), there are three hydro geological areas between the Kazbegi municipality and Mtskheta:<sup>99</sup>

- The Keli and Kazbegi groundwater district of lava flow, belonging to the fractured zone pressure water district of the Great Caucasus southern slope – Effusive rocks here have flow stratification, with ground water level close to the rock surfaces and diverse sub-volcanic forms. They are located at different elevations, on denudation surfaces of lower and middle Jurassic age sand-clayish-shale and upper Jurassic and Cretaceous age carbonate sediments. In some places of the Tergi River gorge effusive developments are located on the old quaternary fluvial-glacial and alluvial sediments. Effusives are represented by shale of andesite-dacite range, which is characterized by a fractured structure. The water flow (discharge) rate varies in wide range of 0.2–200 l/sec, but mainly within the range of 5-10 l/sec. Relatively high-water content is typical for large lava flows (Gudauro, Khorisari), which varies in ranges from several dozen l/sec to 1 m<sup>3</sup>/sec. Groundwater flow module exceeds 30 l/sec/km<sup>2</sup>. Springs flow out along the water-tight shale contacts, in deep gorges (Tetri (White) Aragvi gorge etc.) and create waterfalls. The springs are also associated with sections of abrupt relief changes (Jvari Pass south slope etc.). Chemical composition of waters are: hydrocarbonate - calcium or calcium- sodium. Rarely calcic-magnesia, with slight chlorine ion content (14 mg/l). Mineralization varies between 0.1 – 0.2 g/l, rarely reaches 0.3 g/l. Temperature varies from 3 to 90C. In some places CO<sub>2</sub> water outlets are connected with effusive sediments (Sioni, Arasha etc.). The total groundwater resource of the hydrogeological region reaches 6.5 m<sup>3</sup>/sec. The ground water level is near the rock surfaces;
- Mestia-Tianeti fractured and fractured-karstic water pressured basin, belonging to the same hydrological region;
- Porous, fractured and fractured-karstic artesian basin of Kartli, existing within the hydro geological region of artesian basins of Georgian belt.

**Land resources.** The Kazbegi municipality is rich in soil types, reflecting the diversity of its geomorphology, geology, vegetation and climate. Overall, mountain-meadow skeletal soils and mountain-forest soils of average-acid and neutral pH dominate in the target area. They are often rich in humus. More specifically, following concrete soil types are found here:<sup>100</sup>

- Deluvial-proluvial soils;
- Mountain-forest brown, medium-depth and shallow skeletal soils, occasionally with stones and boulders;
- Mountain-forest light brown, medium-depth and shallow skeletal soils, with stones and boulders;
- Degraded medium-depth and shallow skeletal soils;
- Degraded forest and secondary meadow soils;
- Mountain-meadow soddy-skeletal soils;

<sup>98</sup> Source: <https://ka.wikipedia.org>

<sup>99</sup> Source: Dariali Hydro Power Plant Construction and Operation Project. Environmental and Social Impact Assessment Report. “Dariali Energy” LLC. Authors: Gamma, Scientific-Research Firm and Stucky Caucasus.

<sup>100</sup> Source: Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final REPORT. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR). Agency for Protected Areas (APA). March 2010.

- Weakly developed primitive soils, occasionally with exposed rock;
- Eroded and semi-eroded shallow skeletal soils; and
- Strongly eroded areas, ravines, exposed rocks, stone fills and bedrock outcrops.

According to the official web-site of Kazbegi municipality, the area of agricultural lands of the municipality is 43,721 ha, 40% of total territory of the target area (108,175 ha). Of this, only 7,617 ha lands are privately owned, the rest is state-owned. Agriculture land structure is as follows:<sup>101</sup>

- 1,293 ha – hayfields;
- 42,274 ha – pastures;
- 153 ha – arable lands;
- 3 ha – perennial croplands.

Within the framework of this assessment slightly different, updated data are provided by the municipality on agriculture land use structure. Namely, according this renewed data the total area of agricultural lands makes up 43,720.3 ha, with 161 ha arable lands, 1,285.3 ha hayfields and 42,274.0 ha pastures. The municipality does not have any information on perennial croplands. Below is a break-down of agriculture land use structure by administrative-territorial units, provided by Kazbegi municipality.

#### AGRICULTURE LAND USE STRUCTURE OF KAZBEGI MUNICIPALITY BY ADMINISTRATIVE-TERRITORIAL UNITS

ADMINISTRATIVE-TERRITORIAL UNIT	ARABLE LANDS, HA	HAYFIELDS, HA	PASTURES, HA	TOTAL, HA
STEPANTSMINDA	<u>25.3</u>	<u>132.6</u>	<u>8,527.0</u>	8,684.9
SIONI	<u>27.8</u>	<u>128.0</u>	<u>7,962.0</u>	8,117.8
SNO	<u>30.0</u>	<u>206.1</u>	<u>7,483.0</u>	7,719.1
GORISTSIKHE	<u>33.0</u>	<u>140.3</u>	<u>4,840.0</u>	5,013.3
KOBI	<u>42.0</u>	<u>655.6</u>	<u>10,516.0</u>	11,213.6
GUDAURI	<u>3.0</u>	<u>22.7</u>	<u>2,946.0</u>	2,971.7
<b>TOTAL</b>	<u>161.1</u>	<u>1,285.3</u>	<u>42,274.0</u>	<b>43,720.4</b>

**Forests.** In the Kazbegi municipality, 4,061 ha of forests are located within the boundaries of Kazbegi National Park (KNP), (total of 9,030 ha). Of total forest area, birch forests occupy 2,595 ha, pine forests – 369 ha, beech forests – 49 ha, asp forests – 32 ha, Caucasian rhododendrons – 928 ha, sea-buckthorns- 23 ha, birch forest dominating by barberries – 28 ha, willows – 15 ha, other groves dominated by other woody species – 22 hectares. It should be noted that in Georgia quite a large array of sea-buckthorn is rare, which is found in nearby of Stepantsminda, and Oriental beech and high mountain oak are widespread in the vast areas of Snoskheoba. One of the most important one is a natural grove which is near Village Sioni at an altitude of 1,700-1,900 m ASL, with birch, poplar, common ash-tree, rowans, high mountain maple and other deciduous species.<sup>102</sup>

In general, up to 105 species of wood plants are met in the Kazbegi municipality with birch (*Betula litwinovii* and other *Betula* spp.), pine, juniper and blueberry prevailing there. Towards the treeline, these forests become more elfin and transform into shrubberies of *Rhododendron caucasicum* and *R. luteum*. Apart from these communities, there are scrubs of *Dryas caucasica* and of *Juniperus hemisphaerica*. A different woody plant community dominated by Sea-Buckthorn (*Hippophae rhamnoides*) is found at the Tergi gorge bottom above and below Stepantsminda. There are also pine plantations near the valley bottom (e.g., near Stepantsminda and Kumlistsikhe).

<sup>101</sup> Source: Kazbegi municipality. <http://www.kazbegi.gov.ge/ge/soplis-meurneoba>

<sup>102</sup> Source: 1) Project document: UNDP/GEP project: Enhancing financial sustainability of the Protected Areas system in Georgia; 2) Biodiversity of Kazbegi National Park.

## Tree Cover of Kazbegi



Source: Interactive Map of Georgia. GFW. <https://www.globalforestwatch.org>.

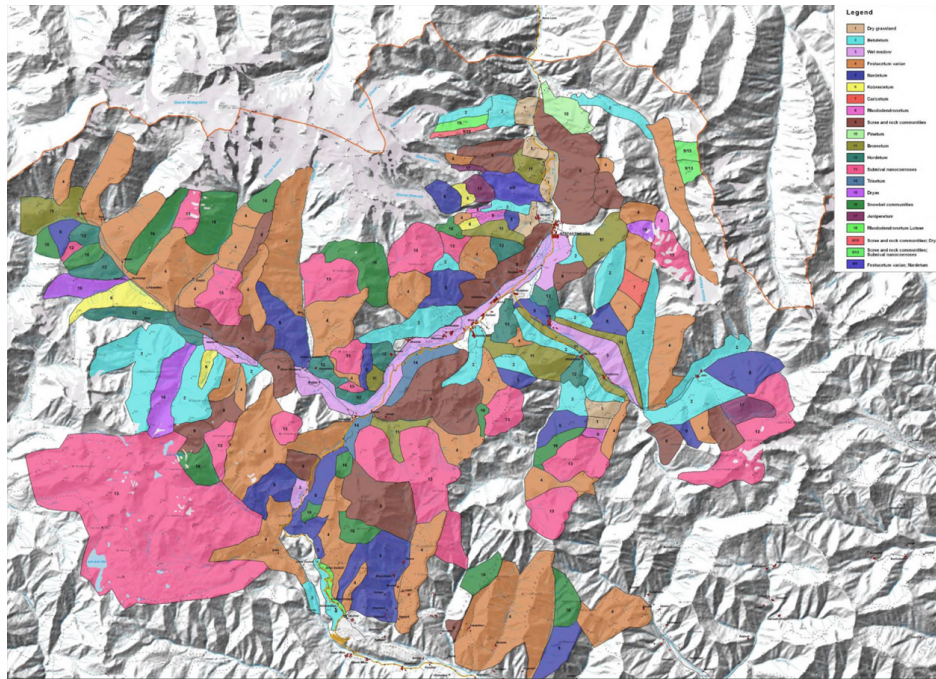
**Biodiversity.** Kazbegi municipality is represented by the following vegetation zones/landscapes:

- Middle-mountain (1,200–1,500 m ASL);
- Upper (high) - mountain (1,500–1,750 m ASL);
- Subalpine (1,750–2,500 m ASL), alpine (2,500– 3,000 m ASL);
- Subnival (3,000–3,600 m ASL);
- Nival (above 3,600 m ASL).

Herbaceous vegetation in the Dariali Gorge is met at the altitude of 1,200-1,700 m ASL, subalpine birch forest (*Betula litwinowii*) is represented on mountains near this gorge and only on north-facing slopes, up to 2,550 m ASL and, the subalpine shrubbery is located at 2,100-2,900 m ASL with *Rhododendron caucasicum*, *Vaccinium myrtillus*, *Empetrum caucasicum*, etc.. The secondary shrubbery and subalpine meadows are located in degraded birch forest areas on the same north slopes. The southern slopes of the rocky ridges are held by pine (*Pinus kochiana*) forest habitat. The rocky scrubs are mainly represented by juniper (*Juniper communis* var. *depressa*, *J. sabina*).<sup>103</sup>

<sup>103</sup> Source: Dariali Hydropower Plant Construction and Operation Project. Biodiversity Action Plan Terrestrial Biodiversity. Dariali Energy. 2015

## Vegetation Cover of Kazbegi Municipality



Source: Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final Report. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR).

According to the recent analysis of Kazbegi flora, up to 1,100 species of vascular plants are recorded, most of them belonging to the Asteraceae, Poaceae, Rosaceae, Fabaceae and Scrophulariaceae families. The flora of Kazbegi is exceptionally rich in endemics. 27% of its flora are endemic, and at least five out of eleven of the endemic genera of the Caucasus (*Agasyllis*, *Dolichorrhiza*, *Symphyloma*, *Trigonocaryum* and *Pseudovesicaria*) are represented. While plant communities of the Daryal Gorge are composed of species characteristic of the Eastern Greater Caucasus (e.g., *Pinus kochiana*, *Juniperus hemisphaerica*, *Heracleum leskowi*), the central Khevi region is more typically covered by subalpine meadows, elfin woods and forests of *Betula litwinovii*, with tragacanth vegetation including *Astragalus denudatus* also present. In Truso Gorge, by contrast, *Kobresia capilliformis* meadows and communities of *Dryas caucasica* predominate. Regarding the vegetation of Kazbegi, Nakhutsrishvili et al. (2005) distinguish 39 types of vascular plant communities that occur in Kazbegi. In addition to the communities listed in Table 1, they describe three types of subnival vegetation and mention the occurrence of various mosses and lichens. With the exception of very few pine plantations near the valley bottom (e.g., near Stepantsminda and Qumlistsikhe), the mountain forests of Kazbegi are dominated by *Betula litwinovii* and other *Betula* spp. Towards the treeline, these forests become more elfin, and extended shrubberies of *Rhododendron caucasicum* and *R. luteum* occur. Apart from these communities, there are scrubs of *Dryas caucasica* and of *Juniperus hemisphaerica*. A different woody plant community dominated by Sea-Buckthorn (*Hippophae rhamnoides*) is found at the Tergi Valley bottom above and below Stepantsminda. These fragments represent another plant diversity hotspot, an important winter habitat for birds and a source of natural resources for the local people. In spite of their low coverage, the forests and shrub communities of Kazbegi, as well as their ecotones are important centers of plant diversity and key habitat for numerous animal species. The shrub communities also protect slopes from erosion, mud-slides and avalanches, have a water-regulatory function and are a traditional source of fuel wood and other natural resources for the local population.

At least of 148 bird species are recorded in the Kazbegi municipality, of which 24 species are classified as year-round residents and 38 are migratory summer breeders. About 108 species are recorded (regularly or irregularly) during seasonal migrations in spring and autumn, from which at least 26 species are also recorded in the study area during breeding season as breeders, and 82 species – only during passage. Winter avifauna is presented of year-round resident bird species and more than up to ten species winter visitors

or occasional visitors. Among all birds, Long-legged Buzzard, Rough-legged Buzzard, Imperial Eagle, Greater Spotted Eagle, Golden Eagle, Egyptian Vulture, Bearded Vulture, Eurasian Griffon, Sacker, Red-footed Falcon, Levant Sparrow hawk, Lesser Kestrel, Great Rosefinch, Guldenstadt’s Redstart, Caucasian Black Grouse and Common Crane are included in Georgian Red List. There are around 35 terrestrial mammalian species in Kazbegi municipality, of which eight including Kazbegi Birch Mouse, Long-Clawed Mole, Grey Hamster, East Caucasian Tur, Chamois, Lynx, Brown Bear and Otter represent Georgian Red List species. Two most common species – fox (*Vulpes vulpes*) and stone marten (*Martes foina*) are met everywhere.

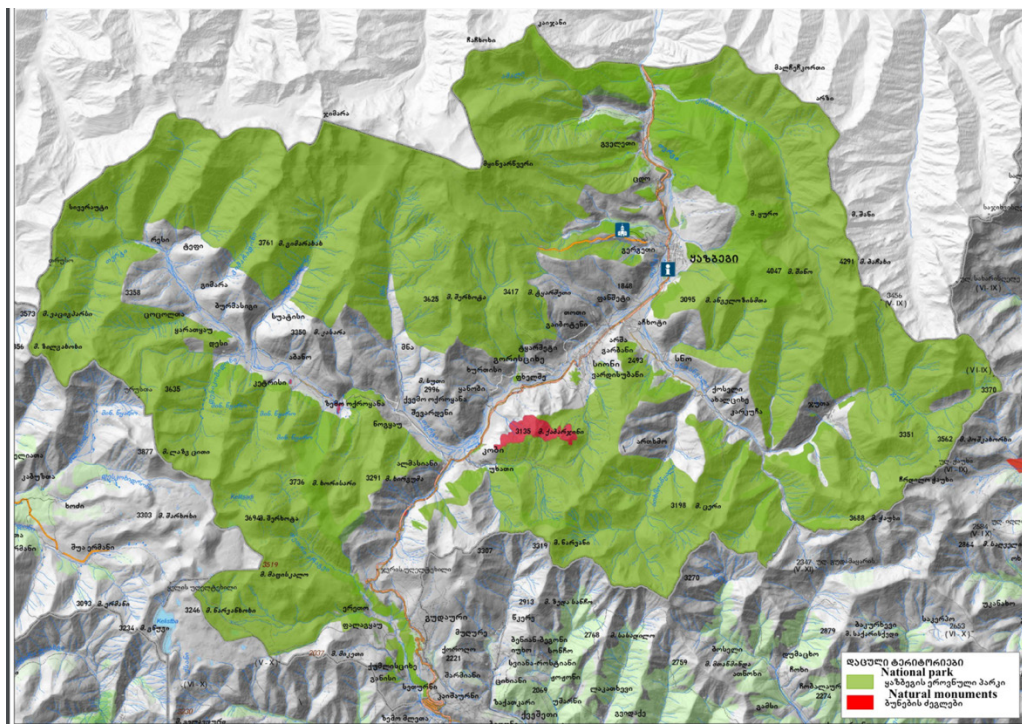
Among the reptiles, Caucasian Rock Lizard, Dagestanian Rock Lizard, Artvin Lizard, Spiny-Tailed Lizard, Caspian Green Lizard, Smooth Snake, Ring Snake and Dinnik’s Viper are met. Of total reptiles, Dinnik’s viper Caucasus is included in Georgian Red List. Five species of amphibians are found in the municipality, including: Northern Banded Newt, Southern Crested Newt, Green Toad, Eurasian Marsh Frog and Long-legged Wood Frog. Of this two species Longlegged Wood Frog and Northern Banded Newt are regional endemic of the Caucasus and northern part of Anatolia. About 135 species of bees and bumblebee (Apoidea) and up to 105 species of beetles (Coleoptera) are noted in the scientific publications as found in the Kazbegi municipality.

Kazbegi Protected Areas (KPA) consist of following status protected lands:

- Kazbegi National Park (KNP);
- Sakhizari rock natural monument;
- Abano mineral lake natural monument;
- Trusso travertine natural monument;
- Jvari Pass travertine natural monument;
- Keterisi Mineral Vaucluse Natural Monument.

Total area of KNP is 78,543 ha,<sup>104</sup> which is over 70% of the who territory of Kazbegi municipality. In total 1,347 plant species are found in the park. Here are alpine, subalpine, xerophytic and many other plants form environmental groups.

Map of the Kazbegi National Park



Source: APA, <https://apa.gov.ge/>.

<sup>104</sup> Source: Agency for Protected Areas. <https://apa.gov.ge>



Kazbegi National Park forests are located on steep slopes. There are 105 species of woody plants, but mainly there are Litvinov's birch, Sosnovski pine, junipers and cranberries. 2,595 ha of the forest is covered with birch groves, 369 ha – with pine groves, 49 ha – with beech groves, 32 ha – with asp forests. Caucasian rhododendron shrubbery covers 928 ha, sea-buckthorns - 23 ha, birch forest dominating by barberries – 28 ha, willows – 15 ha, other groves dominating by woody species – 22 ha. In Georgia sea-buckthorn distribution is pretty limited, while the large area is found in nearby Stepantsminda. Oriental beech and high mountain oak are widespread in the vast areas of the Sno River gorge. One of the most important forests in the municipality is a natural grove near Village Sioni at 1,700-1,900 m ASL, represented by birch, poplar, common ash-tree, rowans, high mountain maple and other deciduous species. The flora in Kazbegi is rich in wild herbs, which is one of the most important natural resources, the protection, restoration and cultivation of which has a great importance. The list of common herbs here are: sage, sweetbrier, centifolia, tansies, dandelion, thyme, chamomile, chicory, coltsfoot, achillea, organum, valeriana, hypericum, henbanes, cranberries, fleaworts, nettles, leonurus and others. From Georgian endemics on the weathering rocks there are: *Arabiskazbekensis*, *Galanthusplatyphillus*, *Heracleumossethicum*, *Liliumgeorgicum*, *Muscaripallens*. From the Caucasian endemic plants here can be found: *Delphinium flexuosum*, *Campanula hypopolia*, *Campanula petrophilla*, *Campanula sosnowskyi*, *Delphinium flexuosum*, *Delphinium speciosum*, *Dianthus caucaseus*, *Eritrichiumcaucasicum*, *Fritillarialatifolia*, *Fritillarialutea*, *Gladiolus tenuis*, *Inulamagnific*, *Ligulariasubsagittata*, *Primulacordifolia*, *Primuladarialica*, *Sobolewski caucasica*.

The National Park is rich in fauna. Most of the animals spread here are rare and endangered species included in the "Red List" of Georgia: East Caucasian tur, chamois, brown bear. Here you can find: martens, wild cats, rabbits, squirrels and others.

Biodiversity and deep valleys, hills, subalpine fields existing in the National Park are the ideal habitat for large-sized birds of prey. In the Reserve you can find: the golden eagle, vulture and bearded vulture. The Caucasian rouse and Caucasian Snowcock are also notable. From mammals, there are following Georgian endemic species: Common Shrew (*Sorexsatunini*), Volnuchinshrew (*Sorexvolnuchini*), Gueldenstaedt's shrew (*Crociduragueldenstaedtii*), Kazbeg birch mouse, (*Sicistakazbegica*) and bushes vole (*Terricoladaghestanicus*). From endemic birds, there are: the Caucasian Black Grouse (*Tetraomlokosiewzci*), the Caucasian Snowcock (*Tetraogalluscaucasicus*), ring ouzel (*Turdustorquatus*), Red-billed chough (*Pyrrhocoraxpyrrhocorax*), Alpine chough (*P. graculus*) and others. In addition, in the National Park there are globally important 2 species of birds: Great rosefinch (*Carpodacusrubicilla*) and Güldenstädt's redstart (*Phoenicuruserythogaster*).

**Mineral Resources.** The Kazbegi municipality is rich in mineral resources, especially in decorative/ornamental stone deposits, including green granite and brown diabase as well as in sand and gravel. There are the following types of granite in the territory of Kazbegi municipality:

- Diabazi - Gveleti, Chaukhebi, Veshat source (above Juti), Dariali gray, Dariali purple, black granite of the village Ertkhmo;
- Andesite: Manganese ore deposit (with black and white dots), Gaiboten-Toti deposit (grey, blue, red);
- Donata deposit - (gray) at the foot of Kabarjin mountain;
- Dacite - Knockau ore (red);
- Basalt - Gudauri (grey);
- Tuff - Fanchet (brick), Kobi (black).

There are large quantities of inert materials in the Tergi River Gorge as well as mineral waters. Below is given a list of mineral deposits registered by National Agency of Mines (NAM).

## MINERAL RESOURCES OF KAZBEGI MUNICIPALITY

MINERAL DEPOSIT	DEPOSIT NAME	CONDITION	A	B	C1	A_B_C1	C2	P1_P2_P3	MEASUREMENT UNIT
Tuff breccia	Fansheti	Not licensed	0	182000	607000	789000	0		m3
Andesite-basalt	Kobi	Not licensed	133000	296000	1613000	2042000	0		m3
Sand and gravel	Kobi	Partially licensed	0	0	5695000	5695000	0		m3
Andesite-dacite	Kobi	Not licensed	452000	749000	1408000	2609000	3278000		m3
Diabase	Vematskaro	Not licensed	0	0	349000	349000	625000		m3
Diabase	Gveleti	Not licensed	0	0	60000	60000	120000		m3
Diabase	Chaukhi	Not licensed	0	0	75000	75000	79000		m3
Andesite	Arsha	Partially licensed	0	0	0	0	0		m3
Sand and gravel	Kobi	Partially licensed	0	0	5695000	5695000	0		m3
Andesite	Saketseti	Not licensed	0	0	0	0	0		
Andesite		Not licensed	0	0	0	0	0		
Copper, pollymetal	Devdorak	Not licensed		0	0	0	0	0	0
Mineral water	Kobi	Not licensed	0	0	0	0	0	0	
Mineral water	Kobi	Not licensed	0	0	0	0	0	0	
Mineral water	Kobi	Not licensed	0	0	0	0	0	0	
Mineral water	Fansheti	Not licensed	0	0	0	0	0	10	m3/d
Mineral water	Kobi	Not licensed	0	0	0	0	0	0	t
Mineral water	Fansheti	Not licensed	0	259	0	0	0	0	m3/d
Mineral water	Fansheti	Not licensed	0	17	0	0	0	0	m3/d
Mineral water	Fansheti	Not licensed	0	259	0	0	0	0	m3/d

Source: NAM.

Concerning licenses on the extraction of mineral resources, there are 13 operational licenses issued for extracting sand and gravel, mineral water and fresh ground water.

## LICENSES ISSUED FOR EXTRACTION OF MINERAL RESOURCES IN KAZBEGI MUNICIPALITY

LICENSE #	LOCATION/DEPOSIT	LICENSEE	TERMS OF VALIDITY	EXTRACTION QUOTA	AREA
1002796	Fansheti mineral water exploration and extraction	LLC Janmrteli Tskali+ (Healthy Water)	23.07.15 24.07.40		0.07 ha each
1003054	Fansheti mineral water extraction	LLC Arian	02.11.15 09.10.38	10 m3/d	0.07 ha each
1003237	Kobi sand and gravel extraction	LLC Besti	23.12.15 24.12.20	72300 m3	2.41 ha
1003314	Kobi mineral water and CO2 extraction	Platon Tatishvili	20.01.16 04.08.17	2.5 t/d	0.07 ha
1003445	Kobi mineral water and CO2 extraction	LLC Kobi	13.03.16 04.08.17	0.5 t/d	0.07ha
1004407	Fansheti mineral water extraction	LLC Tergi	06.04.17 27.11.39	7850 m3/y	0.07
1004462	Kobi sand and gravel extraction	LLC Mamisoni	24.04.17 25.04.22	156600 m3	5.22 ha
1004740	Fansheti sand and gravel extraction from the Tergi River	LLC RTD	28.07.17 29.07.22	123300 m3	4.11ha

1004775	Kobi mineral water and CO2 extraction	Platon Tatishvili	08.08.17 04.08.27	2.0 t/d	0.07 ha
1005461	Devdorak diabase extraction near v. Gveleti	LLC SRG	11.05.18 15.03.28	9626 m3	2.63 ha
10000121	Jutastskali sand and gravel extraction	LLC Khevi	06.08.18 07.08.21	35040m3	23360 m2
10000156	Kobi sand and gravel extraction	LLC Khevi	16.08.18 17.08.23	113715 m3	3790 m2
10000295	Tergi sand and gravel extraction near v. Arsha	LLC SRG	16.10.18 17.10.23	69750 m3	23 250 m2
10000555	Kobi sand and gravel extraction	JSC Kavkasavtomagistrali	19.02.19 20.02.21	16020 m3	8010 m2
10000756	Kobi mineral water extraction	LLC Aqua Geo	21.05.19 30.10.38	10000 m3/y	0.21 ha
10000877	Groundwater abstraction near Kobi	LLC Aqua Geo	04.07.19 30.10.38	20000 m3/y	0.07 ha

\* Orange color rows: licenses suspended.

Source: NAM.

**Renewable Energy Resources.**<sup>105</sup> The Kazbegi municipality has significant small hydropower potential with total of 50.4 MW installed capacity and 316.6 million kWh annual average electricity generation. The Tetri Aragvi has the highest potential with 14.1 MW installed capacity and 89 kWh million annual average electricity generation, followed by the Snoskhali River, with 10.6 MW installed capacity and 67.3 kWh million annual average electricity generation.

According to the Wind Power Atlas of Georgia (2004), the municipality's wind power potential is mainly, below 100 W/m<sup>2</sup> and only on Jvari Pass it varies within 800-1,200 W/m<sup>2</sup>.

According to the global horizontal irradiation map of Georgia, long-term average daily solar energy potential in the Kazbegi municipality is pretty significant, estimated mostly at 3-3.2 kWh/m<sup>2</sup>, with 3.8 kWh/m<sup>2</sup> in some limited locations. Direct normal irradiation measures from 2.6 to 3.2 kWh/m<sup>2</sup> in most places and at 3.4-3.6 kWh/m<sup>2</sup> in limited areas. Photovoltaic potential is measured at 3.2-3.6 Kwh/kWp (kilowattpeak) and in limited areas it is within 3.6-4.0 Kwh/kWp.<sup>106</sup>

The Kazbegi municipality does not have high biomass potential, since tree cover is low as well as arable lands are limited. Biogas can be produced from livestock manure at the household level.

## ENVIRONMENTAL INFRASTRUCTURE AND SERVICES

**Drinking Water Supply Systems.** Town Stepantsminda and all populated villages have centralized drinking water supply in the Kazbegi municipality. In Town Stepantsminda and Village Achlhoti the system represents a lift system, with pump stations. The rest of the systems are of gravitational type. In total, there are 21 headworks, of which 60% have been rehabilitated and the rest is under construction. Concerning the distribution networks, its total length is 65 km. Its 10% is damaged and needs replacement.

There is no water treatment in villages/100% of population have water meters. Currently, the following rehabilitation works on the water supply system are underway:

- Water rehabilitation of the village of Tsdo;
- Water rehabilitation of the village Arshj;
- Water rehabilitation of Village Garbani and Karkucha Akhaltsikhe water rehabilitation.

<sup>105</sup> Technical Report Number 2 Rapid Assessment of the Rioni and Alazani -Iori River Basins, Republic of Georgia. USAID/GLOWS project: Integrated Natural Resources Management in Watersheds of Georgia. Florida International University. USAID/GLOWS project: Integrated Natural Resources Management in Watersheds of Georgia. Florida International University

<sup>106</sup> Source: Solar resource maps of Georgia. World Bank Group, funded by ESMAP, and prepared by Solargis

**Sewerage systems.** Currently, projects for the construction/rehabilitation of sewerage systems and treatment facilities are being implemented by the United Water Supply Company of Georgia (UWSCG). In Gudauri the project is financed by Asian Development Bank (ADB) under the Urban Services Improvement Investment Program – Improvement of Gudauri Wastewater System Subproject. It envisages construction of sewerage system and a wastewater treatment plant (WWTP), consisting of 5 modular units with total of 4,200 m<sup>3</sup>/day designed capacity.

Treated wastewater from 4 wastewater treatment units will be discharged in the Aragvi River through one common collector, while from the 5<sup>th</sup> – it will be discharged in small ravine through a separate collector.<sup>107</sup> Other projects are implemented under the Program “Communal Infrastructure for Environment and Tourism”, which intends to support the select of Georgian municipalities, including the Kazbegi municipality to rehabilitate/implement environmentally friendly public utilities infrastructure. The program is based on a holistic approach that considers not only water and wastewater infrastructure but also includes other elements of public utilities infrastructure. It aims at improving the public utility service for the population in an environmentally friendly, energy-efficient, sustainable and efficient manner.<sup>108</sup>

**Stormwater drainage systems.** About 60% of settlements of Kazbegi municipality are covered with stormwater drainage systems, including 30% of the villages. There are: These are: Town Stepantsminda and Villages: Sioni, Tkarsheti, Sno, Pkhelshe and Goristsikhe. Every system needs rehabilitation except in Sioni, Pkhelshi and Goristsikhe.

**Energy infrastructure.** Piped natural gas is supplied to Town Stepantsminda and Villages: Gveleti, Tsdo, Pansheti, Arsha, Sioni, Garbani, Vardisubani, Achkhoti, Sno, Akhaltsikhe, Karkucha, Juta, Goristsikhe, Pkhelshe, Tkhelshe Khanobi, Kumlistsikhe, Gudauri, Kobi and Almasiani. The rest of the villages are not connected to the centralized gas supply system, including: Gaiboten, Toti, Koseli, Artkhmo, Mna, Okrokana, Kvemo Okrokana, Shevardeni, Kartsofeli, Ukhati, Nogkau, Abano, Katrisi, Tefi, Gimara, Tsotsolta, Burmasig, Desi, Suatis, Resi.

Electricity is provided around the clock to Town Stepantsminda and the following villages: Gveleti, Tsdo, Pansheti, Arsha, Sioni, Garbani, Vardisubani, Achkhoti, Akhaltsikhe, Karkucha, Juta, Goristsikhe, Pkhelshe, Tkarsheti, Khurtisi, Khanobi, Kumlistsikhe, Gudauri, Kobi and Almasiani. These are more or less larger settlements with permanent population. Such villages as: Gaiboten, Toti, Koseli, Artkhmo, Mna, Okrokana, Kvemo Okrokana, Shevardeni, Kartsofeli, Ukhati, Nogkau, Abano, Katrisi, Tefi, Gimara, Tsotsolta, Burmasig, Desi, Suatis and Resi.

Concerning the energy infrastructure, based on renewable energies there are two run-of-river derivation type HPPs on the Tergi River:

- Dariali HPP – rated capacity: 108 MW; annual average electricity generation: 500 GWh; Headwork/intake location: an upstream reach of the Tergi River at 1,729 m ASL. The HPP abstracts water from the river and directs it via the headrace tunnel to the power house, which is located at 1,334 m ASL, 1.2 km from the Russian – Georgian border. Around 70% of electricity is produced during summer months (May – October). The HPP is connected to the National Grid via Dariali 110kV transmission overhead line. It is operated by Dariali Energy JSC;<sup>109</sup>
- Larsi HPP – located on the Tergi River near the Larsi Checkpoint at the Georgian-Russian border; rated capacity: 19.5 MW; annual average electricity generation: around 90-100 GWh. The water needed for the power plant is received from the side catchment basin on the right bank of the river. The water received from the catchment basin flows along the bypass, into a periodically flushed sludge tank with two chambers, and through a 2.9-m wide and 1160-m long steel pressure pipeline to get to the three units in the powerhouse. In the weir pier, which divides dividing the sluice chamber of the headworks and the side weir dam, there is a fish pass to ensure fish migration from the tailwater to the headwater of the headworks. The electricity generated by Larsi HPP is supplied to the grid through a 110/6-kV overhead line and substation. The HPP operates in an automatic mode.<sup>110</sup>

<sup>107</sup> Source: Scoping Statement for the construction and operations of sewerage system and wastewater treatment plant in Gudauri Town. United Water Supply Company of Georgia. Contractor: Eptisa. Tbilisi 2018

<sup>108</sup> Source: United Water Supply Company of Georgia

<sup>109</sup> Source: <http://darialienergy.ge/>

<sup>110</sup> Source: <https://peri.ge>

It is noteworthy that currently Kazbegi Interconnection Project, that is construction of– 500 kV Ksani-Stepantsminda Transmission Line (KSTL), and which is funded by the German Development Bank (KfW) is underway. The transmission line will be connected to the Russian power grid. Accordingly, 500kV substation will be set up in the vicinity of Town Stepantsminda and the transmission line will operate on 500 kV voltage with the transmission capacity of 1,100 MW. That will be the main line connecting power systems of Georgia, Russia, Armenia and Iran and will contribute to the Georgian power grid stability and large-scale trade relations among Georgia, Russia, and other countries of South Caucasus and Black Sea Transmission Network countries. The transmission line connects 110 kV substation in Stepantsminda and 500/220/110 Ksani substation with each other. The line is 100-km long running through the territories of Mtskheta, Dusheti and Kazbegi regions. The project is implemented by ELTEL (Finland)/EMC Ltd (India) German company Fitchner provides engineering supervision over the project implementation. The line will be operated by the JSC Georgian State Electrosystem (GSE), who is a main electricity grid owner and one of the largest transmission companies providing the electricity transmission from hydro, thermal and wind power plants to power distribution companies (JSC Telasi, JSC Energo-Pro Georgia) and direct customers (large companies).<sup>111</sup>

In addition to two operating HPPs, one additional small-size run-of-river HPP will be soon put into operation on the Khdistskali (Brolistskali) River. The rated capacity of HPP is 6 MW.

**Waste management.**<sup>112</sup> LEPL (Legal Entity of Public Law) Amenity Service of Kazbegi Municipality (hereafter, the Service) is a non-profit municipal legal entity, which is responsible for waste management in the Kazbegi municipality. The Service has following functions:

- Waste management:
  - Cleaning of streets, parks, squares/gardens and other public spaces
  - Collection and transfer of household non-hazardous wastes
  - Collection and transfer of commercial and office non-hazardous wastes
  - Collection and transfer/transportation of items/goods dumped in the streets, MSW and any piles/mass generated through cleaning/sweeping of public spaces
- Other functions:
  - Trimming of trees and cutting of grasses in public spaces
  - Management of street lights

The Service has a separate department which is responsible for operating the municipal waste management system. The Service employees 41 workers.

In 2018 the Kazbegi Municipality adopted 5-year waste management plan for the period of 2018 – 2022. The plan outlines general information about the waste management in the municipality, regulatory framework on national and local levels, waste generation, collection, street cleaning, cost recovery and etc.

According to the data on collection service coverage rate provided by local municipality as well as according to estimates of UNDP consultants, 2,937 t of municipal solid waste (MSW) was generated in Kazbegi municipality in 2019, of which 566 t (19%) of MSW came on the rural area and 2,371 t (81 %) – on the urban area plus Georgia-Russia checkpoint.

According to the Solid Waste Management Company of Georgia (SWMCG), in 2019, the total of 2,880 t of MSW was collected and disposed on the Kazbegi landfill from the Kazbegi municipality. Based on the local municipality data on the collection service coverage and the calculations of UNDP experts, only 2% of the total waste generated is still not collected and this quantity is about 57 tones. Furthermore, of total 2019 collected quantity of MSW, around 2,370 t were collected in Town Kazbegi and 510 t were collected in rural areas.

Currently, only mixed MSW is collected. There are not any kind of waste separation systems functioning in the municipality. All streams of waste, including commercial, residential, hazardous (sometimes construction) are

<sup>111</sup> Source: <http://www.gse.com.ge>

<sup>112</sup> Source: Municipal Profiles. Draft Baseline Study Baseline Study for 39 pilot municipalities. UNDP consultancy assignment: Performance Management System for Street Cleaning and Waste Management Services in 23 Municipalities of Georgia. PMCG. May 2020

collected in public containers which are placed in the urban and rural areas. Concerning hazardous wastes, there is no separate collection system organized for household hazardous wastes and everything, which is considered hazardous and used by households (e.g., thermometers, batteries, blood pressure equipment, fluorescent lamps and bubs, small-size electronic and electric equipment, obsolete medications, etc.) are mixed with municipal wastes and end up on the Kazbegi landfill.

There are 400 public containers located in the municipality. The table below shows the exact number of containers.

#### WASTE COLLECTION CONTAINERS OWNED BY THE KAZBEGI MUNICIPALITY

TYPE OF CONTAINER	PUBLIC PLACES, PARKS, RESIDENTIAL BUILDINGS	
	VOLUME (M3)	#
Metal container	1.1	370
Plastic container	1.1	30

Source: UNDP.

The Service operates 3 Refuse Collection Vehicles (RCVs) with automatic loading and press and volumes of the trucks from 5 to 13 m3. The Service does not operate open trucks.

#### RCVS OPERATED BY THE KAZBEGI MUNICIPALITY

TYPE AND BRAND OF VEHICLE	CAPACITY, M3	YEAR OF MANUFACTURE	AUTOMATIC LOADING (YES/NO)	MANUFACTURER	TOTAL KM3	REMARKS (CONDITION, REPAIRS, PROBLEMS...)
Compaction closed vehicles						
Waste Truck	7	2016	Yes	Mercedes		Good
Waste Truck	13	2015	Yes	Mann		Medium
Waste Truck	5	2005	Yes	Isuzu		Bad

The waste collection schedule is as follows: once per day in Town Stepantsminda and 3 times per week in the rural areas.

Concerning cleaning public spaces, currently there are 18 workers actively involved in the street cleaning activities. The cleaning service is extended to the urban area only, particularly to Town Kazbegi. The cleaning service covers 50 % of public places (parks, streets, embankment, squares) of Town Stepantsminda which is roughly 50,000 m2. The Service also cleans gullies, removes weeds, maintains green spaces through tree trimming, grass cutting and lawn mowing activities. It also removes bulky waste from streets. The service does not have separate waste collection vehicles for collection and transporting street residues and park wastes. The total cost for cleaning service is approximately 104,000 GEL, that is 0.93% of total budget of the municipality.

Collected waste is disposed on the Kazbegi Landfill, which is operated by SWMCG. According to estimates of Cleaning Service representatives, there are up to 6 illegal dumpsites in the target area. Unfortunately, an inventory of dumpsites does not exist to identify the exact locations, area and quantity/volume of MSW accumulated.

The Supervision Department at the Kazbegi municipality doesn't have mobile supervision groups, which can identify dumping violations. Respectively, the municipality does not penalize and fine any company or citizen for waste dumping. In recent years, the Kazbegi municipality conducted a number of cleaning

activities of illegal dumpsites and many citizens were involved in the activities. However, it should be noted that targeted awareness campaigns on littering, environmental impacts of waste including hazardous waste dumping, waste recycling and recovery are not widely implemented by the municipality as it is a case across the vast majority of Georgian municipalities.

## Environmental Governance

In the Kazbegi municipality, national authorities engaged in environmental management and provision of environmental services are the following :

- Administration of KNP, Agency for Protected Areas/Ministry of Environmental Protection and Agriculture;
- Stepantsminda Service Centre of UWSCG, Ministry of Regional Development and Infrastructure (MRDI);
- Kazbegi forestry district/section team (rangers) of the NFA, MEPA;
- Representatives of National Food Agency, MEPA;
- The Firefighter and Rescue Team at the Firefighting and Rescue Division of the Main Department for the Management of Firefighting and Rescue Forces under the National Emergency Management Service, Ministry of Internal Affairs.

Local natural resources and environmental services, including MSW and street cleaning services are provided by structural units of the municipality, and by LLC Kazbegi Amenity and Cleaning Service.

As for non-public sector engagement in environmental management, local LAG, a multi-stakeholder forum is established in support of rural development. It was supported by the consortium led by People in Need, Czech NGO in partnership with the biofarming association ELKANA, and NNLAG, Czech Republic under EU rural development project and within the framework of ENPARD programme. etc. Such nation-wide and international conservation NGOs, as WWF, IUCN and NACRES provide intensive support to KPA. Green Alternative monitors the large infrastructure projects in particular, HPPs, including those existing ones and those to be built in the Tergi River Basin.

## ENVIRONMENTAL PRESSURES, IMPACTS AND KEY ISSUES

### Water Resources

**Pressures.** Major anthropogenic and natural pressures on water quantity (hydrology) of Kazbegi municipality are caused by:

- Water abstraction by various users and in particular, water abstraction/diversion by derivation type HPPs:
  - *Dariali HPP diverts 90% of the annual average flow (AAF) of the Tergi River within the 11-km section first via the pressure pipe first and second via the tunnel . Minimum guaranteed flow is called a “sanitary flow” to preserve ecosystems of the River. However, since there is no international standard-based methodology for calculating environmental flows in Georgia and besides, calculations are based on the outdated water hydrology, including sediment flow data, without climate change (CC) impact considerations, this residual flow estimated cannot be considered as environmental flow supporting the ecosystems of the Dariali River. Moreover, if there is competition between securing enough water for power generation and ensuring sufficient residual flow, there is no either a legal framework or institutional capacity to enforce any minimum residual flow;*<sup>113</sup>
- Sand and gravel extraction – removal of substrate from the River channel includes dredging sand and gravel as building materials;
- Intensive land use- grazing, removal of riparian vegetation, management of riparian vegetation, erosion, etc.;
- Hydro-meteorological and geological hazards, including floods, flashfloods, avalanches, landslides, rockfalls, mudflows accelerated under ongoing climate change (CC) conditions putting significant pressures

<sup>113</sup> Source: <https://greenalt.org>

on the hydromorphology and morphology of river bodies, including the river bed and bank erosion. Naturally, the municipality, due to its climate, geological and geomorphological peculiarities, is prone to active geodynamic process. These are described in more detail under land resources section given below.

Concerning the surface and groundwater quality, the following are the major anthropogenic and natural pressures imposed on the surface and groundwaters:

- Effluent discharges from sewerage systems
- Non-point (diffused) source pollution from:
  - *Nutrient loss from agriculture (livestock) by surface runoff, soil erosion, etc.*
  - *Sediment loss (by soil, bank and riverbed erosion);*
  - *Leachates from peat latrines;*
  - *Surface run-off and stormwater drainage*
  - *Leachates and drainage water from illegal dumpsites –dire situation is in villages without centralized MSW collection systems*
  - *Climate Change (CC) and climate-induced hydrological and geological hazards (floods, flashfloods, landslides, mudflows) – may increase amount of surface and agriculture run-off, damage drinking water headworks and sewerage systems and thus, increasing the sediment and effluent discharges into surface water bodies as well as contamination of drinking water at source, in storage/regulation reservoirs and in the network. Moreover, the expected decrease in of flow during summer may diminish self-purification (dilution) capacity of the river that may ultimately lead to elevated concentrations of pollutants on the land surface. Below are given the major water use indicators for the municipality.*

#### 2018 MAJOR WATER USE INDICATORS FOR THE MUNICIPALITY<sup>114</sup>

PARAMETER	MEANING
# of water users	5
Quantity of water abstracted from water source, million m <sup>3</sup> /y, including:	3.23
Groundwater	1.87
Quantity of water consumed, million m <sup>3</sup> /y, including:*	1.31
Water consumed by households (drinking water supply systems)	1.15
Water consumed by industry	0.16
Losses during transportation, million m <sup>3</sup> /y	1.92
Wastewater discharges, million m <sup>3</sup> /y	0.19

\* Water use by Dariali and Larsi HPPs is not reported

Source: 2018 Yearbook of Major Water Use Indicators, Integrated Management Department, MEPA.

**Impacts.** Taking into consideration that there are no studies/data on hydromorphological and water quality impacts of the existing pressures, we may only discuss possible impacts of the existing pressures.

Possible water quantity impacts from anthropogenic and natural pressures are as follows:

- Destruction of the River hydrology (environmental flow), morphology and hydro-morphology (change in channel and bed bottom morphology, volume, stream velocity, bank erosion, accumulation of sediments, alteration of riparian habitats) due to:

<sup>114</sup> 2018 water accounting data were not used, since water abstractions for drinking water supply and irrigation were not reported by users and registered by MEPA. Thus, 2018 data were highly under-representative. Besides, 2018 waste use accounting data do not contain water abstractions and used for irrigation purposes therefore, these data are also under-representative



- *Water abstractions and flow diversion. Water bodies of the Tergi River Basin at Dariali and Larsi HPP sites can be considered as Heavily Modified Water Bodies, as per EU Water Framework Directive and only achieving the good ecological potential can be considered for them rather than restoration natural/natural-like conditions;*
- *CC and climate-induced natural hazards including floods and flashfloods that are intensified under CC impacts, may cause river bed and bank erosion and thus, change its natural morphology and hydromorphology.*

Possible water quality impacts from anthropogenic and natural pressures are as follows:

- Deterioration of surface water quality as a result of:
  - *Point source pollution – surface waters downstream Kazbegi can be considered as “possibly at risk” because of loads of BOD, COD, nitrates and phosphates. However, currently, sewage collectors and WWTPs are under construction/rehabilitation in urban and rural settlements of Kazbegi municipality and thus, negative pressures and impacts from point source pollution have been gradually reduced/eliminated;*
  - *Diffused agriculture (livestock) source pollution by nutrients (mostly, ammonia, BOD).*
- Deterioration of surface water quality against suspended solid, nutrients and pesticides due to agricultural and surface run-off and soil erosion (streams and rivers downstream settlements, etc.)
- Deterioration of surface water quality against common physico-chemical parameters and priority and non-priority substances of Water Framework Directive (WFD):
  - *Sand and gravel extraction that may have impacts on the river in terms of increased suspended solid and decreased dissolved oxygen*
- Deterioration of drinking water quality in the villages with and without drinking water systems – pollution of drinking water with e. coli, other bacteria and suspended solids (in rainy seasons) in wells, headworks, reservoirs and distribution networks due to absent drinking water treatments. Given there is no current empirical evidence for such impacts, due to absent drinking water quality monitoring in rural areas, sources/watersheds of drinking water sources can be considered “possibly at risk”, requiring detailed assessments of drinking water source water quality in villages.

**Key Water Management Challenges/Issues.** Based on present rapid pressure-impact assessment and consultations with local stakeholders, including LAG members, key water management challenges/issues and their causes were identified, which are listed in the following table:

## KEY WATER MANAGEMENT CHALLENGES OF THE MUNICIPALITY

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Water quantity	Destruction of river hydrology, morphology and hydro-morphology (Change in channel and bed bottom morphology, volume, stream velocity, bank erosion, accumulation of sediments, bank fixation, change in riparian habitat).	Water abstractions for drinking, bathing, industrial, hydropower generation purposes and thus, destruction of natural flow regime; river regulation/diversion; sand and gravel extraction; flashfloods, mudflows; CC.	Absent knowledge and regulations on environmental flow and water balance; absent river bank protection measures and infrastructure; absent knowledge and regulations on environmental impacts of sand and gravel extraction/river bank and bed dredging, lack of knowledge and data on CC impacts on hydro-meteorological and geological processes and parameters.	<ul style="list-style-type: none"> <li>• Adoption of new water code and policy based on EU water framework directive and policies;</li> <li>• Implementation of water metering measures;</li> <li>• Protection of headworks and storage/regulation reservoirs through fencing and better coverage;</li> <li>• Setting of efficient water use tariffs to allow for service cost recovery as well as promote water saving and conservation measures;</li> <li>• Calculation and implementation of proper water use allocations taking into account environmental flow; proper monitoring and control of environmental flow;</li> </ul>
Water quality	Pollution of surface and ground waters	Discharge of untreated wastewaters from point sources of pollution (e.g., sewerage system Kazbegi town and villages) into surface waters; sediment loads and surface runoff from livestock grazing, drainage of storm waters and seepage of leachates from uncontrolled waste disposal sites, open pit mines and dry pit latrines.	Deteriorated and/or absent sewerage and stormwater drainage systems; absence of surface water mechanical-biological treatment facilities; poor MSW collection system; poor/absent law enforcement against illegal waste dumping; lack of state finances to rehabilitate/build centralized sewerage systems, WWTPs; poor ambient water quality and soil monitoring; absence of effective regulations, including standards for wastewater discharges; absence of a common effective policy on waste and water management; low environmental consciousness of local communities; poor surface water quality monitoring system.	<ul style="list-style-type: none"> <li>• Implementation of river bank and bed erosion control measures;</li> <li>• Implementation of floodplain zones' protection and restoration measures;</li> <li>• Implementation of forest regeneration and reforestation activities;</li> <li>• Expansion of MSW collection system and thus, service coverage;</li> <li>• Promotion of MSW prevention and recycling measures, including bio-waste composting and mulching;</li> <li>• Construction of WWTP(s) in line with EU standards;</li> <li>• Introduction of on-site modular wastewater treatment facilities at rural community, hotels and municipal buildings level;</li> <li>• Regulation of grazing on slopes and prevention of grazing in floodplain areas and organizing alternate livestock sheltering and drinking water supply infrastructure;</li> </ul>
	Pollution of tap water	Crumbling drinking water supply infrastructure or no infrastructure in many villages; absence of sanitary zones/lack of protection for existing zones surrounding water sources; absence of tap water treatment in virtually all rural communities with centralized water supply systems.	Shortage of funds to rehabilitate existing centralized systems or to build new systems; absence of effective regulations, law enforcement, monitoring mechanisms and local capacity for tap water quality monitoring and control, as well as for environmental pollution control; low environmental awareness of local communities.	<ul style="list-style-type: none"> <li>• Implementation of stormwater rehabilitation/construction activities;</li> <li>• Improvement of water and waste management law enforcement;</li> <li>• Improvement of hydrometric and water quality monitoring systems and establishment multi-hazard early warning systems;</li> <li>• Carrying out environmental information campaigns.</li> </ul>

## Land Resources

**Pressures.** Major natural and anthropogenic pressures imposed on land resources in the Kazbegi municipality are as follows:

- Unsustainable pasturing – overgrazing;
- Illegal logging;
- Uncontrolled/illegal waste dumping and littering on touristic spots/trails;
- Open pit mining – sand and gravel and volcanic rock extraction – sediment movement and land erosion;
- Natural hazards (floods, flashfloods, avalanches, landslides, mudflows) which are accelerated by ongoing CC and are predetermined by multiple human factors:<sup>115</sup>
  - *Naturally, Kazbegi is highly susceptible for mudflows (including glacial mudflows), avalanches, rock-ice avalanche, rockfalls and flashfloods. In particular, mudflow hazards are high due specific tectonics, sizable number of glaciers with mudflow gorges, slope steepness and huge quantities of sediments accumulated in river gorges and riverbeds as a result of erosive processes. Mudflow processes are extremely dangerous in the Devdoraki (Amali) gorge, where according to historical data, at least six ice and ice-rock avalanches fell from the Devdoraki Glacier onto the Tergi River valley in 1776-1876, with two largest rock avalanche falling on June 18, 1776 and on August 13, 1832. The first blocked the Tergi River for three days and collapsed catastrophically; the second largest rock avalanche occurred about 100 meters high and about 2 kilometers wide and blocked the Tergi River for 8 hours. After breaking the dam, the glacial mud flow caused a great amount of damage to Vladikavkaz in North Ossetia, Russia. In 2007-2016, several catastrophic mudflows occurred in the Dariali gorge, causing blockage of the main road, and damaging the Dariali HPP and claiming the lives of several people (2014) due to the Devdorak movement, glacial mudflow and generation and activation of large landslide bodies. The floods formed in the Devdorak-Amal River Basin in 2014 were the largest in recent decades. They caused formation of mudflow and landslide bodies on May 17, August 20 and 30, followed by the demolition and closure of strategic economic facilities and road infrastructure for the country, including the Russian-Georgian highway, the 700-1200 mm gas pipeline north-south, high voltages transmission lines, Larsi HPP and the water level regulating infrastructure. Furthermore, the customs checkpoint and the residence of the Georgian Patriarch were flooded and, the customs checkpoint with Russia was completely cut off from the outside world. The damage reached 10 million GEL, and most tragically, claimed the lives of 10 people. Floods in the Devdorak-Amal valley are mainly formed as a result of torrential rains, glacial melting or falling/retreat, temporary collapse of valleys or breaking of glacial lakes. This time, the cause of these catastrophic multi-hazards was break-up of the large mass of rocky, icy and snowy part of the glacier on the northern slope, at an altitude of 4,500 m ASL. This was accompanied by intense rains. Other glacial-mudflow river gorges are: Kistinka, Chkheri, Kuro, Kabarjina, Bidara and Trusso gorges, but activation of mudflows and landslide processes is pretty limited there. As for settlements, according to local LAG, following settlements are under high risks of floods, flashfloods, avalanches and landslides: Karkucha. Gergeti, Fansheti, Fkhelshe, Goristsikhe, Sno, Khurtisi Akhaltsikh and Juta (avalanche).*

**Impacts.** Negative impacts on the land resources in the Kazbegi municipality are as follows:

- Land erosion, loss of fertile soil – degradation of pasture lands as a result of transhumance and overgrazing, intensive logging and climate and geological hazards:<sup>116</sup>
  - *Stepantsmina -17,500 ha*
  - *Kanobi – 30,700 ha*
  - *Juta -11000 ha*
  - *Kobi – 15, 800 ha*

The sheet- and channel erosion of the steep slopes of the Tergi watershed is caused by excessive livestock activity in the past. Due to the reduced herd size, the livestock currently does not exceed the economic carrying

<sup>115</sup> Source: 1) National Environmental Agency; 2) Radio Freedom, <https://www.radiotavisupleba.ge>; 3) 2017 LAG consultation; 4) Kazbegi Municipality Environmental Hazard Report. LAG & PIN. ENPARD and Czech Development Agency. <http://www.kazbegilag.ge>

<sup>116</sup> Source: Kazbegi municipality

capacity. Nonetheless, uncontrolled livestock grazing endangers the red- listed *Betula raddeana* Trautv populations and adversely affects 50-90% of the population of *Tetrao mlokosiewiczzi* (keystone bird species):<sup>117</sup>

- Degradation of high ecological value natural landscapes, including floodplain forests, sub-alpine and alpine meadows, agriculture lands, critical and high-investment infrastructure;
- Soil contamination from surface and agriculture runoff, illegal waste dumping/littering – the Sno gorge, the Goristsikhe community, and the Sivani community.<sup>118</sup>

**Key sustainable land management challenges/issues.** Key sustainable land management (SLM) challenges/ issues and their underlying/immediate and root cause are summarized in table below.

### Key Land Management Challenges of The Municipality

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/ UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Soil quantity	Pasture degradation Degradation of pastures, forest massifs, river bank and bed erosion; floodplain degradation; damage to household holdings, critical and high-investment infrastructure; human casualties.	Uncontrolled grazing/ overgrazing, transhumance Illegal logging, absence of erosion control and land reclamation measures; Absence/ dire condition of DRR infrastructure; Overgrazing; Uncontrolled and unsustainable timber harvesting; natural hazards in particular, floods, flashfloods, mudflows, landslides, rockfalls, avalanches, CC.	Low awareness of shepherds, absence of proper zoning or other regulatory or economic mechanisms for sustainable pasture management; absence of effective mechanisms for law enforcement; local farmers' low awareness of sustainable water, land use, and agriculture practices; lack of scientific knowledge on human and climate change impacts on land erosion, etc. poor  Poor law enforcement against illegal logging, lack of finances for erosion control measures and DRR infrastructure; lack of knowledge and data on CC and climate-induced natural hazards and their impacts on land resources; limited distribution of multi-hazard early warning system	<ul style="list-style-type: none"> <li>• Carrying out of pasture inventories and development of pasture management plan for the municipality; setting of grazing norms for pastures and implementation of sustainable pasture management measures; implementation of sustainable pasture management measures: grazing regulation, control, fencing, erosion control measures, cleaning of pastures from stones, implementation of weed control measures, introduction of grazing schedules and pasture rotation approaches, awareness raising of herders on sustainable pasturing, etc.; improvement of law enforcement on illegal grazing;</li> <li>• Study of soil quality and implementation of relevant land reclamation practices/ measures;</li> <li>• Development of disaster preparedness and response and climate resilience plans;</li> <li>• Rehabilitation of DRR infrastructure;</li> <li>• Restoration/improvement of hydrometric and geological monitoring, hazard assessment and establishment of multi-hazard yearly warning systems in glacial mudflow gorges, similar to Devdoraki Gorge;</li> <li>• Support to organic farming; Promotion and revival of traditional farming and herding practices;</li> <li>• Strengthening law enforcement capacity and raising awareness and capacities of farmers;</li> <li>• Improvement of municipal, household hazardous and C&amp;DW waste management including waste collection and disposal; introduction of source separation system; inventory of dumpsites and implementation of clean-up measures; strengthening law enforcement capacities against illegal dumping.</li> </ul>
Soil quality	Pollution of soil	Leaching of pollutants from waste dumps, open-pit mines and pit latrines; urban and agriculture runoff; discharge of untreated wastewaters onto the earth's surface; ploughing plastic mulch into ploughed lands.	Improper use of agrochemicals; poor knowledge on the optimal agrochemical inputs; absence of regulatory and law enforcement mechanisms for soil quality; absence of effective environmental pollution control regulatory and/or economic mechanisms; absence of financial, technical and human resources for implementing effective environmental control policies, including policies for waste and wastewater management; low awareness of farmers on organic farming and damages of using plastic as mulch material	

<sup>117</sup> Source: Feasibility Study for the Ecoregional Programme III. (Georgia), Kazbegi Project. Final Report. German Financial Cooperation with Georgia. Ministry of Environment Protection and Natural Resources (MEPNR). Agency for Protected Areas (APA). March 2010

<sup>118</sup> Source: 2017 local stakeholder consultation under ENPARD II

## Forest Resources

**Pressures.** Major anthropogenic and natural pressures on the forest resources in the Kazbegi municipality are imposed by:

- Unsustainable, including illegal wood cutting – due to the absence of large forest areas as well as special protection status of forests located in KNP, commercial timber harvesting is banned and only social cutting of trees to produce timber for personal uses (e.g., fuelwood and construction material) is allowed;
- Uncontrolled extraction of non-timber resource;
- Illegal waste dumping and littering by tourists and local population in easily accessible forest areas which are used for rest and recuperation (recreation) by locals and tourists;
- CC and CC-induced climate extremes, e.g., increased heavy rains, floods and flashfloods, causing inundation of large areas, including forested areas.

**Impacts.** Impacts from the existing pressures are as follows:

- Deforestation - high fragmentation of forests and reduction of timber stock
- Deterioration of overall ecological value of forests:
  - Deterioration of ecological integrity and resilience, especially ecosystems of birch forests, which contain the globally and regionally red-listed species *Betula raddeana* Trautv. Regarding the community of *Hippopha rhamnoides* L. (sea buckthorn) along the Tergi river, which is used for home consumption and sale, sustainable use must be ensured and cutting prohibited. It is also necessary to take into account that *Myricaria alopecuroides* Sehrenk., which is a rare species in the Caucasus and occurring only in the Kazbegi region, are observed only in the Kazbegi area.

**Key forest management challenges/issues.** Based on the forest management concept, the local development strategy and 2017, and 2020 consultations with key stakeholders, key forest management challenges/issues, their underlying and root causes and needs are listed in table below.

### KEY FOREST MANAGEMENT CHALLENGES

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Quantity and quality of timber resources	Deforestation/reduction of forest area and timber resources; reduction of forest density, change in species composition, age and state of the forests	Unsustainable use of timber resources, including illegal cutting of trees for firewood and construction material; uncontrolled non-timber resource harvesting; overgrazing in forest ecosystems; insufficient forest maintenance and restoration; pollution of forests with litter; climate-induced natural hazards, proliferation of pest diseases.	Unsustainable logging methods, e.g., clearcutting, cutting of healthy trees; lack/absent forest protection measures; lack of financial and technical resources to carry out sanitary cuttings, pest control and afforestation/reforestation and forest measures; underutilization of alternative energy sources; poor municipal solid waste management and law enforcement; low socioeconomic level of local population with limited/no access to secure energy sources (e.g., gas); poor monitoring systems; low awareness of local stakeholders and tourists on the value of forests, sustainable forestry; climate change; poor knowledge and preparedness capacity on CC-induced natural hazards, including forest fires.	<ul style="list-style-type: none"> <li>▪ Strengthening of biodiversity monitoring, conservation and protection mechanisms</li> <li>▪ Improvement of forest monitoring system and conducting of continuous observation over state of the forests, implemented forestry measures, impacts of natural hazards, etc.;</li> <li>▪ Implementation of erosion control measures;</li> <li>▪ Setting of livestock grazing norms and rules and improving law enforcement capacities;</li> <li>▪ Provision of piped gas supply to local communities;</li> <li>▪ Support to implementation of energy efficiency (high-efficiency wood stoves, etc.) and alternative energy source (biogas, solar water heaters, etc.) utilization initiatives at community and household levels;</li> <li>▪ Calculation of exact demand for firewood and sustainable logging norms;</li> <li>▪ Carrying out of pest assessment, monitoring and control measure (e.g., installation of pheromone traps);</li> <li>▪ Implementation of reforestation/afforestation measures;</li> <li>• Awareness raising of local communities, shepherds and tourists on the value of forest resources and sustainable forestry;</li> <li>• Improvement of municipal solid waste management and law enforcement; awareness raising of local population and other stakeholders on the negative impacts of littering on forest ecosystems.</li> </ul>

## Biodiversity

**Pressures.** Major pressures on biodiversity on the territory of the municipality inside and outside JPA are as follows:

- Overgrazing – As it was discussed under the section of pressure and impacts on land resources, above, significant areas of KNP within the multi-purpose use zone are occupied by pastures;
- Poaching – regardless of fact that there are not many illegal hunting and fishing cases compared to other PAs, hunting and trapping is the one of the main threats affecting more than 90% of the populations of *Capra cylindricornis*, *Rupicapra rubicapra* and *Ursus arctos* (keystone species). Poaching is also carried out by hunters from outside (even heli-hunting), it is independent from population:
  - Uncontrolled extraction of plants affecting 50-90% of the populations of *Carpodacus rubicilla*, *Phoenicurus erythrogaster*, *Crex crex* (trigger bird species) and more than 90% of the population of *Ursus arctos* (trigger mammal species);
  - Water abstractions and river diversion affecting aquatic ecosystems and biota;
  - Pollution of freshwaters (rivers and lakes) – effluent and nutrient discharges from households and livestock farms and grazing areas. This may have negative impacts on aquatic biota and their habitats.
- Leachates from illegal dumpsites located in front and within forests, on river banks and river beds; littering in KPA by visitors;
- Untreated wastewater discharges in surface water bodies;
- Dredging from river beds and banks/terraces (sand and gravel extraction);
- Violation of comfort and damage caused by visitors and local population – uncontrolled/ undirected recreation activities (heliskiing, hiking and camping in key habitats or near water sources);
- Unsanitary conditions and air pollution by transit vehicles in Russia-Georgian transport corridor
- CC and CC induced natural hazards – climate induced hydrometeorological hazards which are accelerated by ongoing CC, pose significant threat to natural ecosystems.

**Impacts.** Major impacts on biodiversity of Kazbegi municipality are as follows:

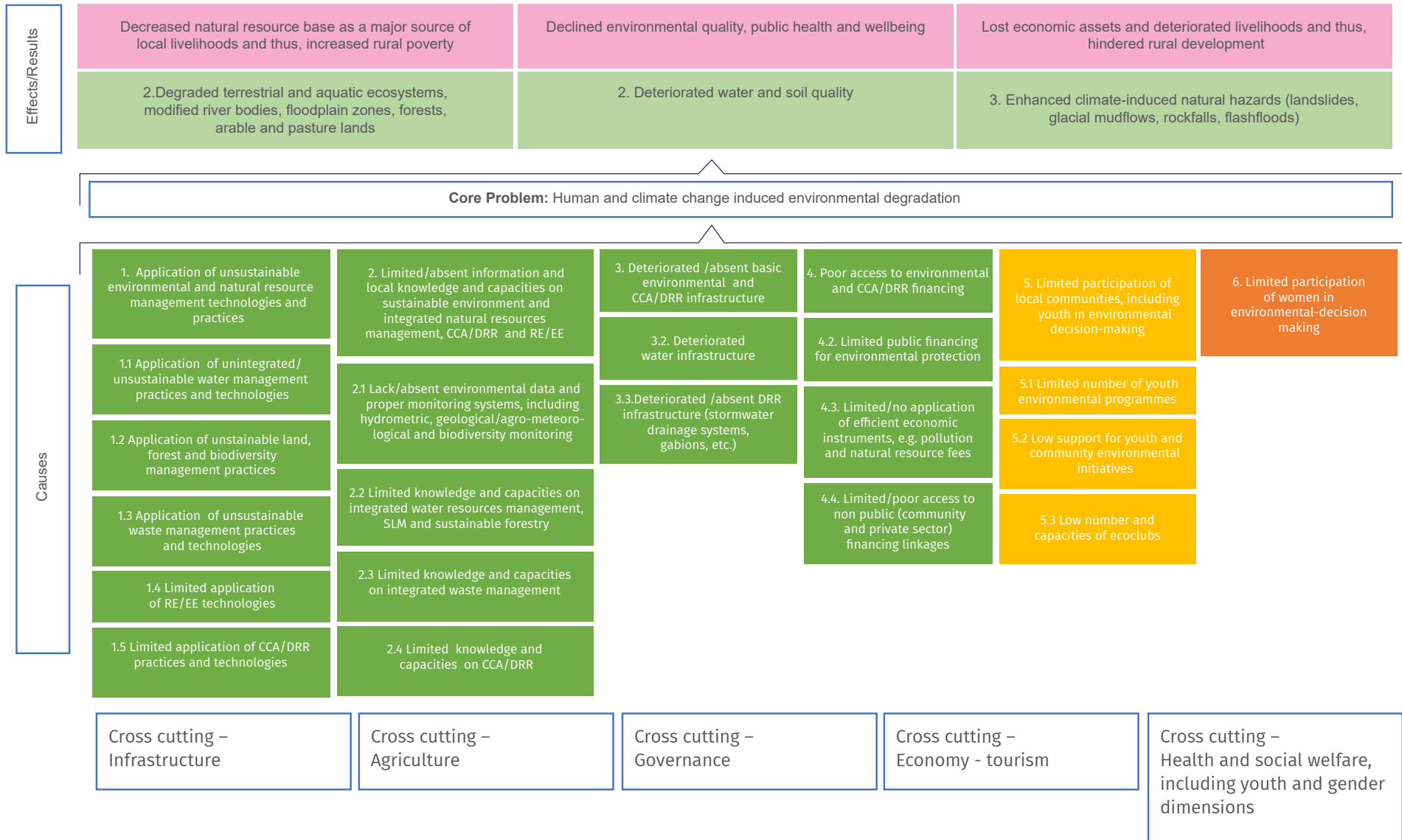
- Degradation, fragmentation and loss of habitats/ecosystems, in particular, the alpine meadows, and unique highland forests
- Loss of terrestrial species and aquatic biota, including native and endemic and keystone species

**Key biodiversity management challenges/issues.** Key biodiversity management challenges/issues, their underlying and root causes and needs based on rapid pressure-impact analysis conducted as part of this study, available researches and planning documents, as well as based on local stakeholder consultation are listed in the table below.

## KEY BIODIVERSITY MANAGEMENT CHALLENGES

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Ecosystems/habitats and species	<ul style="list-style-type: none"> <li>Degradation (destruction, modification and transformation) of natural ecosystems and biomes</li> <li>Loss of native species</li> </ul>	Overgrazing; unsustainable logging, including illegal logging; distribution of invasive species; spread of pests, poaching, unsustainable tourism; forest fires; littering; sand and gravel extraction; pollution of water courses with nutrients, suspended solids, etc., water abstractions and river regulation; littering inside and outside PAs; CC and climate-induced natural hazards	Inadequate legal-regulatory, policy and institutional frameworks for biodiversity conservation and sustainable utilization; absence of sustainable pasture management regulatory and implementation, including monitoring and control mechanisms; poor biodiversity monitoring and law enforcement capacity KNP administration; including lack of technical and financial resources and qualified staff; high poverty level and low environmental awareness in the local population; lack of knowledge and data on CC and natural hazards impacts on biodiversity; low capacity of local municipality and PA staff in the area of disaster preparedness and response; dilapidated DRR infrastructure and lack of finances to rehabilitate/build this infrastructure.	<ul style="list-style-type: none"> <li>Improvement of law enforcement mechanisms and enhancing capacities of the rangers to protect biodiversity against poachers and illegal forest loggers;</li> <li>Establishment of sustainable rules to control hunting and fishing;</li> <li>Establishment of effective regulatory and implementation mechanisms for alpine pasture management;</li> <li>Development and implementation of programs for monitoring and controlling keystone species;</li> <li>Raising public awareness on the using importance of local biodiversity and sustainable practices and adverse impacts of environmental pollution including water, air and soil pollution;</li> <li>Developing of sanitation infrastructure in the PA;</li> <li>Developing sanitation infrastructure at Georgia-Russia border checkpoint;</li> <li>Promotion of extra-curricular environmental educational activities through ecoclubs;</li> <li>Implementation of non-structural and structural measures to reduce/avoid forest and land degradation</li> <li>Promotion of eco and PA-based tourism;</li> <li>Application of alternative energy sources and energy efficient technologies;</li> <li>Assessment of climate impacts on PA forests and biodiversity;</li> <li>Improvement of water infrastructure;</li> <li>Implementation of sustainable land management practices, including integrated pest management practices;</li> <li>Assessment of environmental impacts of dredging; setting of environmental requirements for licensees of sand and gravel extraction;</li> <li>Strengthening DRR/preparedness and response capacities of the staff of local municipality and ranges as well as volunteers;</li> <li>Development and implementation of PA waste management plan: estimation of total quantity of waste generated in PAs, including projections; study of waste composition; calculation of container needs based on WGI and MSW projections; identification of proper container design and spatial locations of containers; purchase of containers and placing the in PA entrances and picnic areas, introduction of source separation programme (preferably, two to three container based for dry and wet fractions and biowaste; starting of simple aerobic composting of green waste, putting warning posters/banners on the policy "what is taken in, the same is taken out", periodic monitoring of trails, putting video traps and improving law enforcement, implementation of periodic PA site clean-up actions with participation of local population, including ecoclubs members, implementation of outreach and advocacy campaigns against littering and waste dumping.</li> </ul>



### P3 - (Environment) - Problem Tree





### P3 - (Environment) - Proposed Interventions

Below is given a short summary of the interventions proposed for the municipality. These interventions are mapped against broadly defined policy tools, recommended by OECD rural policy approach for this priority. That is the community, relevant to social aspects. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P3-EN01 - Integrated Natural Resources Management</li> </ul>	<p>The intervention aims at increasing the knowledge, capacities and application of sustainable environmental and natural resource management policies, practices and technologies in the Kazbegi municipality. In the area of environmental protection, the special focus will be on MSW as well as improvement of ambient air quality in the transit corridor. In terms of natural resources management, the focus will be made on soft and hard measures that will remove/reduce anthropogenic and KNP, including natural monuments highland volcanic ecosystems – lakes and wetlands etc. and important plant and animal species). The intervention will address key environmental (in particular, waste and air protection) and natural resource (water, land and biological resources, including forests) management issues and some of their critical underlying and root causes, identified through rapid pressure-impact and problem tree analysis conducted under this municipal assessment. They are also listed as priorities in various national and local strategies and plans, such are NEAP, rural development strategy, agriculture development strategy, irrigation development strategy, regional development strategy, tourism development strategy, Mtskheta-Mtianeti regional development strategy, local development strategy, municipal waste management plan. Moreover, many measures to be implemented under the given intervention were identified as priorities by local stakeholders, including LAG members during consultations conducted under ENPARD 2 and ENPARD 3.</p>		<ul style="list-style-type: none"> <li>Ensuring environmental sustainability</li> </ul>	<p>Infrastructure, off-farm economy, public health, tourism, DRR, governance</p>
<ul style="list-style-type: none"> <li>P3-EN2 - Support to Enhancement of Community Resilience to Climate-Induced Natural Hazards</li> </ul>	<p>The intervention aims at enhancing local resilience to climate-induced natural hazards – mudflows, landslides, flashfloods, avalanches, which are major natural pressures on natural and economic assets causing deterioration of local environment and livelihood and ultimately leading to increased rural poverty and hindered rural development. The intervention will focus on awareness raising and CCA/DRR prevention, preparedness and response capacity building of national authorities represented in target municipality (APA rangers), local municipality and communities, including school children. This will be achieved through knowledge building (update of existing CC vulnerability and risk assessment study, creating disaster preparedness skills development, developing/expanding hydrometric and geological monitoring network and supporting design and implementation of CCA/DRR measures, such as rehabilitation/ construction of stormwater drainage systems, river bank revetment structures, slope stabilization and erosion control measures (e.g., planting of deep root trees, terracing, etc.). The intervention will address key CCA/DRR issues that are one of the key underlying root causes for degradation of local environment, natural resources and economic assets. CCA/DRR as part of the climate action is one of the key priorities of NEAP, rural and agricultural development strategies, national DRR strategy and action plan, regional development strategy, rural development strategy, local development strategy. Moreover, CCA/DRR was identified as one of the top priorities by local stakeholders, including LAG members during ENPARD 2 and ENPARD 3 projects.</p>		<ul style="list-style-type: none"> <li>Resilience to CC</li> </ul>	

# 6 Cross-Cutting Priorities (P4)

**Infrastructure**

**Factual Description of The Municipality Infrastructure**

**Rural-Urban Linkages**

## 6. CROSS-CUTTING PRIORITIES (P4)

This Chapter covers such important cross-cutting issues as *infrastructure* and *rural-urban linkages*.

### INFRASTRUCTURE

This Section below summarizes the information about the importance of the general basic public infrastructure as well as the evaluation of the satisfaction of the municipal population with the general condition of the infrastructure, based on the survey. The Section also includes the factual description of the state of the basic public infrastructure, mostly based on the information received from the local authorities of the municipality.

### Some General Considerations in Terms of Infrastructure<sup>119</sup>

General infrastructure is utmost important for development of local business. The possibility of starting business are substantially lower, when a rural place has problems with sewage (0.394 times), gasification (0.231 times) as well as with poor road infrastructure (0.523 times). When a rural place faces with problems as poor road infrastructure, the possibility of household participation in non-agricultural business reduces substantially (0.552 times). In compliance with these findings, when the conditions local infrastructure are better, the possibility of households' engagement in non-farm activity increases as well (2.39 times).

Infrastructure-related problems are among the most critical (after unemployment (33%)) issues for the people in their villages across the IRDG target municipalities: poor conditions of road infrastructure (14.9%), the problems with drinking water (12%), the absence of gasification system (4.2%), access to internet (3.8%), the absence of a central sewer system (2.4%), the lack of kindergartens (2%), problems with irrigation water (1.5%) and insufficient and poor infrastructure (1%).

For the Kazbegi population, the most pressing problem is the drinking water.

THE MOST IMPORTANT PROBLEMS IN THE SETTLEMENT<sup>120</sup>

	PROBLEM OF DRINKING WATER	ACCESS TO INTERNET	ABSENCE OF A CENTRAL SEWER SYSTEM	ABSENCE OF GASIFICATION SYSTEM	POOR CONDITION OF ROADS	ABSENCE OF KINDERGARTENS	INSUFFICIENT AND POOR INFRASTRUCTURE	IRRIGATION WATER PROBLEM
KEDA	14.60%	3.10%	1.10%	6.40%	13.70%	0.00%	0.30%	1.70%
KHULO	13.50%	2.70%	1.00%	0.70%	22.50%	1.10%	0.60%	0.80%
DEDOPLIST.	8.80%	2.10%	2.30%	1.70%	7.40%	0.00%	0.40%	0.00%
LAGODEKHI	4.60%	7.60%	1.80%	0.70%	10.00%	2.70%	0.70%	0.20%
<b>KAZBEGI</b>	38.20%	2.80%	2.40%	0.00%	10.10%	0.90%	0.90%	0.00%
AKHALKALAKI	12.80%	2.50%	3.30%	8.40%	25.20%	5.30%	0.00%	5.00%
BORJOMI	9.50%	3.70%	1.00%	4.10%	6.20%	0.40%	4.90%	0.20%
TETRITSKARO	23.20%	2.80%	5.70%	8.30%	15.40%	0.40%	0.90%	1.10%

Source: UNDP.

Compared with the other municipalities, Kazbegi scores considerably low on transport service, drinking water supply, healthcare facilities and women's rooms/women's organizations.

<sup>119</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>120</sup> Comparison and conditional formatting works vertically across municipalities for each parameter.

EVALUATION OF THE ENVIRONMENT - INFRASTRUCTURE AND SERVICES - ACROSS MUNICIPALITIES<sup>121</sup>

	CONDITION OF ROAD TRANSPORT COMMUNICATIONS (ROADS, BRIDGES, ETC)	TRANSPORT SERVICE	ELECTRICITY SUPPLY	NATURAL GAS SUPPLY	DRINKING WATER SUPPLY	IRRIGATION SYSTEM	SEWAGE
KEDA	4.06	4.05	4.66	2.09	4.08	3.81	3.71
KHULO	3.08	3.45	3.91	1.65	3.00	2.32	1.98
DEDOPLISTSKARO	3.85	3.70	4.66	4.23	3.60	1.92	2.08
LAGODEKHI	3.30	3.37	4.52	4.68	3.60	2.40	2.13
<b>KAZBEGI</b>	3.40	2.76	4.68	4.91	3.30	2.77	4.19
AKHALKALAKI	2.42	3.09	4.52	4.51	3.90	3.02	3.09
BORJOMI	4.24	4.43	4.67	4.63	4.33	2.94	4.16
TETRITSKARO	3.02	3.43	4.31	4.12	2.67	2.24	2.07
TOTAL	3.30	3.56	4.48	4.28	3.63	2.59	2.75

Source: UNDP.

EVALUATION OF THE ENVIRONMENT - INFRASTRUCTURE AND SERVICES - ACROSS MUNICIPALITIES<sup>122</sup>

	WASTE DISPOSAL (REMOVAL, RECYCLING, ETC)	INTERNET	HEALTHCARE FACILITIES	EDUCATION SERVICES	SPORT-RECREATION FACILITIES	KINDERGARTENS	"WOMEN'S ROOM"*/ WOMEN'S ORGANIZATIONS
KEDA	4.62	3.76	4.38	4.55	3.93	4.67	3.45
KHULO	2.47	2.28	3.76	4.11	3.28	3.63	1.88
DEDOPLISTSKARO	4.11	3.51	4.24	4.20	3.33	4.49	2.43
LAGODEKHI	3.64	4.29	4.23	4.21	3.29	3.93	2.87
<b>KAZBEGI</b>	4.68	4.24	3.28	4.21	3.58	4.34	1.97
AKHALKALAKI	3.51	4.10	2.90	4.14	3.53	3.77	3.26
BORJOMI	4.12	4.39	3.92	4.29	3.86	4.14	3.50
TETRITSKARO	3.82	3.79	3.41	4.02	3.33	4.05	3.06
TOTAL	3.77	3.89	3.83	4.20	3.47	4.07	2.75

Source: UNDP.

## FACTUAL DESCRIPTION OF THE MUNICIPALITY INFRASTRUCTURE

**Internal Roads:** The municipality has a total of about 35 kilometers of asphalted roads, up to 14 kilometers of dirt roads and up to 2 kilometers of concrete roads.

**Water Supply:** All settlements have the functioning drinking water supply system. The problem of the drinking water is especially important for the population in Kazbegi (38.2%) compared to other issues.<sup>123</sup>

**Natural Gas and Electricity:** 100% of settlements have electricity and natural gas supply.

**Waste Management:** The municipality has waste management plan for 2018-2020. More waste containers and 1 collection vehicle are required.

<sup>121</sup> Comparison and conditional formatting works vertically across municipalities for each parameter.

<sup>122</sup> Comparison and conditional formatting works vertically across municipalities for each parameter.

<sup>123</sup> Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

**Sport Facilities and Parks:** The municipality has 5 parks in Stepantsminda and one in Sioni. There is one sports (skiing) school in the municipality (in Gudauri) with 25 students. Municipality also has 8 sports fields with around 600 beneficiaries.

**Public Schools:** Municipality has 8 public schools with 540 students enrolled.

**Kindergartens:** The municipality has 8 kindergartens (with a total of 215 students and a total of 35 teachers) and in 2020 one more will be added in Gudauri.

**Culture:** The municipality has one cultural center (with 50 employees) that is fully in compliance with existing standards. Town Stepantsminda has also one museum that will be rehabilitated by 2021. There are 5 libraries in the municipality and three of them require rehabilitation (in Karchuki, Goristsikhe and Stepantsminda).

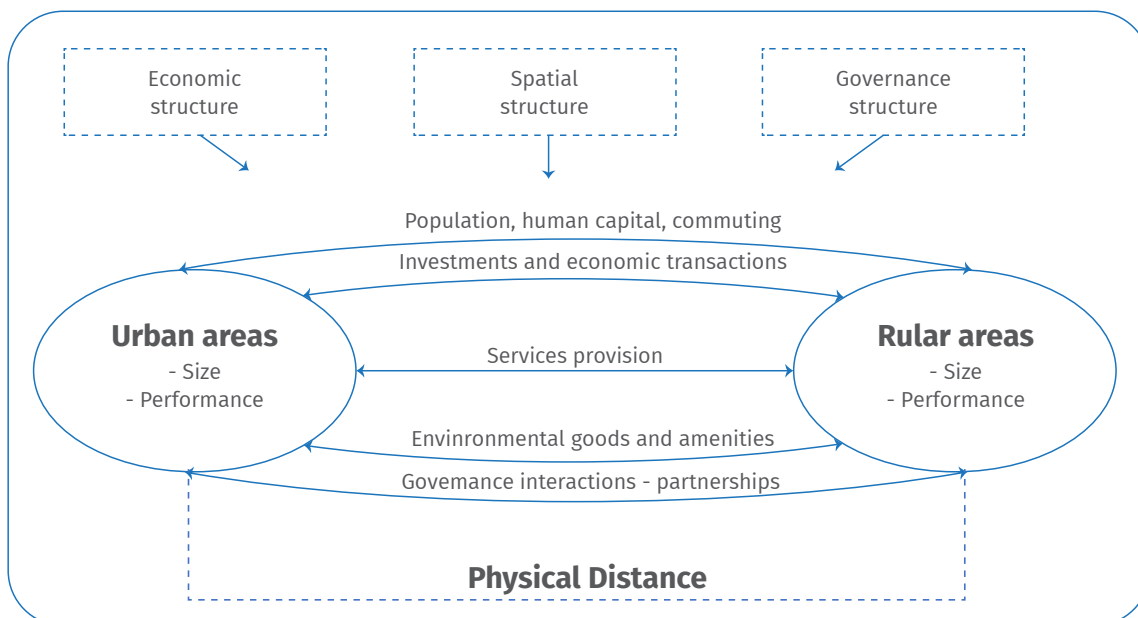
## RURAL-URBAN LINKAGES

### Functional Regions Concept

Municipalities are parts of wider geographic and administrative entities, that are regions and the economic and social life in a municipality does not necessarily coincide with the boundaries of the municipalities. Therefore, it is important to establish to which extent the municipality is related to wider functional regions and clusters (whether well-established or emerging).

The modern approach in development policy highlights the poverty-reducing inter-linkages between urban and rural areas, including movement of goods and services, human and financial capital, technologies and other resources and possible complementarities from these interrelationships. Rural-urban linkages includes flows of people, goods, money (e.g., in the form of remittances), technology, knowledge, information, and waste. Rural-urban partnerships facilitate identifying different drivers of interactions and provides the rationale for possible policy interventions within the functional region.

#### Rural-Urban interrelationships “Functional Region”



Source: OECD approach<sup>124</sup>.

Unfortunately, data availability at the municipal level by rural-urban disaggregation is very limited for deeper analysis in Georgia.

<sup>124</sup> The review in this section of this approach is based mainly on the OECD (2013) report

## Demographic Linkages

Based on the Population Census (2014Y), the rural population in the municipality reached to 65.1% (2,469) of total population and urban population amounted to 34.9% (1,326). The number of internal migrants is not known.

The key factors that facilitate migration flows to urban areas are social relations and networks. The number of emigrants from the municipality is extremely low and equals to 24 (0 Men, 16 Women)). Remittances from migrants can contribute to improvement of welfare of rural households and to development of rural settlements.

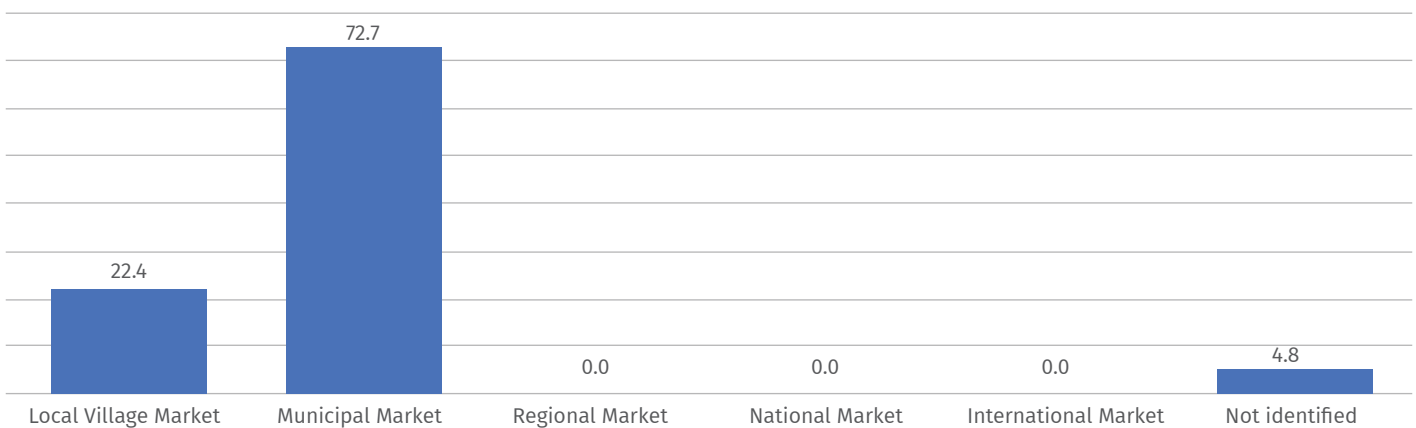
## Economic Transactions and Innovative Activity

One of the forms of rural and urban linkages , is the movement of goods from the countryside (village, towns) to the city and vice versa. The interrelations include transfer of agricultural produce, industrial products and mining products, the movement of workforce, ideas and information. especially from cities to villages, and the movement of people for recreation, urbanization, population mobility both in natural circulation or commutation.

**Flow of Goods.** The important component of rural-urban linkages is the flow of goods between urban and rural areas. The structure of rural businesses in the municipality, which has access to the markets, demonstrates that rural entrepreneurs have strong connections with local villages (22.4%) and municipal markets (72.7%), and very weak access to regional, national and international markets. These are flows of agricultural produce going to urban and peri-urban areas.

An average percentage of products, produced by rural businesses which are sold in different markets is shown in the chart below:

**Average Percentage Of Products, Produced By Rural Businesses, Sold In Different Markets<sup>125</sup>**



Source: UNDP, 2019.

**The Movement of Workforce.** The largest share in rural and urban employment comes on the public sector and self-employment in Agriculture. Seasonal labor migration is associated with 'pulling' migration inflows to urban centers as a result of increased demand for workforce in the public and private sectors and abroad (mainly in Turkey). Geographical locations of the employing entities sorted by rural-urban linkages in the municipality are provided below:

<sup>125</sup> Business Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

GEOGRAPHICAL LOCATION OF THE EMPLOYMENT FACILITY AND NUMBER OF PERSONS EMPLOYED <sup>126</sup>

SECTOR	LOCATION	FROM MUNICIPAL CENTER	FROM VILLAGE	TOTAL
EMPLOYED IN THE PUBLIC SECTOR	To Village/ Town	40	200	240
		14.8%	49.4%	35.6%
	To Municipal Center	230	189	419
		85.2%	46.7%	62.1%
	To City	0	16	16
		0.0%	4.0%	2.4%
Total	270	405	675	
		100.0%	100.0%	100.0%
EMPLOYED IN THE PRIVATE SECTOR	To Village/ Town	91	153	244
		40.3%	36.8%	38.0%
	To Municipal Center	135	237	372
		59.7%	57.0%	57.9%
	To City	0	26	26
		0.0%	6.3%	4.0%
Total	226	416	642	
		100.0%	100.0%	100.0%
SELF-EMPLOYED	To Village/ Borough	31	254	285
		10.3%	94.4%	50.1%
	To Municipal Center	269	15	284
		89.7%	5.6%	49.9%
Total	300	269	569	
		100.0%	100.0%	100.0%
EMPLOYED IN THE FAMILY BUSINESS	To Village/ Borough	106	981	1087
		39.6%	100.0%	87.0%
	To Municipal Center	162	0	162
		60.4%	0.0%	13.0%
Total	268	981	1249	
		100.0%	100.0%	100.0%

Source: UNDP, 2019.

## Market Potential and Role of Intermediary Cities

Cities play an important role in lifting the rural areas out of poverty. Therefore, it is important to evaluate how the municipalities interrelate with the closest *intermediary cities* (population of more than 50,000).

Based on the methodology used by the World Bank (2018a), market potential of a city is determined by the its access to the network of other cities. The market potential of a city is the ratio between the sum of the populations of all other cities in the country relative to the sum of the travel times to those other cities from the reference city.<sup>127</sup> Similar approach could be used to assess the potential of the municipality.

<sup>126</sup> Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

<sup>127</sup> South Caucasus in Motion, The World Bank, 2019

According to the methodology, the Kazbegi municipality is among the *averagely economically disadvantaged* municipalities of the target group, considering its distance to large cities. The municipality ranks fourth among the target 8 municipalities and it can be categorized as a Remote Rural Region.<sup>128</sup>

### Market Potential Index For The Municipality

DISTANCES TO MAJOR CITIES (KM)	MAJOR CITIES / POPULATION			MARKET POTENTIAL		
	BATUMI 116000	TBILISI 1140700	KUTAISI 138200	WEIGHTED INDICATOR	RANK AMONG 8	INDEX
Tetritskaro	448	62	292	19281	1	1.00
Dedoplistskaro	517	131	361	9322	2	0.33
Borjomi	285	160	129	8602	3	0.28
<b>Kazbegi</b>	483	154	327	8085	4	0.24
Lagodekhi	544	158	388	7803	5	0.22
Akhalkalaki	386	180	246	7197	6	0.18
Keda	39	425	189	6381	7	0.13
Khulo	81	467	231	4473	8	0.00

Source: Authors' Calculations.

Being away from the top of the spectrum of the market potential is a major challenge. Being away from the large (50k +) cities, the municipality lacks the opportunities to leverage the advantages which Predominantly Rural Close to Cities have.<sup>129</sup>

<sup>128</sup> Policy Note – Rural Policy 3.0. – A Framework For Rural Development, OECD, 2018

<sup>129</sup> Policy Note – Rural Policy 3.0. – A Framework For Rural Development, OECD, 2018



# **7 Annex**

**Interventions**

**List of References And Sources Of Information**

**List of Consulted Key Stakeholders**

**Team of Experts**

**Potential Skills Demand-Supply Balance**

**Methodology of SSA/Location Quotient**

**Detailed Geology of Kazbegi Municipality**

## 6. ANNEX

### INTERVENTIONS

#### P1 - (Economy and Multisector Development) - Interventions

ACTION TITLE		P1-EC01 – TECHNICAL ASSISTANCE PROGRAM						
RATIONALE	<p>The objective of this program is to provide targeted and customized technical assistance to the municipality administration, the regional administration as well as to the individual enterprises to find ways of inclusion into the national and global value chains. The municipality has abundant resources for tourism development (one of the richest municipalities among all municipalities), but these resources are largely underutilized. Tourism sector could be the first target of this program and efforts should include developing new tourism products and experiences, with the international appeal and creating opportunities to include them in the national and international value chains. One of the specific interventions could be to finish preparation of the <u>investment projects and proposals</u> for the tourism attractions started by the local authorities (e.g., skating rink etc). It could also include the improvement of the key challenges that the municipality tourism sector is facing, as identified in the Kazbegi Local Development Strategy.</p>							
RELEVANCE	<p>This program addresses the causes of the main problem from the Problem Tree Causes Group 2. Supporting non-farm industry and promoting new investment opportunity is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by facilitating identifying new feasible business ideas.</p>							
IMPLEMENTATION MODALITIES	<p>The initial stage of screening ideas can be carried out by the IRDG project, which will include commissioning international consultants in the relevant sectors (e.g., Birdwatching expert). Once the capacity of the local authorities is in place, the second stage of the program can be implemented by them.</p>							
FACILITATING ARRANGEMENTS	<p>Some synergies can be achieved in connection to GNTA, international and donor organizations (e.g., USAID, ADA), which are working in the same sectors and areas in the municipality/region.</p>							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>Specific focus should be made on developing the products and assisting to the enterprises of the youth and women as well as IDPs and other vulnerable groups.</p>							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries</u>: Future owners and employees of the tourism enterprises created or involved into the global value chains. <u>Indirect beneficiaries</u>: The local community as a result of greater economic diversification.</p>							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs</u>: 1. Collecting and screening the ideas and enterprises/organizations for the program; 2. Commissioning consultants for technical assistance work  <u>Outputs</u>: a) Number of existing companies involved in the national/international value chains b) Number of newly created products of national/international appeal</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							100,000 – 150,000	The local authority in the municipality, the regional DMO, in coordination with the responsible parties
2.								

ACTION TITLE	P1-EC02 - E-COMMERCE PROGRAM
RATIONALE	Integrating rural areas into the global value chains is a top policy instrument among the best practices of rural development. COVID-19 accelerated shift towards e-commerce. Finding ways to transit the individual companies on e-commerce platforms can be a new post-COVID-19 challenge and a huge opportunity to be integrated in the global value chains. Especially DCFTA provides a good foundation for this. The objective is to <u>identify eligible enterprises and provide them individual technical assistance</u> on their journey towards this end – <u>selling their inputs to the global companies or retail selling through online</u> as well as participate in <u>virtual exhibitions and trade shows</u> .
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 4 (namely 4.2.). Increasing involvement of the non-farm industry in the international value chains and markets is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and possibly 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	The initial stage of the project should be collecting the applications and ideas from eligible companies, which want to commercialize their inputs/final products and sell them at the global markets or online on the leading international online retail platforms. This process could be carried out by IRDG project, which will require involvement of an international expert in e-commerce.
FACILITATING ARRANGEMENTS	Some synergies could be achieved with international and donor organizations (e.g., EU4Georgia project), which are working in the same area.
SPECIFIC MEASURES FOR COVID-19	Shift towards and more appeal of online trade is an immediate result of the COVID-19 pandemic.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing the products and assisting the enterprises of the youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Owners and employees of the enterprises who will start e-commerce and start selling nationally / internationally. <u>Indirect beneficiaries:</u> The local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Collecting and screening ideas and enterprises/organizations for the program; 2. Commissioning consultants for technical assistance work <u>Outputs:</u> a) Number of existing companies involved into the national/international e-commerce b) Number of newly created products of national/international appeal

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1							50,000-100,000	The local authority in the municipality and the regional government, in coordination with the responsible parties
2								

ACTION TITLE	P1-EC03 - EXPLORING SOURCES OF COMPETITIVENESS AND SPECIALIZATION
RATIONALE	Sectors in the municipality do not perform equal: some of the specialized sectors lose relative competitive advantage and competitiveness. Other not very unspecialized sectors, on the contrary, gain competitiveness. These are the cases where interventions are necessary first to understand the root-causes of such dynamics. More in-depth studies are needed in this regard.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 3. Identifying the sources of competitiveness as well as challenges of non-farm industries is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	The project can be carried out by IRDG project in cooperation with ARDA. IRDG will write TORs for the studies. ARDA can recruit and commission consultants to develop the sector assessments, which will enhance the capacities of ARDA in preparing sector assessments.
FACILITATING ARRANGEMENTS	The sectors which were identified as underperforming in the municipal assessment reports in each municipality will be selected. All the municipalities will be reviewed at the same time.
SPECIFIC MEASURES FOR COVID-19	The sectors which suffered most from COVID-19 crisis will be of priority. These are Immediate Impact Group and delayed Negative Impact Group of sectors (as classified by Galt & Taggart)
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The sector assessments will have dimensions of youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : The local municipality and all the sectors selected as a whole as well as enterprises in these sectors, which will be offered some measures based on the assessments. <u>Indirect beneficiaries</u> : The local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Developing TORs; 2. Commissioning consultants to do feasibilities; 3. Do actual studies <u>Outputs</u> : Detailed sector assessments (about 5) in each of the 8 municipalities

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart	
1.							80,000-120,000	The local authority in the municipality, the regional government, in coordination with the responsible parties	
2.									
3.									

ACTION TITLE	P1-EC04 - FEASIBILITY STUDY PROGRAM
RATIONALE	Showcasing economically feasible new ideas to the entrepreneurs in and out of the municipality will stimulate thinking and also facilitate starting new non-farm businesses in the municipality, which will be built upon key comparative advantages of the municipality. One of the specific interventions could be to help the municipality local authorities to finish feasibility studies of the <u>investment projects and proposals</u> for the tourism attractions which is already started (e.g., skating rink etc).
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 2. Supporting non-farm industry and promoting new investment opportunity is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by facilitating identifying new feasible business ideas.
IMPLEMENTATION MODALITIES	The initial stage of the screening ideas can be carried out by IRDG project. The second stage of the program can be implemented through ARDA, who will recruit and commission consultants to develop the feasibilities.
FACILITATING ARRANGEMENTS	Some synergies can be achieved in connection to GNTA, Enterprise Georgia, GITA, to collect and screen the ideas.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on promoting the business ideas of the youth and women as well as IDPs and other vulnerable groups. Communicate the results of the feasibility studies with these groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : be the existing and future entrepreneurs who are interested in developing new ideas in the municipalities. <u>Indirect beneficiaries</u> : future employees of the businesses created as a result of greater economic diversification and local community.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Collecting ideas; 2. Commissioning consultants to do feasibilities <u>Outputs</u> : a) A short-list of ideas for feasibility studies b) Feasibility studies of new businesses (about 5)

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							100,000 - 170 000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								

ACTION TITLE	P1-EC05-01 - PRODUCTIVITY REALLOCATION - SKILLS DEVELOPMENT PROGRAM
RATIONALE	There is a notable gap in the municipality in terms of productivity, across and within the sectors. There is no reason why the non-performing sectors and firms should not catch up. Reallocation measures might include the efforts to <i>improve the skills of the workforce</i> , which would help them move to more productive jobs. This will include targeted training programs for different sectors of the municipality aimed at enhancing skills of the employees. (The detailed list of skills identified for the municipality is provided in the Annex of the document)
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1. Increasing overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by shifting resources to to more productive enterprises and sectors.
IMPLEMENTATION MODALITIES	IRDG project can specify the eligible sectors (based on this report as well as additional research) in the municipality and develop training curriculum specifically addressing the needs of each sector under 2.3.1. Skills development program. The second stage of the program can be implemented through ARDA, which will recruit and commission trainers.
FACILITATING ARRANGEMENTS	When it comes to the workforce development, some synergies could be achieved with the other donor projects as well with the program implemented by Enterprise Georgia and GITA.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing skills of youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The employees of the municipality. <u>Indirect beneficiaries:</u> The employers, who will benefit from better trained staff, as well as local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Select eligible sectors; 2. Develop training program 3. Deliver trainings <u>Outputs:</u> a) Short listed sectors and their training needs b) Training materials c) Trained employees by sectors (about 2-3 sectors and about 20 or so in each sector)

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart	
1.							150,000-250,000	The local authority in the municipality, the regional government, in coordination with the responsible parties	
2.									
3.									

ACTION TITLE	P1-EC05-02 - PRODUCTIVITY REALLOCATION - TECHNOLOGY UPGRADE
RATIONALE	There is a notable gap in the municipality in terms of productivity, across and within the sectors. There is no reason why the non-performing sectors and firms should not catch up. Reallocation measures might include providing <i>incentives</i> (including tax incentives, feasibility of which should be discussed with the GoG) to the existing companies to spend more on better technology and catch up with best performers. This will include cost-sharing grant financing for the non-farm enterprise to upgrade their technology, which will enhance the productivity of their employees immediately.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1. Increasing the overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by shifting resources to more productive enterprises and sectors.
IMPLEMENTATION MODALITIES	IRDG project can specify the eligible sectors (based on this report as well as additional research) in the municipality and develop grant program specifically addressing the needs of each sector. The second stage of the program can be implemented through ARDA, which will accept applications and issues grants.
FACILITATING ARRANGEMENTS	When it comes to the technology transfer and upgrade, some synergies can be achieved with the other ongoing donor projects as well as with the program implemented by Enterprise Georgia and GITA.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on enterprises run by the youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : The eligible non-farm enterprises of the municipality. <u>Indirect beneficiaries</u> : The employees, who will benefit from better technology and possibly higher productivity and corresponding wages. Indirect beneficiaries will also be the local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Write detailed program 2. Distribute the funds 3. Identify and accept applications from eligible sectors and enterprises 4. Launch the program. <u>Outputs</u> : a) Program concept document b) Accepted budget c) Issued grant

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							500,000 – 1,000,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE		P1-EC06 - WORKFORCE GROWTH PROGRAM						
RATIONALE	Women are less actively involved in the labor force, resulting in unpaid work in the economy. The objective of this intervention is to increase qualified supply of local labor force through the means of: a) promotion of participation of women in labor force and alleviating the restrictive social norms; b) providing the sufficient skillset, leading to productive jobs c) providing local high quality services for childcare to enable them free out their household time. While all of the approaches are justified to stimulate and empower women to be involved in the economy to a greater extent, component “a” requires immediate attention, whereas “b” objective can be addressed through other interventions and “c” also should be further explored and addressed as part of the interventions under the broader Society priority.							
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 6. Promoting economic participation of women and increasing overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities). This initiative will complement and make a perfect synergy with the ongoing IRDG project by stimulating more active involvement of women in entrepreneurship and economic activity.							
IMPLEMENTATION MODALITIES	IRDG program can specify the design of the campaign program. The program can be implemented by ARDA. A creative agency could be used to come up with the message box and work on the campaign program.							
FACILITATING ARRANGEMENTS	When it comes to the workforce development as well as technology transfer, some synergies can be achieved with the other ongoing donor projects as well as the program implemented by Enterprise Georgia and GITA.							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing skills of the youth and women as well as IDPs and other vulnerable groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The women employees of the municipality. <u>Indirect beneficiaries:</u> The employers, who will benefit from better trained staff, as well as the local community as a result of greater economic diversification.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Design the campaign; 2. Carry out the campaign. <u>Outputs:</u> a) Campaign brief and design b) Conducted campaign							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							50,000 – 100,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								



ACTION TITLE		P1-RU01 – EXPLORING RURAL-URBAN LINKAGES (ECONOMY)						
RATIONALE	Rural-urban linkages is one of the cross-cutting areas, which requires multifaceted approach. Focus on the use of industrial clusters, economic corridors and transport infrastructure to facilitate trade in goods, services and human resources between complementary activities and to incorporate remote areas into regional markets is important. Investing in infrastructure development to establish industrial areas located in secondary and tertiary cities where labor is cheaper can also be considered. Broad investments in transportation networks help integrating local economies into regional markets investing in human capital, along with health, education, and public services is also very important. Overall, the case studies show that successful “rural” development strategies are not limited to the policies that explicitly target rural areas. Rather, they integrate rural areas into national policy, building on the diverse links between rural and urban areas to make rural areas more resilient, productive contributors to the national economy. <sup>130</sup> Stemming from the logic of eligible policies, fostering the rural-urban linkages, first of all envisages understanding the role of the municipality first of all considers <i>understanding the role</i> of the municipality within the greater national economy of Georgia. Identifying the emerging non-farm sector clusters, economic corridors and other contexts, which can help the municipality become an integral part of the national economy. This requires an integrated approach and a <i>separate study exploring the municipality and its rural-urban context</i> .							
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 4. Understanding the obstacles of rural development in the areas of rural-urban linkages is in line with Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).							
IMPLEMENTATION MODALITIES	The specification of the study should be carried out by IRDG project. The second stage of the program can be implemented through ARDA, which will recruit and commission consultants to develop the studies. The interventions required in the direction of rural-urban linkages will be identified as a result of the study.							
FACILITATING ARRANGEMENTS	NA							
SPECIFIC MEASURES FOR COVID-19	None identified at this moment							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on promoting the rural-urban linkages of enterprises owned and run by the youth and women as well as IDPs and other vulnerable groups. Communicate the results of the feasibility studies with these groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : IRDG program, who will have a clear understanding of the rural-urban linkage requirements and potential of the economy of the municipality. <u>Indirect beneficiaries</u> : Enterprises and their employees from the sectors for which the interventions will be identified; local population and local community as a result of greater economic diversification.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Develop TORs; 2. Commission consultants and conduct actual studies <u>Outputs</u> : Detailed assessments or rural-urban linkages in each of the 8 municipalities							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.1.							30,000 – 50,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
1.2.								
1.3.								
1.4.								
1.5.								

<sup>130</sup> Rural Policy 3.0. A Framework For Rural Development, OECD, 2018.; A New Rural Development Paradigm for the 21st Century - A Toolkit For Developing Countries, OECD, 2016.

ACTION TITLE	P1-EC07 - ACCESS TO FINANCE PROGRAM
Rationale	Already covered by the current grant component.

ACTION TITLE	P1-EC08 – AFTER COVID-19 RE-LAUNCH OP-EX FINANCING
RATIONALE	During the COVID-19 pandemic, working capital for many SMEs dried up due to the combination of the diminished demand and the continuous operating costs. In the post COVID-19 period, working capital financing will be needed for many companies to purchase inputs, and pay to the workers, and restart their operations. There are no such financing products on the market, which target working capital financing. The program should aim at facilitating creation of and offering specially designed working capital financing products by financial institutions (banks and MFOs) taking into consideration the specificity of the current situation. It is expected that the demand on such working capital will increase during the post-pandemic period.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 3 and namely the 3.1. Access to Finances, especially for such new type of needs as working capital needs of the enterprises. Promoting access to finances for the rural enterprises in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	IRDG program can specify the design of the program together with the leading finance institutions. ARDA and participating finance institutions can implement the program.
FACILITATING ARRANGEMENTS	Special arrangements should be made within the existing scheme and framework of cooperation between the finance institutions and ARDA to offer such a new product. Some synergy can be achieved with the ongoing other access to finance programs (e.g., credit guarantee scheme) offered by the GoG through the financial institutions recently as a response to the pandemic.
SPECIFIC MEASURES FOR COVID-19	Fully related to the needs created by COVID-19.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the enterprises run by women and young managers as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Enterprises, potential beneficiaries of the working capital financing. <u>Indirect beneficiaries:</u> The community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Write detailed program 2. Secure funds 3. Identify and accept applications from eligible sectors and enterprises 4. Launch the program. <u>Outputs:</u> a) Program concept document b) Approved budget c) Loans issued.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							1,000,000-5,000,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-EC09 – AFTER COVID-19 COMPLIANCE FINANCING
RATIONALE	Regulations following the post COVID-19 period in the country will be considerable additional burden for most companies in terms of both additional costs (additional equipment and consumable as well as staff responsible for monitoring) as well as decreased capacities (e.g., less guests for the restaurants considering the space limitations). These costs are particularly high for the enterprises in the tourism industry. Given the overall economic slowdown in the country, these additional expenses might represent a significant obstacle for many small and medium businesses on their way to get back to business as usual. The program should be aimed at providing additional small grant financing for the companies to comply with the rules.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 3 and namely the 3.1. Access to Finances, especially for such new type of needs as compliance costs to new unforeseen regulations. Promoting access to finances for the rural enterprises in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	IRDG program can specify the design of the program and detailed budget. The execution of the program can be done by ARDA. The separate financial resources should be allocated for this project.
FACILITATING ARRANGEMENTS	The grant will be aimed at providing up to 50% small/micro grants to the eligible enterprises for purchasing new equipment and making relevant adjustments to the new regulations. Some synergies can be achieved with the other ongoing donor projects aimed at reducing the direct impacts of COVID-19 pandemic for private enterprises.
SPECIFIC MEASURES FOR COVID-19	Fully related to the needs created by COVID-19.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made the enterprises run by women and young managers as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Enterprises, potential beneficiaries of the compliance grant. <u>Indirect beneficiaries:</u> The local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Write detailed program; 2. Secure funds; 3. Identify and accept applications from eligible sectors and enterprises 4) Launch the program. <u>Outputs:</u> a) Program concept document b) Accepted budget c) Grant issuance

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							400,000-500,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-EC10 - STRENGTHENING VOCATIONAL EDUCATION
RATIONALE	The project aims at developing a flexible vocational education mechanism that would be suitable for labor market requirements. This will provide the development of competences for the economically active population in the municipality. Also, the objectives of the project are training of competitive staff for the local labor market and their employment. The national, regional or municipal strategic documents, as well as based on the qualitative research conducted, tourism, Environmental Protection and construction are the most priority sectors in Kazbegi municipality. Several directions of tourism (ecotourism, rural tourism, adventure tourism, mountain tourism) have been identified, where qualified labour is required
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1 (1.2. Limited Skills). Preparing the workforce for the tourism sector is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by facilitating development of the skills.
IMPLEMENTATION MODALITIES	At the initial stage, the activities will be carried out as part of the IRDG project. Further activities should continue as part of a public-private partnership. The Ministry of Education and Science will finance the implementation of vocational training programs.
FACILITATING ARRANGEMENTS	Some synergies could be achieved in connection to Ministry of Education and Science and donor organizations, who are working in the same sectors and areas in the municipality/region.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS OF SPECIAL GROUPS	Specific focus will be directed from the youth and women as well vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Local population and local community. <u>Indirect beneficiaries:</u> Future owners and employees of the tourism enterprises created or involved into the global value chains.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> Activities from 1.1. through 1.6. (creating the environment and implementing the training courses and programs); <u>Outputs:</u> 1. The capacity of educational institutions is being strengthened; 2. Qualified teaching staff have been trained; 3. Market-oriented, flexible training/retraining programs have been developed; 4. An optimal and affordable educational network has been created

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2021	2022	2023	Approx. Costs (GEL)	Responsible
Creating a learning environment				25 000	Vocational Colleges, Municipality, in coordination with the responsible parties
Teachers training in pedagogical and professional skills				25 000	
1.3. Implementation of training courses in Tourism vocations				30 000	
1.4. Implementation of training courses in Entrepreneurship				15 000	
1.5. Implementation of training courses in Construction vocations				15 000	
1.6. Implementation of training courses in Environmental Protection vocations				10 000	
Total				120 000	

ACTION TITLE	P1-YU01. YOUNG CEO INCENTIVE PROGRAM
RATIONALE	Enterprises run by young entrepreneurs and managers, with higher education, show better productivity performance. The idea is to provide incentives of existing companies hire more new younger people on the positions of CEO/Manager. This can be accomplished by a financial subsidy as well as other types of assistance to the existing local enterprises to attract young managers, possibly from the same municipality, with higher education and skills and innovative mindset. This initiative will complement and make a perfect synergy with and complement the ongoing IRDG project by stimulating more active involvement of the youth in entrepreneurship and economic activity (For instance, as an experiment, the scheme might involve subsidizing the salary of the young managers up to 50% during 1-15 years).
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 5. Promoting economic participation of youth and increasing overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	IRDG program could specify the design of the program and detailed budget. The execution of the program could be done by ARDA. The separate financial resources should be allocated for this project.
FACILITATING ARRANGEMENTS	Some synergies could be achieved with the ongoing other donor projects as well as the program implemented by Enterprise Georgia and GITA. Besides, the direct subsidy, other types of financial assistance such as income tax relief/arrangements can also be considered and discussed with the GoG.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing potential of female managers as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : Local youth (potential candidates of for the program as well as eligible enterprises. <u>Indirect beneficiaries</u> : The local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Write detailed program; 2. Secure funds; 3. Identify and accept applications from eligible sectors and enterprises; 4. Launch the program. <u>Outputs</u> : a) Program concept document b) Accepted budget c) Subsidized companies (up 5 companies in each sector)

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							300,000 – 500,000	The local authority in the municipality, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-YU02 - YOUTH INNOVATION CENTER
RATIONALE	Modern business is unimaginable without the development of innovative technologies. Consequently, the use of these technologies is more important in the rural and remote areas. The aim of the Youth Innovation Centre is to raise awareness about innovation and technology, to bring together young people with idea and intellectual skills, and to support access to modern technologies. The Youth Innovation Centre will help reduce the outflow of young people, will support the youth employment and diversification of the local economy. The center will provide unique opportunities for the youth to learn how to use ICT in for promotion of non-farm entrepreneurship, what is 3D modelling and design, Basics of animation and programing. Participants will be able to develop own ideas based on local needs and get support for project implementation.
RELEVANCE	Establishing the Youth Innovation Center is in line with the priority direction of the Georgian Innovation and Technology Agency (GITA) to open techno-parks, innovation centers and industrial laboratories. With this regard cooperation with GITA and IRDG project will create synergy and will support the local youth. GITA has already developed the infrastructure of the Innovation Centre in Akhmeta and Rukhi. The intervention addresses the root-cause Group 5 (Limited economic participation of the youth). Development of innovative skills is in line with Local Development Strategy of the municipality as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	At the first stage consultations with local authorities should be held in order to secure relevant space for the Centre. At the second stage the agreement on partnership with Georgian Innovation and Technology Agency should be reached and a relevant program direction should be developed.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, GITA and IRDG project will create synergy for successful implementation of the project. The knowledge and skills acquired at the Youth Innovation Center are directly linked to the improved socio-economic conditions and diversification of opportunities for the youth.
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth in the municipality; <u>Indirect beneficiaries:</u> The young people from the municipality who will be able to take part in programs and activities planned by the Program participants.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Agreement with the local municipality; 2. The agreement on partnership with GITA; 3. Develop the training module on innovation technologies based on local needs; 4. Identify and select the participants, who are interested in new technologies. <u>Outputs:</u> a) Space for the Centre provided; b) Youth Innovation Center established; c) Relevant training module on innovation technologies; d) Program participants visited FabLab Tech Park in Tbilisi.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							100,000 – 150,000	The local authority in the municipality, GITA and Youth Agency, in coordination with the responsible parties
2.								
3.								
4.								
5.								

ACTION TITLE	P1-YU03 - WORK-BASED VOCATIONAL TRAINING FOR THE KAZBEGI YOUTH
RATIONALE	Young people with little or no work experience have low chances to find a job. As a result, the number of NEET (Not in Employment, Education or Training) youth will increase. It is also notable that the need for professional and skilled workforce is increasing in Kazbegi, following the tourism and related sector development. In this respect, the work-based vocational training for the youth will be the best option to reduce number of NEET youth and make effective and sustainable impact to improve the rural economic diversification.
RELEVANCE	Based on the Kazbegi midterm local economic development plan, vocational education, training and skills development is one of the priorities of the municipality. In this respect, the proposed intervention will be relevant to the local needs of the young people. The intervention addresses the root-cause Group 5 (Limited economic participation of youth). The intervention addresses the root-cause Group 5 (Limited economic participation of youth). The intervention is in line with Local Development Strategy of the municipality as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on the rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	At the first stage the project envisages establishing a partnership with major private sector representatives in the field of tourism, agriculture, trade, natural resources and other developed industries and in cooperation with them identify the need for professional and skilled staff needed for the sector. At the second stage the project participants will be selected who will take the basic professional course and will have an opportunity to practice their knowledge and skills in the real working environment for a certain period of time.
FACILITATING ARRANGEMENTS	Synergy between the private sector and vocational educational institutions will be important within the framework of the project. After the end of the project, the participants will have more opportunities to find a job in a similar business sector as practical experience is always added value for employers.
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth in the municipality; <u>Indirect beneficiaries:</u> Companies, which will be able to offer employment opportunities to the already trained youth for specific jobs.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Establish partnership with local business representatives; 2. Identify the areas with the need for professional and skilled workers; 3. Develop vocational training programs for the youth; 4. Conduct work-based trainings <u>Outputs:</u> a) Up to 30 young people have completed a basic vocational education course; b) Up to 30 participants have completed work-based vocational training; c) Up to 15 participants are permanently employed.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	The local authority in the municipality, Youth Agency, in coordination with the responsible parties
2.							10,000	
3.							25,000	
4.							20,000	
Total							60,000	

## P1 - (Economy and Multisector Development) - Results Framework

### Project Title: Increasing Incomes Through Diversification and Elimination of Resource Misallocation

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b> Increasing incomes of the municipality residents through non-farm employment and diversified economy</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>Increased incomes from employment and entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Survey of businesses operating in the municipality</li> <li>Survey of households in the municipality</li> <li>Official statistics of Geostat</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other economic fundamentals remain stable</li> </ul>
<p><b>Project Purpose:</b> Maximizing overall output and value added in the municipality with limited existing labor supply, through reducing resource misallocation among and within individual sectors in the municipality, activating the youth and women, and providing business opportunities to the local population</p>	<ul style="list-style-type: none"> <li>Dispersion of productivity of individual firms within each of the industries is reduced considerably measured by the size of standard deviation in relation to the mean</li> <li>Differences of the productivity of various sectors became smaller</li> <li>Overall output and value added by business sectors is increased</li> <li>More young adults and women are involved in the economy (labor force, entrepreneurship)</li> </ul>	<ul style="list-style-type: none"> <li>Survey of businesses operating in the municipality</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other production factors such as access to capital does not become limited and the sectors demand continue to grow.</li> </ul>
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>Employees of the selected industries trained</li> <li>Feasibility studies/investment proposals prepared</li> <li>New competitive sectors identified</li> <li>Additional financial incentives provided</li> <li>Additional incentives provided to youth and women to be involved into the economy</li> <li>Facilitating arrangements made related to rural-urban linkages</li> <li>Capacity of the regional authorities improved and assistance provided</li> <li>New VET courses are developed and offered locally</li> </ul>	<ul style="list-style-type: none"> <li>At least 2 industries, with high dispersion of productivity among firms within the sectors</li> <li>and 2 industries, whose productivity are lower than the other sectors are addressed</li> <li>At least 10 people retrained in each selected sector</li> <li>At least 5 new feasibilities are prepared for non-farm businesses</li> <li>New 10-20 new VET courses are offered locally</li> <li>At least 2-3 projects are implemented under rural-urban linkages auspices</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Periodic assessments</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that the people with new skills find new and better jobs in the same of different industry in the same municipality and they do not move elsewhere</li> <li>Another key assumption is that new feasibility studies stimulate local and other entrepreneurs</li> <li>There are enough economically feasible applications for financing</li> </ul>
<p><b>Inputs: Activities and Types of Resources:</b> Design and implement programs under P1 (From P1-EC01 through P1-EC10 which are related to: a) Promoting rural industries; b) Promoting access to finance, credits and markets; c) Integrating rural areas into global value chains; d) Promoting sustainable tourism. On top of that, implement cross-cutting programs related to a) Activating youth women and involving them into the economy (P1-YU01, P1-YU02; P1-YU03; P1-GE01); b) Exploring and promoting rural-urban linkages (P1-RU01)</p>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>The key assumptions are that: a) There is enough interest among the people from the industry to upgrade skills b) The best trainers and the best training modules are selected c) there are sufficient number of feasible ideas</li> </ul>



## P2 - (CommunitySociety) - (Social Dimension) - Interventions

ACTION TITLE	P2-SO01- SOCIAL SERVICE DEVELOPMENT PROGRAM							
RATIONALE	The main challenges for all municipalities in Georgia are: lack of services for vulnerable groups and adequate social protection of local population. Local municipality social programs are limited and do not cover all groups of population. One-time cash benefits are ineffective. For providing adequate services and support inclusion of vulnerable groups, the municipality needs relevant databases and information on real needs of vulnerable groups, based on the assessment. All stakeholders agree that existing municipal social programs are limited, are not effective and the transformation of cash benefit into services is a main challenge for the municipalities.							
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 2 and 3, namely Items 2.1, and 3.1, 3.2, 3.3							
IMPLEMENTATION MODALITIES	The central government and local municipality							
FACILITATING ARRANGEMENTS	When it comes to the social service development, some synergies can be achieved with the other ongoing donor projects							
SPECIFIC MEASURES FOR COVID-19	Fully related to the needs created by COVID-19							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on children, PWD, households who received TSA							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> children from vulnerable families, persons and children with disabilities, the elderly. <u>Indirect beneficiaries:</u> local community, who will benefit from reduced of social risks, as well as the local community as a result of inclusion of various groups.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Develop the databases of vulnerable groups; 2. Detailed assessments of needs of vulnerable groups in each of the 8 municipalities; 3. Transformation of local budget social programs from one-time cash benefit into services. <u>Outputs:</u> 1) Complete databases of vulnerable groups; 2) Needs assessment reports; 3) New social services portfolio for municipality.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							10 000	The local authority in the municipality, in coordination with the responsible parties.
2.							20 000	
3.							200 000	

ACTION TITLE	P2-SO02 - TRAINING OF PERSONNEL OF LOCAL AUTHORITIES
RATIONALE	Despite the recent changes (the new law on social work, Code on the Rights of the Child), social units of the local municipalities still face a plethora of challenges, such as limited and unskilled personnel, insufficient financial resources, lack of professional Social Workers. Besides, the local community consisting of vulnerable groups is still in need of support and development. The new Law on Social Service increases the function of the local social services and introduces new standards.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree, Causes Group 1, namely Items 1.1 and 1.2
IMPLEMENTATION MODALITIES	Local municipality and central government
FACILITATING ARRANGEMENTS	When it comes to the trainings of the municipality staff, some synergies can be achieved with the other ongoing donor projects.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on representatives of vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : The employees of the municipality. <u>Indirect beneficiaries</u> : The local community as a result of the effective social policy and programs.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : Increase the capacity of municipalities social unit. <u>Output</u> : 1) Training materials and manuals developed; 2) Trained Social unit staff (4 persons) in the local authorities.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							10 000	The local authority in the municipality, in coordination with the responsible parties.

ACTION TITLE	P2-SO03 - INSTITUTIONAL AND FINANCIAL CAPACITY BUILDING FOR SERVICE PROVIDERS AND SOCIAL ENTERPRISES
RATIONALE	The most important part of inclusion of the vulnerable groups is giving them needed social services and support their employment. Setting up social services without the governmental/donor support is practically impossible especially in mountainous regions. Nowadays, vulnerable groups from the Kazbegi municipality does not have any access to social services and COVID-19 impact practically isolated this category from the community. The vulnerable groups, especially in the pandemic period, are not competitive on labor market and they need special accommodations and employment support. Social entrepreneurship is a great opportunity for income generation for such groups.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree, Causes Group 2, namely Items 2.1 and 2.2
IMPLEMENTATION MODALITIES	Local government with the support of donors
FACILITATING ARRANGEMENTS	When it comes to developing the service providers and financing of social enterprises, some synergies can be achieved with the ongoing or future donor projects.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on working age population receiving TSA, children, elderly and PWD.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : Working age population. <u>Indirect beneficiaries</u> : socially vulnerable population who received social services, as well as the local community as a result of new services.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1. Special trainings for becoming a service provider or a social enterprise; 2. Access to financial resources. <u>Outputs</u> : 1) Training materials and manuals 2) Trained social service providers and social enterprises. 3) New social programs developed.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							25 000	The local authority in the municipality, in coordination with the responsible parties.
2.							150 000	

## P2 - (Community) - (Social Dimension) - Results Framework

Project Title: **Development of Local Social Protection Framework and Serveries for Vulnerable Groups**

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b> Development of inclusive community</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>Decrease of poverty in vulnerable groups and increase social services in the Kazbegi municipality</li> </ul>	<ul style="list-style-type: none"> <li>Social service agency reports</li> <li>The Kazbegi municipality Social programs</li> <li>Social programs for the Kazbegi municipality</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other economic fundamentals and state budget remain stable</li> </ul>
<p><b>Project Purpose:</b> Development of social services and programs for vulnerable groups and decrease poverty and increase wellbeing of local community members</p>	<ul style="list-style-type: none"> <li>The number of vulnerable groups household in TSA is decreased</li> <li>The number of persons form vulnerable groups receiving social services is decreased</li> <li>The number of persons form vulnerable groups working goes up</li> </ul>	<ul style="list-style-type: none"> <li>SSA monthly report</li> <li>Local municipality programmes report</li> <li>Household survey</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that the local municipality budget is increased progressively, and donors supports social programmes</li> </ul>
<p>Outputs</p> <ul style="list-style-type: none"> <li>Development of the new social services for vulnerable groups</li> <li>Development local social protection schemes for vulnerable groups;</li> <li>Increased participation of representatives of vulnerable groups in decision making process</li> <li>Income generation programs for the vulnerable groups</li> </ul>	<ul style="list-style-type: none"> <li>At least 1 new services will be developed</li> <li>At least 3 new social protection programs form local budget will be developed</li> <li>New Social enterprises/ social services give possibility most vulnerable groups income generation</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Municipal reports</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that representatives of the municipality agreed on real changes in social programs</li> <li>Another key assumption is that a donor organization will support creation of new services/ social enterprises</li> </ul>
<p><b>Inputs: Activities and Types of Resources</b> Activities envisioned by the proposed interventions from P2-SO01 through P2-SO03, including:</p> <ol style="list-style-type: none"> <li>Trainings of local municipality staff</li> <li>Trainings of community members</li> <li>Creation of data base of vulnerable groups</li> <li>Needs assessment of vulnerable groups</li> <li>Development of new social protection schemes and services based on the need assessment with participation of community members</li> <li>Increase capacity of municipalities social unit</li> </ol>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>The key assumptions are that: a) There is enough interest among the representatives of community and the municipality b) The best trainers and the best training modules are selected c) there will be donor support in addition to the local budget to finance some activities</li> </ul>

## P2 - (Community) - (Healthcare Dimension) - Interventions

ACTION TITLE		P2-HE01 - HOME-BASED MATERNAL AND CHILDCARE PROGRAM						
RATIONALE	Infant mortality is 31.7 per 1,000 live births and under-5 mortality rate is 31.7 per 1,000 live births in 2018 in the Kazbegi municipality. Both rates are extremely high compare with regional and county rates. Based on the SDGs health related indicator, that is adjusted by Georgia: By 2030, end preventable deaths of newborns and children under 5 years of age, with Georgia aiming to reduce neonatal mortality to at least 3 per 1,000 live births and under-5 mortality to at least 6 per 1,000 live births.							
RELEVANCE	The goal of the Maternal and Child Health State Strategy is to maintain and expand the coverage of evidence-based, high impact and cost-effective interventions for maternal and newborn survival, as well as for immediately related reproductive health fields, and to guarantee access to those services for all who need them.							
IMPLEMENTATION MODALITIES	Develop and implement home-based Maternal and childcare program as part of the Municipal Healthcare Program. PHC should be the core implementing party. It is recommended to plan program interventions based on the preliminary need assessment. The program should envisage support to PHC providers for making designated home visits through travel and transport allowance.							
FACILITATING ARRANGEMENTS	(1) Small-scale surveys on the maternal and child health needs assessment to conduct in depth analyses and afterwards to plan specific interventions							
SPECIFIC MEASURES FOR COVID-19	Considering the anticipated second and third waves of the pandemic, it would be beneficial that Municipal Budget include some sources for ensuring provision of basic urgent needs of the health sector during crises.							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on mothers with disabilities							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> women and children <u>Indirect beneficiaries:</u> Population of Kazbegi							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1) needs assessment; 2) to design the program <u>Outputs:</u> a) increased municipal expenditure on health; b) targeted maternal and child health programs with respective budget lines							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							40 000	Local authority of the municipality, in coordination with the responsible parties
2.							40 000	

ACTION TITLE	P2-HE02 - THE HEALTH WORKFORCE GROWTH PROGRAM
RATIONALE	There is a lack of primary health care specialists in the villages as well as specialists at the hospital level. Services of rural doctors and nurses are very poorly developed, due to shortage of qualified staff and the lack of relevant infrastructure. The objective of this intervention is to increase the number of qualified doctors in Kazbegi. Kazbegi is struggling to attract and retain enough physicians in the villages as well as in the town. Therefore, a large share of the population continues to seek outpatient medical care in other places.
RELEVANCE	The healthcare workforce is central to managing and delivering health services especially in the rural areas. Kazbegi faces a shortage of skilled health workers in the rural and remote areas, which hampers progress towards health-care goals and contributes to inequalities in the health outcomes at the district and region levels.
IMPLEMENTATION MODALITIES	1) Advocacy meetings to include financial incentives for the medical personnel in the Municipality budget. 2) Ensure trainings for medical personnel. To invite qualified specialist from Tbilisi on regularly even in winter. 3) Ensure adequate working conditions for rural doctors (renovation of facilities, equipment, etc.) According to the rural doctors, specific initiatives that secure retirement pensions, and increased income are will most likely facilitate recruitment of rural doctors in Kazbegi.
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health, Tbilisi State Medical University, and Professional Associations
SPECIFIC MEASURES FOR COVID-19	Currently, the PHC personnel is taking an intensive training on COVID-19 presumptive case management at PHC within various donor-funded programs. This topic should remain the priority and might be included in training programs on as needed basis.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs, maternal and child health issues, the youth, chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The rural doctors and nurses, medical personnel at the hospital level. <u>Indirect beneficiaries:</u> The population of Kazbegi
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1) Financial incentives 2) Training 3) Improve working conditions <u>Outputs:</u> (1) Increased number of rural doctors and specialists at the hospital level.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							30 000	The local authority in the municipality, in coordination with the responsible parties
2.							30 000	
3.							30 000	

ACTION TITLE	P2-HE03 - EMERGENCY AND NON- EMERGENCY MEDICAL TRANSPORTATION SERVICE PROGRAM
RATIONALE	Among the most important needs faced by the rural out-patient clinics in the Kazbegi Municipality is availability of vehicles for transportation. The Hospital is located in the municipal center and residents of remote villages find it difficult to access medical facilities especially in winter . Due to the complex relief and specific nature of settlements, there is an urgent need to improve medical helicopter services. There is a multi-profile medical center in Stephantsminda, the material and technical capacity and human resources of which do not provide for all the necessary medical manipulations/medical services to the patients. Timely and safe transportation to another medical facility is also a problem, especially during winter.
RELEVANCE	Transportation is necessary to access the patients in the rural communities, particularly in the high mountain area. For their healthcare needs the rural community members rely on the village doctors and emergency medical transport.
IMPLEMENTATION MODALITIES	The rural transport can be improved through better organizing the existing ground-based resources and by using medical airlift service. Vehicles for rural doctors should be purchased and a medical helicopter should be used for emergencies and fuel costs should be covered both for the cars and helicopters.
FACILITATING ARRANGEMENTS	Ensuring allocation of funding from the Municipal budget, namely from the infrastructure budget line.
SPECIFIC MEASURES FOR COVID-19	Emergency transportation is very important part to fight against COVID
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Rural doctors and nurses and the hospital staff. <u>Indirect beneficiaries:</u> The population in Kazbegi.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1.1) new vehicles 1.2) fuel <u>Outputs:</u> a) Access to medical services

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							100 000	The local authority in the municipality, in coordination with the responsible parties.
2.							50 000	
3.								
4.								

ACTION TITLE	P2-HE04 - ACCESS TO THE INTERNET FOR RURAL MEDICAL STAFF
RATIONALE	While collecting information regarding the operation, needs and challenges of rural outpatient clinics in Kazbegi it became evident that they do not have access to Internet. This obstacle is surely hindering the process of information flow, which is crucial for representatives of medical sector.
RELEVANCE	Access to Internet is crucial for continuous medical education as well as for developing the health information system for the whole country. In addition, in the COVID era, in transitioning to extensive online communication, access to Internet has to be a priority. Therefore, an improved access to Internet services among rural doctors and nurses is critical.
IMPLEMENTATION MODALITIES	Ensure installation and operation of high-quality Internet in all rural outpatient clinics in the Kazbegi Municipality.
FACILITATING ARRANGEMENTS	(1) Ensure allocation of funding from the Municipal budget on installation and operation of Internet in the rural outpatient clinics. (2) Ensure the funding sustainability.
SPECIFIC MEASURES FOR COVID-19	Internet is needed to provide distance/online consultation to patients during the COVID outbreak. Also, it is necessary for primary health care personnel to attend online training on coronavirus issues.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Rural doctors and nurses. <u>Indirect beneficiaries:</u> The population of Kazbegi
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1.1) Installation of high-quality Internet. <u>Outputs:</u> a) Better statistics/improved health information system b) Access to updated materials, guidelines, and protocols.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5 000	The local authority in the municipality, in coordination with the responsible parties.
2.							5 000	
3.								
4.								



ACTION TITLE	P2-HE05 - CONTINUED MEDICAL EDUCATION FOR MEDICAL PERSONAL
RATIONALE	Low qualification of medical personnel is often highlighted in regional and municipal level documents while assessing the health sector in the Kazbegi. In course of developing the present document, information was collected regarding the operation, needs and challenges of rural out-patient clinics in Kazbegi. For the rural doctors and nurses one of the most important issues was the need for more frequent trainings in PHC topics. Furthermore, there is a problem with infant and under five mortality rate. Therefore training should include maternal and child health module.
RELEVANCE	The health workforce is central to managing and delivering health services especially in the rural areas. Continued education is an essential element of practice and service for doctors and nurses. Health professionals should often take trainings to brush up their knowledge and skills in order to provide the high-quality health services to the patients.
IMPLEMENTATION MODALITIES	Plan and implement on-site and on-line trainings for rural doctors and nurses. Training topics should be selected based on the specific needs and priority areas for the municipality (it would be beneficial to conduct small-scale needs assessment among PHC personnel to determine priority areas for development)
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health and with Continued Medical Education programs, Tbilisi State Medical University, and Professional Associations.
SPECIFIC MEASURES FOR COVID-19	Current PHC personnel is taking intensive training on COVID-19 presumptive case management at PHC within the framework of various donor-funded programs. This topic should remain a priority and might be included in training programs on as need basis.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs, maternal and child health issues, youth, chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Rural doctors and nurses; <u>Indirect beneficiaries:</u> The population of Kazbegi.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1) Continued education 2) Training. <u>Outputs:</u> (1) Increased knowledge of medical personal; (2) Improved quality of services provided by medical staff in Kazbegi.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							15 000	The local authority in the municipality, in coordination with the responsible parties.
2.							15 000	
3.								
4.								

## P2 - (Community) - (Healthcare Dimension) - Results Framework

Project Title: **Patient centered care and better population health**

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>Program Goal:</b> Improving health status of the population</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> <li>• Increase in life expectancy at birth</li> <li>• Increase in birth rate per 1000 population</li> <li>• Decrease in infant mortality rate per 1000 population</li> <li>• Decrease in prevalence of the top chronic conditions</li> </ul>	<ul style="list-style-type: none"> <li>• Geostat</li> <li>• NCDC</li> </ul>	<ul style="list-style-type: none"> <li>• Socio-economic conditions improve</li> <li>• Wellbeing improves</li> </ul>
<p><b>Project Purpose:</b> Enhancing access to quality essential health-care services</p>	<ul style="list-style-type: none"> <li>• The number of out-patient facilities grows</li> <li>• Percentage of total population with access within 15 minutes by normal means of travel to a facility where they would normally see a doctor, is increased</li> <li>• The number of outpatients visits per capita is increased</li> </ul>	<ul style="list-style-type: none"> <li>• NCDC</li> </ul>	<ul style="list-style-type: none"> <li>• UHCP remains stable</li> </ul>
<p>Outputs:</p> <ul style="list-style-type: none"> <li>• Empowerment of patients</li> <li>• Satisfaction with health services</li> <li>• Utilization of health service</li> <li>• Coverage of essential health services</li> <li>• Access to essential medicines</li> <li>• Water and sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of patients reporting that they were involved as much as they wanted to be in decisions about their care and treatment</li> <li>• Average number of outpatient consultations (all types) per person per year</li> <li>• % of population who reported being sick with any condition in the 6 month and consulted a health care provider.</li> <li>• Average availability of 14 selected essential medicines in public and private health facilities</li> <li>• % of Population using safely managed drinking-water services</li> <li>• % of Population using safely managed sanitation services</li> </ul>	<ul style="list-style-type: none"> <li>• Local survey (Health care utilization survey)</li> <li>• MoH/SSA</li> <li>• Household surveys, population census</li> </ul>	<ul style="list-style-type: none"> <li>• Continued public investment in the health sector</li> <li>• Out-of-pocket payments decrease</li> <li>• New regulations are introduced</li> </ul>
<p><b>Inputs:</b> Activities envisioned by the proposed interventions from P2-HE01 through P2-HE04, including:</p> <ul style="list-style-type: none"> <li>• Training of medical staff; (rural doctors)</li> <li>• Rehabilitation of ambulatories</li> <li>• Building 3 new ambulatories</li> <li>• Introducing new Health care municipality programs to support the local needs of the population</li> <li>• Improving access to internet services among rural doctors</li> </ul>	<ul style="list-style-type: none"> <li>• Detail budget to be designed</li> </ul>	<ul style="list-style-type: none"> <li>• MoH/ local municipality</li> <li>• MoH/ local municipality</li> </ul>	<ul style="list-style-type: none"> <li>• Continues medical education is implemented in the country</li> <li>• PHC reform is launched</li> </ul>

## P2 - (Community) - (Youth Dimension) - Interventions

ACTION TITLE		P2 -YU01 - KEY PERSONAL COMPETENCIES FOR ECONOMIC EMPOWERMENT						
RATIONALE	The study of the local needs of the youth has revealed the lack of entrepreneurial competencies and knowledge, which is an important matter for self-employment opportunities. Considering the aforementioned situation, it would be reasonable to offer programs and services for developing key entrepreneurial competencies to the youth. Entrepreneurship competence refers to the capacity to act upon opportunities and ideas, and to transform them into values for others. Entrepreneurial competencies are founded on creativity which includes imagination, strategic thinking and problem-solving, and critical and constructive reflection within evolving creative processes and innovation.							
RELEVANCE	Promotion of entrepreneurial competencies and knowledge is one of the key personal competences for lifelong learning of the Council of Europe and same time one of the strategic priorities of State Youth Agency. Promoting economic participation of youth is in line with the Local Development Strategy, as well as the intervention addresses the root-cause Group 2 (Youth Dimension of Community).							
IMPLEMENTATION MODALITIES	The program covers different topics for development entrepreneurial competencies, such as creativity, critical thinking and problem solving, taking initiatives, active citizenship, employment, social entrepreneurship and leadership; it helps the youth in realizing their potential fully in social, civic and economic life.							
FACILITATING ARRANGEMENTS	Adapt the training module of the program to transform the program into a municipal service that will ensure scaling up the program and cover more young people.							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Training will target the youth impacted by the border closure and other vulnerable youth groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth in the municipality; <u>Indirect beneficiaries:</u> The young people from the municipality who will be able to take part in the programs and activities planned by the Program participants.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Working with the municipality representatives; 2. Develop a training module in line with key personal competences for lifelong learning; 3. The project implementation; 4. Implement the program module as a municipal service <u>Outputs:</u> a) 15-25 economically inactive youths improved their economic knowledge and skills; b) The training module is created; c) Training integrated to municipal program.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	The local LAG, Municipality local authority, Youth Agency, in coordination with the responsible parties.
2.							10,000	
3.							15,000	
4.							5,000	
Total							35,000	

ACTION TITLE	P2-YU02 - MUNICIPAL YOUTH WORKERS DEVELOPMENT PROGRAM
RATIONALE	Information received from the local authority of the municipality has revealed that municipal employees responsible for the youth issues have never participated in professional development programs. As a result municipal services provided for the youth mainly include sport and cultural directions, which are important. However, in response to the modern challenges of young people, it is also necessary to plan appropriate programs for them, which include various youth programs and activities. To accomplish this, it is necessary to raise the professional level of the employees responsible for the municipality's youth programs.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Community) Causes Group 1. Professional development of municipal employees working on the youth issues is one of the strategic directions of State Youth Agency. Thus, the local needs and state policies are in line with each other.
IMPLEMENTATION MODALITIES	The main aim of the project is to provide municipal employees working on the youth issues with training and knowledge about how to develop a modern municipal program for the youth. At the first stage consultations with local and regional authorities should be held in order to ensure successful implementation of the project. At the second stage a relevant training program should be implemented for professional development of the local employees working on the youth issues and as a result, a new municipal youth program should be adopted.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality and private sector will create synergy to successfully implement the project.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Th youth and woman participation will be ensured in different activities implemented.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Employees responsible for the youth programs of the municipality. <u>Indirect beneficiaries:</u> The youth who will be able to take part in the programs and activities planned by the municipality.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Presenting the project idea to the municipal authorities and other state and regional stakeholders; 2. Developing a training program; 3. Implementing the training for municipal employees working on the youth issues; 4. Developing a new municipal youth program. <u>Outputs:</u> a) Agreement on cooperation reached with the municipality; b) The professional development training program is created for the municipal youth workers. c) Training program is implemented. d) The new municipal youth program adopted.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	The local authority in the municipality, Youth Agency, in coordination with the responsible parties.
2.							10,000	
3.							10,000	
4.							5,000	
Total							30,000	

ACTION TITLE		P2-YU03 - YOUTH DIGITAL MEDIA PLATFORM						
RATIONALE	The aim of the project is to support developing the youth media digital platform through empowering young people with digital and technical skills in order to address sensitive contemporary community issues and to increase the level of public and social participation of youth in the municipality. The youth media platform will facilitate spreading information about different local and national opportunities not only for the youth but also for the rest of the community, which will positively impact and improve the living conditions of the youth in the rural areas.							
RELEVANCE	The project implementation will support increasing the democratic participation of young people in the local community and society which is an expressed local need by the local youth. By supporting the youth media digital platform, the project intends to bring the youth to the next level of communication by becoming frequent producers of good quality information, and use the efficient and cost effective ways to disseminate information via the Internet. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Community) Causes Group 3.							
IMPLEMENTATION MODALITIES	At the initial stage of the project, a group of local youth should be identified from each administrative unit of the municipality. At the second stage, a relevant training program will be implemented. Namely, the particularly participants will be able to attend workshops on the following topics: 1. How to produce digital content (video, photography); 2. Digital journalism and media communication; Workshop on digital storytelling; 3. How to use and edit digital platforms; 4. Know-how on cost effective communication.							
FACILITATING ARRANGEMENTS	Support from Kazbegi LAG creates an opportunity for the project to be successful and more young people be involve from all the administrative entities in the municipality.							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus will be made on the youth with disabilities and participation of young women and other minorities from remote areas will be ensured.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries of the program are 15-25-year-old youth living in the municipality. Indirect beneficiaries of the program will be local population who will benefit with new information.							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Identify the stakeholders and establish a partnership; 2. Develop the training module about digital media; 3. Conduct the media training for the youth; 4. Create the online digital youth media platform.</p> <p><u>Outputs:</u> a) The training module developed; b) Up to 25 participants trained; c) The youth media platform is established; d) Level of public and social participation has increased.</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	The local authority in the municipality in coordination with the responsible parties
2.							10,000	
3.							10,000	
4.							5,000	
Total							30,000	

ACTION TITLE	P2-YU04 - YOUTH EMPOWERMENT AND CAPACITY BUILDING PROGRAM
RATIONALE	Active participation of young people in the public, economic, and political life at the local and national level is essential for the democratic development of the state. Respectively, it is necessary to implement such an intervention that will deepen knowledge of the young people about human rights, democracy, participation, and make such efforts that will improve the well-being of the local population. This adaptive capacity will be reflected in the ability of people to manage, utilize, and develop those resources which are available to them in order to address local issues and needs.
RELEVANCE	The youth empowerment and capacity building program will help ensure increased youth engagement in public and social life, gender equality, and different educational or other opportunities for young people. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Community) Causes Group 2.
IMPLEMENTATION MODALITIES	The training module of the program has 4 key directions: democracy, participation, basic human rights and advocacy. The goal of the program is to develop such competencies of young people that will help them act in the public interest. As a result of the program implementation, the participants will be able: a) To identify local community needs and interests; b) To follow democratic principles in everyday life; c) To communicate with the municipal authorities in order to address local problems; d) To protect their own and others' civil rights; To be able to use different resources for solving legal problems.
FACILITATING ARRANGEMENTS	Adapt the training module of the program to transform the program into a municipal service that will ensure scaling up the program and cover more young people .
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth in the municipality; <u>Indirect beneficiaries:</u> Local community members and other youths from the municipality who will be able to benefit from the program implemented.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Identify stakeholders and establish a partnership; 2. Develop the training module; 3. Identify and select participants; 4. Implement the Project. <u>Outputs:</u> a) Up to 30 young people improved their abilities in civil rights and participatory democracy; b) The young people trained were able to apply to the municipality and the business sector to gain support their initiatives.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							15,000	The partner organization, Municipality local authority, in coordination with the responsible parties.
2.								
3.							20,000	
4.								
Total							35,000	

## P2 - (Community) - (Youth Dimension) - Results Framework

Project Title: **Increasing Youth Engagement in the Community**

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program goal:</b> Increase the youth engagement in public and social life through supporting the youth and municipal stakeholders responsible for the youth.</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> <li>• New municipal youth program has been adopted</li> <li>• Number of the youths participating in decision making process</li> <li>• Public and social engagement of local youths in community life increased</li> </ul>	<ul style="list-style-type: none"> <li>• Study on local youth participation and inclusion in public and social life</li> </ul>	<ul style="list-style-type: none"> <li>• All counterparts will have corresponding commitment for cooperation</li> </ul>
<p><b>Project Purpose:</b> Empowerment and development of capacity of local youth, promote media literacy, provide youth with opportunities of active citizenship and participation, develop professional level of municipal youth workers</p>	<ul style="list-style-type: none"> <li>• Level of professional development of municipal youth workers has raised</li> <li>• More youth from rural areas are actively involved in public and social life</li> <li>• Level of youth media literacy increased</li> </ul>	<ul style="list-style-type: none"> <li>• Local youth program has been adopted</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that active youth participation and inclusion will have a positive impact on increasing the youth engagement in the community</li> <li>• Municipal Budget for youth programs will be increased, donor financial support will be available</li> </ul>
<p>Outputs:</p> <ul style="list-style-type: none"> <li>• Agreement on cooperation reached with the municipality</li> <li>• Different TCs are developed and offered locally</li> <li>• Municipal youth employees are trained</li> <li>• Training on the youth media and ICT tools conducted</li> <li>• Level of public and social participation has increased</li> <li>• The local youth capacity building program conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Professional skills of at least 15 municipal youth employees are improved from 6 administrative units</li> <li>• At least 30 young persons have developed their capacity in advocacy, human rights, democracy, participation</li> <li>• Up to 25 participants participated youth media and communications training</li> <li>• At least 30 young persons has developed their entrepreneurial competences</li> </ul>	<ul style="list-style-type: none"> <li>• Project evaluation report</li> <li>• Report of the partner organization</li> </ul>	<ul style="list-style-type: none"> <li>• New professional skills of municipal youth employees will enable them to adopt modern youth youth municipal programs</li> <li>• Trained youth will have multiplying effect in municipal administrative unites and level of inclusion will be increased</li> <li>• The youth will be actively involved in all trainings and educational opportunities</li> <li>• Youth digital media platform will be sustainable and will play a positive role in advocating for the local youth needs</li> </ul>
<p><b>Inputs: Activities and Types of Resources:</b> Design and implement programs under P2 (From P2-YU01 through P2-YU04 which are related to: a) Providing education and training; b) Building government capacity; c) Building the social capital.</p>	<ul style="list-style-type: none"> <li>• To be developed</li> </ul>	<ul style="list-style-type: none"> <li>• Project manager's evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumptions are that: a) Municipal authorities will fully support the project ideas; b) Partner organization will be fully able to fulfil their own responsibility; c) A space for the youth entertainment and recreation will be added to the municipality</li> </ul>

## P2 - (Community) - (Gender Dimension) - Interventions

ACTION TITLE	P2-GE01. GENDER MAINSTREAMING IN MUNICIPAL PROGRAMS							
RATIONALE	<p>In 2018, based on the decree N17 of the Municipality, Gender Equality Council of Kazbegi was established, which consists of 8 members (4 women and 4 men).<sup>131</sup> There is no CSO representative in the Gender Equality Council. The Gender Equality Council approved the Municipal Gender Equality Action Plan for 2018-2019. One of the priorities of the plan is women's economic empowerment (Article 2.7. Article 2.8), according to which programs and activities that support the employment of the population, including professional creative educational programs for rural women and socially vulnerable women should be guaranteed. According to the plan, financial participation in micro and small business support programs should be offered. The budget has not been allocated for the implementation of the programs under the Action Plan. Although Gender Equality Council of the municipality and Gender Equality Action Plan was adopted, the Gender Equality Council meeting was held only twice in 2018 and 2019, indicating shortcomings in the Action Plan implementation. Therefore, efforts should be channeled to better implementation and initiation of the process so that CSOs become part of GE Council.</p>							
RELEVANCE	<p>On the one hand, the municipality is responsible to fulfil the obligations taken under the GE Action Plan including the part of women's economic empowerment and on the other hand, the municipality should adopt Gender Equality Strategy and new GE Action Plan for 2020-2021 and strengthen the direction of women's economic participation in cooperation with women actors and CSOs. According to the target 10.2 of SDG10, by 2030 states should empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>							
IMPLEMENTATION MODALITIES	<p>Based on the needs of the population Gender Equality Council will ensure gender mainstreaming for introducing gender sensitive programs and projects in the municipality. It should be initiated that representatives/CBOs, CSOs s become member of the GE Council.</p>							
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> <li>1.Meeting with Gender Equality Council existing at the municipality</li> <li>2. Initiation of women opinion leaders/CBOs/CSOs to become member of the GE council</li> <li>2.Meeting with local CSOs and community women</li> <li>3.Support the municipality to conduct needs assessment survey, which is also one of the current obligations</li> <li>4.Advocacy of community needs to be included in the priorities of the municipality</li> </ol>							
SPECIFIC MEASURES FOR COVID-19	<ul style="list-style-type: none"> <li>• Emergency Response Plan supporting women's economic activities during crises to be created and adopted by the municipality, which includes priorities of women with different ethnic backgrounds and other vulnerable groups, and is also available in the ethnic minority languages</li> <li>• Specific budget to be allocated for the implementation of the Response Plan</li> </ul>							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>Specific focus should be made on vulnerable people, persons with disabilities, single mothers, as well as other groups identified to be included in the process of developing the municipal Gender Equality Action Plan, as well as during elaboration of Emergency Response Plan.</p>							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> Representatives of the Gender Equality Council of the municipality, women's organizations and other local CSOs and opinion leader women; <u>Indirect beneficiaries:</u> Population of Kazbegi municipality</p>							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Meeting with the stakeholders; 2. Meeting with local women's organizations, CSOs 3. Conducting the needs assessment survey. <u>Outputs:</u> a) Adopted Gender Equality Action Plan with a focus on women's economic empowerment with the allocated budget b) Women's NGOs, as well as opinion leaders engaged in the work of GE Council 3) Needs and priorities of the population reflected in the Action Plan.</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1-2							21,000	The Municipality, in coordination with the responsible parties
1-3							22,000	
4-5							25,000	

<sup>131</sup> Legislative Herald of Georgia, Resolution N017 of Sakrebulo of Kazbegi Municipality, 30 April, 2018



ACTION TITLE	P2-GE02. CREATION OF WOMEN'S ROOM IN THE MUNICIPALITY
RATIONALE	<p>Women's Room is a municipal service created to support women and girls. The manager of Women's Room provides consultations and information to every person interested in different municipal services in person, as well as at the community meetings during field visits. WR is not created in the Kazbegi municipality, therefore women and population mainly have no space where they could receive information about different municipal services or economic empowerment opportunities.</p> <p>The service of Women's Room exists in different municipalities of Georgia and there are many good examples of WR role in the process of empowerment of women.</p>
RELEVANCE	<p>WIC developed a guideline for Women's Room in cooperation with Women's Rooms and Ministry of Regional Development and Infrastructure of Georgia, in which the role of Women's Room in women's economic empowerment was identified.</p> <p>Even the current managers of Women's Room have limited capacities, which need to be developed. Creation of database of beneficiaries and collection of data of the visitors is another important issue. The WR manager should also be able to conduct field visits and collect information about the needs and priorities of the population.</p>
IMPLEMENTATION MODALITIES	<p>Women's Room should be created. The activities of Women's Room directed towards women's empowerment, including economic empowerment should be included in the Gender Equality Action Plan and the budget should be allocated. WR should also cooperate with CSOs and CBOs and use them as information disseminators between population and local government.</p>
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> <li>1. Creation of Women's Room municipal service.</li> <li>2. Identification of Women's Room manager</li> <li>3. Meeting with the Women's Room Manager and representative of GE Council</li> <li>4. Elaboration of Action Plan of Women's Room</li> <li>5. Creation of a database of relevant programs and program providers by WR manager</li> <li>6. Action Plan of Women's Room to be supported by the Gender Equality Council of the municipality</li> <li>7. The Women's Room Manager is to provide women with information, among them the existing services and possibilities for their economic empowerment and to support them to participate in them. The women's NGOs and community groups should be actively involved in this process.</li> </ol>
SPECIFIC MEASURES FOR COVID-19	<p>Considering the anticipated second and third waves of COVID-19, it would be beneficial that Women's Room provide Gender Equality Council and other relevant stakeholders with information about women's, including ethnic minority women's needs and challenges, including economic challenges during the crisis.</p>
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>With inspiration "leave no one behind" the Women's Room Manager will be responsible to reach out and provide information to every member of the community, including the most vulnerable ones, also with active involvement of women's organizations and community-based groups and opinion leaders.</p>
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> Women, and Women's Room managers; <u>Indirect beneficiaries:</u> Gender Equality Council of Municipality of Kazbegi</p>
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Creation of Women's Room 2. Meeting with WR Manager and GE representatives; 3. Creation of Action Plan of Women's Room 4. Creation of database of services and programs; 5. Support of Action Plan of Women's Room by the GE council; 6. Information dissemination among different communities regarding women's empowerment via involvement of women's NGOs, community groups and opinion leaders</p> <p><u>Outputs:</u> a) The municipal service created b) Action Plan of WR developed; c) The database of programs and services Created; d) Municipal support provided and budget allocated for specific activities; e) Information about the existing services and programs for women's empowerment disseminated.</p>

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1-5							15,000	The Municipality, in coordination with the responsible parties.
1-5							17,000	
1-5							18,000	

ACTION TITLE	P2-GE03. AWARENESS-RAISING CAMPAIGN ON GENDER SENSITIVITY OF OPINION-LEADER AND DECISION-MAKER MEN AND WOMEN
RATIONALE	There are stereotypical attitudes towards women in the society, double working load of women and unpaid work limit their opportunities and lower their self-esteem. Thus, , all this decreases the opportunities for women to be involved in social and economic development. Even though women are employed in the public sector, statistics show that insignificant number of women hold decision-making positions and managerial positions in this sector which indicates that women in the public sector are employed in low-paid jobs and have less influence on setting priorities and making decisions.
RELEVANCE	The Constitution of Georgia and other policy documents of Georgia recognize that real equality and women’s participation in socio-economic processes are crucial. In the Gender Policy localization process, the municipalities also have the obligation of women’s empowerment and engagement. Despite all this, the existing stereotypes and social norms hinder the advancement of real equality. Moreover, according to the target 5C of SDG 5, the government should adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
IMPLEMENTATION MODALITIES	The campaign will cover all communities and not only the municipal center. In this process, the local government and opinion leaders and decision-maker women and men and local women’s NGOs and CSOs should be involved.
FACILITATING ARRANGEMENTS	Awareness campaign to cover all the communities, including vulnerable population. Young opinion leaders will also be selected and engaged in all awareness raising activities.
SPECIFIC MEASURES FOR COVID-19	During COVID-19 women have limited the access to some services and information. Opinion-leaders will be engaged in the information dissemination campaigns.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The activity will ensure the engagement of men and women from different communities of the municipality.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Opinion leaders, decision-maker women and men, the youth. <u>Indirect beneficiaries:</u> Population of the municipality
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. To locate opinion leaders/decision-makers 2. Train opinion leaders/decision-makers 3. To conduct the campaign. <u>Outputs:</u> a) The database of opinion leader women, men and youth is created in different communities b) Increased gender sensitivity of opinion leaders/decision-makers c) Opinion-leaders/decision-makers are involved in awareness raising campaign of the population.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1-4							17,000	The Municipality, in coordination with the responsible parties
2-4							19,000	
2-4							22,000	

ACTION TITLE	P2-GE04. SUPPORTING WOMEN'S INITIATIVES AND COMMUNITY GROUPS
RATIONALE	There are several non-governmental organizations and initiative groups in the Kazbegi municipality. None of them are engaged in the work of GE Council, that is crucial in terms of identifying real needs and priorities of the population, that should be reflected in the municipal policy documents. 45.6% of women and 53.8% of men trust the local initiative groups, 60.1% of women and 70.5% of men trust environmental groups, while 56.8% of women and 57% of men trust women's organizations.
RELEVANCE	The Beijing platform for Action indicates the role of involvement of women's organizations. Moreover, the municipalities have obligation to ensure the participation of CSOs, women's organizations and leader women during the planning and implementation processes of the Gender Equality Action Plans.
IMPLEMENTATION MODALITIES	Opinion leader women, CBOs as well as local municipalities will be involved in the process. The grants will be issued for women's initiative groups in cooperation with the municipality.
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> <li>1. To initiate the establishment of the community groups</li> <li>2. To issue grants to support the initiatives of community groups in cooperation with the municipality</li> <li>3. To conduct awareness raising activities to support CSOs and CBOs involvement in the municipal policy creation and share success stories</li> </ol>
SPECIFIC MEASURES FOR COVID-19	In case of the additional waves of the COVID-19, women's special needs will be supported during the crisis period. The information and other materials will be disseminated.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Women's Room Managers and the representatives of the Mayor in administrative units of all communities will be informed about the possibilities to be involved in community groups, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Leader women from communities, <u>Indirect beneficiaries:</u> Community and the families of the women.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. To identify opinion leader women. 2. To inform women about CBOs. 3. To initiate creation of CBOs 4. Capacity Building of CBOs; 5. To issue small grants to support CBO initiatives. 6. To support involvement of CSO/CBOs into the municipal policy creation <u>Outputs:</u> 1. Created CBOs; 2. Awareness-raised, confident leader women 3. Issued grants and supported initiatives 4. Engaged CSOs/CBOs in GE council and municipal policy creation

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1-6							40,000	The Municipality, in coordination with the responsible parties.
1-6							45,000	
1-6							50,000	

## P2 - (Society) - (Gender Dimension) - Results Framework

ARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b> Boosted economic activity of women and improved conditions for their engagement</p>	<p><b>Measure of Goal Achievement:</b> Allocated municipal financial resources/services offered by the state and non-state actors for women and the number of women/girls who received and used these services</p>	<ul style="list-style-type: none"> <li>Allocated municipal budget</li> <li>The list of women / CBOs /entrepreneurs who received benefits from the municipality, state and non-state actors</li> <li>Independent assessment reports of CSOs and the Ombudsman.</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that for the municipality women’s empowerment becomes a priority and it continues programs that support improvement of women’s conditions</li> <li>Another assumption is that other state – non-state services are available for women and girls</li> </ul>
<p><b>Project Purpose:</b> Improving the conditions for women so that they have access to education, information and opportunities for economic engagement and activity</p>	<ul style="list-style-type: none"> <li>Women’s initiatives and engagement for economic development</li> </ul>	<ul style="list-style-type: none"> <li>Women’s proposals</li> <li>WR database of economically active women</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that women are confident enough to start economic activities.</li> </ul>
<p>Outputs:</p> <ul style="list-style-type: none"> <li>Adopted Gender Equality Action Plan with a focus on women’s economic empowerment and allocated budget for action plan</li> <li>Women’s organizations, community groups and opinion leaders, CBOs and CSOs engaged in the work of GE Council</li> <li>Created Women’s Room</li> <li>Created Database of programs and services by WR</li> <li>Created Action Plan of WR;</li> <li>Municipal support and budget allocation for specific activities</li> <li>informed population about existing services and programs for women’s empowerment</li> <li>Database of opinion leader women, men and the youth is created in different communities, increased gender sensitivity of opinion leaders</li> <li>Opinion-leaders/decision-makers involved in the awareness raising campaign of the population and also in the GE policy activities of the municipality</li> <li>Created CBOs</li> <li>Awareness-raised, confident leader women</li> <li>Issued grants and supported initiatives</li> <li>Engaged CSOs/CBOs in GE council and municipal policy creation</li> </ul>	<ul style="list-style-type: none"> <li>GE Action Plan adopted with its program and awareness-raising part focused on economic empowerment of women</li> <li>Women’s Room established</li> <li>At least 10% of users of the WR have used the programs and services from the database</li> <li>At least 5,000-6,000GEL allocated for specific activities of WR</li> <li>At least 7 CBO’s established</li> <li>At least 5 grants awarded for initiatives</li> <li>At least 10,000 GEL allocated for the grants for CBO initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Periodic assessments</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that women’s economic empowerment is priority of the municipality, budget is allocated and municipal population, especially women receive education, information on property rights and credits and use programs and services from the database</li> <li>Another key assumption is that the municipal programs are planned with informed participation of women and girls</li> <li>Another key assumption is that municipality, men and religious leaders are more gender sensitive</li> </ul>
<p><b>Inputs. Activities and Types of Resources:</b> Design and implement programs under P2 (From P2-GE01 through P2-GE04 which are related to: a) Gender Mainstreaming in Municipal Programs b) Creation of Women’s Room c) Awareness-raising Campaign on Gender Sensitivity Opinion-leader/decision-maker Men and Women d) Supporting Women’s Initiatives and Community Groups</p>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>The key assumptions are that: a) women are mobilized and ready to receive services and be empowered economically</li> <li>Other key assumption is that municipality is also supporting women’s economic participation and men that are more gender-sensitive and support women’s initiatives as well.</li> </ul>

## P3 - (Environment) - Interventions

ACTION TITLE	P3-ENV01 – SUPPORT TO SUSTAINABLE ENVIRONMENT AND NATURAL RESOURCES MANAGEMENT
RATIONALE	The intervention aims at increasing the knowledge, capacities and application of sustainable environmental and natural resource management policies, practices and technologies in the Kazbegi municipality. In the area of environmental protection, the special focus will be made on MSW, since municipal waste is one of the major pressures on all natural resources, and also, it hinders rural development (agriculture, tourism, etc.). In terms of natural resources management, the focus will be made on soft and hard measures that will remove/reduce anthropogenic and natural pressures on water, land, and biological resources.
RELEVANCE	The intervention will address key environmental (in particular, waste management and air pollution) and natural resource (water, land and biological resources, including forests) management issues and some of their critical underlying and root causes, identified through the rapid pressure-impact and problem tree analysis conducted under this municipal assessment. They are also listed as priorities in various national and local strategies and plans, such as NEAP, the rural development strategy, the agriculture development strategy, regional development strategy, the tourism development strategy, the local development strategy, the municipal solid waste management plan, and protected area management plan. Moreover, measures to be implemented under the given intervention were identified as priorities by local stakeholders, including LAG members during 2 consultations conducted under ENPARD 2 and ENPARD 3.
IMPLEMENTATION MODALITIES	National-wide environmental NGO/NGOs with strong experience in integrated natural resource management and grassroots network, cooperate with local NGO(s), municipality and LAG. Small-scale initiatives (small grants) should ensure co-funding from project proponents/grant recipients either cash or in-kind. Co-funding from any of following source will be allowed: state and local budget, private investment, NGO/SCO funding, international donor financing. The project can be implemented in cooperation with the UNDP/GEF small-grants program, ENPARD-3, as well as UNDP/GCF/SDC MHEWS project that will work with up to 100 vulnerable communities across the country on integrated natural resources management and CCA.
FACILITATING ARRANGEMENTS	Joint efforts of the MEPA, MRDI, Ministry of Economy and Sustainable Development, local municipality, LAG, community-based organizations/community incentive groups, other local NGOs and private sector will create a synergy to successfully implement the project.
SPECIFIC MEASURES FOR COVID-19	Not identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Along with local authorities and farmers, specific focus will be made on rural communities, school children and women
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries of the program are local communities, where pilot activities will be implemented, local municipality, farmers, KNP administration, and school children, and women. Indirect beneficiary is the general public.

DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u>                  Consultants to conduct field and desk studies and development of policy documents                  Meetings, consultations with local stakeholders                  Training, education information and promo materials                  Meetings and consultations with the local population                  Small grant financing for community initiatives                  Ecoawards</p> <p><u>Outputs and output targets:</u>                  1.1 Studies on natural resources conducted in the priority areas - at least 4 studies in water, land, forest and biodiversity management, including PA forest inventory and biodiversity monitoring                  1.2 Policy/planning frameworks developed in priority areas - at least 4 strategic/planning documents                  1.3 Local stakeholder consultations on priority interventions and other issues – at least 8 consultations                  1.4 Small-scale community environmental and natural resource management initiatives - at least 8 sustainable environment and integrated natural resources management initiatives to be implemented in all 6 administrative-territorial units, and KNP, etc.                  1.5 Awareness raising seminars for local communities and other stakeholders – at least 6 trainings.                  1.6 Ecoclubs/school children initiatives:                  at least 6 awareness raising seminars/trainings, consultations, meetings                  at least 4 on-the-ground environmental awareness actions (e.g., clean-up, greening, etc.)                  at least 4 research/education excursions                  at least 6 eco-awards for ecoclubs member and nonmember school children.</p>
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PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1.							100,000	National-wide NGO in a partnership with local NGO and in close cooperation with relevant national authorities, local municipality, LAG and local communities
1.2.							60,000	
1.3.							40,000	
1.4.							500,000	
1.5.							100,000	
1.6.							100,000	
Total:							900,000	

ACTION TITLE	P3-ENV02 – SUPPORT TO ENHANCEMENT OF COMMUNITY RESILIENCE TO CLIMATE-INDUCED NATURAL HAZARDS
RATIONALE	The intervention aims at enhancing local resilience to climate-induced natural hazards – mudflows, landslides, avalanches, flashflood and wild fires which are major natural pressures on natural and economic assets causing deterioration of local environment and livelihood and ultimately leading to increased rural poverty and hindered rural development. The intervention will focus on awareness raising and CCA/DRR prevention, preparedness and response capacity building of national authorities represented in the target municipality (KPA rangers), the local municipality and communities, including school children. This will be achieved through knowledge building (update of existing CC vulnerability and risk assessment study, creating disaster preparedness skills development, developing/expanding hydrometric, geological and agro-meteorological monitoring network and supporting design and implementation of CCA/DRR measures, such as rehabilitation/construction of stormwater drainage systems, river bank revetment structures, slope stabilization and erosion control measures, afforestation/reforestation, etc.
RELEVANCE	The intervention will address key CCA/DRR issues that are one of the key underlying and/or root causes for degradation of local environment, natural resources and economic assets. CCA/DRR as part of the climate action is one of the key priorities of NEAP, rural and agricultural development strategies, national DRR strategy and action plan, regional development strategy, local development strategy, draft Chorokhi-Adjaristskali river basin management plan. Moreover, CCA/DRR was identified as one of the top priorities by local stakeholders, including LAG members during ENPARD 2 and ENPARD 3 projects.
IMPLEMENTATION MODALITIES	National-wide environmental NGO in a partnership with local NGO(s) and close cooperation with National Environmental Agency/MEPA, NFA/MEPA, State Emergency Management Service/MoIA, local municipality, community-based organizations/local NGOs and LAG. The project can be implemented in a close cooperation with UNDP/GCF MHEWS project.
FACILITATING ARRANGEMENTS	Joint efforts of National and local NGOs, central government – MEPA, MRDI, Emergency Management Service/MoIA, local municipality, LAG and private sector will create synergy to successfully implement the project.
SPECIFIC MEASURES FOR COVID-19	Not identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Along with the government and local communities special focus will be made on schoolchildren and women.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries of the program are the local municipality, local communities, including the youth, farmers, MEPA, and schoolchildren. Indirect beneficiaries. The public at large.

<p>DESCRIPTION OF INPUTS AND OUTPUTS</p>	<p><u>Inputs:</u>                  Consultants to conduct CC vulnerability and disaster risk assessment study and develop policy recommendations                  Consultants to support development of disaster preparedness and response plan and CCA/DRR plan                  Meetings trainings, consultations with local stakeholders, including the youth                  Training, information and education materials                  Hydrometeorological, geo-hazard monitoring (inclinometers, Doppler/video surveylance equipment) and agrometeorological equipment                  Consultants to design and monitor implementation of structural and non-structural CCA/DRR measures                  Small grants for on-the-ground structural and non-structural CCA/DRR measures</p> <p><u>Outputs:</u>                  1.1 CC and vulnerability, hazard and risk mapping and assessment, including assessment for each community – 1 study                  1.2 CCA/DRR policy/planning documents – 1 CCA/DRR/resilience plan and 1 disaster preparedness and response plan                  1.3 Consultations with local stakeholders on CCA/DRR risks and priority interventions as well as on disaster preparedness and response – at least 4 consultations                  1.4 Awareness raising seminars and trainings of local stakeholders – at least 43 trainings/seminars:                  8 (including 6 administrative territorial-units, local municipality, KNP administration)                  6 in public schools/ecoclubs of each administrative territorial unit                  1.5 Purchase and installation of hydro-meteorological, geological equipment – 2 hydro-meteorological stations and 2 hydro-meteorological posts, inclinometers, doplers, etc.                  1.6 At least 6 on-the-ground CCA/DRR initiatives.</p>
<p>PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.</p>	



## P3 - (Environment) - Results Framework

Project Title: **Reducing environmental degradation through sustainable environmental management and enhanced community resilience to CC**

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p><b>Program Goal:</b> Improvement of quality of environment and natural resources and wellbeing in the municipality</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> <li>• State of the environment of natural resources in the municipality</li> <li>• Waterborne diseases</li> </ul>	<ul style="list-style-type: none"> <li>• State of the environment assessment of Kazbegi municipality</li> <li>• Geostat</li> <li>• NEA/MEPA</li> <li>• NCDC</li> <li>• Local municipality</li> <li>• LAG</li> <li>• Donor projects</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental sustainability remains one of the major strategic directions for national RDS LDS</li> <li>• Relevant environmental financing is available</li> </ul>
<p><b>Project Purpose:</b> Knowledge and capacity building and demonstrating sustainable natural resource management practices</p>	<ul style="list-style-type: none"> <li>• Increased access to safe drinking water, % coverage rate</li> <li>• Increased access to irrigation water, % coverage and ha under irrigation</li> <li>• Connection rate to sewerage systems, %</li> <li>• Losses in water supply systems, %</li> <li>• Losses in irrigation systems, %</li> <li>• Losses in sewerage systems, %</li> <li>• Untreated and treated wastewater discharges, %</li> <li>• MSW collection service coverage rate, %</li> <li>• Street cleaning coverage rate, %</li> <li>• # and area of illegal dumpsites, %</li> <li>• # of dumpsites cleaned, %</li> <li>• # of pilot source separation and recycling activities, including biowaste composting activities</li> <li>• Quantities of MSW streams recycled, tons per year</li> <li>• Surface water and soil quality of Kazbegi municipality meeting national and EU standards</li> <li>• Drinking water quality in urban and rural areas meeting national and EU standards</li> <li>• Total area of degraded lands, ha</li> <li>• Total area of degraded forests, ha</li> <li>• Total area under erosion control measures, ha</li> <li>• Total area under reforestation, afforestation and natural generation measures, ha</li> <li>• Total area of forests under forest protection measures (sanitary cutting, pest control measures, etc.)</li> <li>• Total area of floodplains restored, ha</li> <li>• Ecological status of surface and ground water bodies</li> <li>• Total area of ecosystems under special protection regime (e.g., being a part of Emerald system), ha</li> <li>• Presence of effective biodiversity and forest monitoring system (yes/no)</li> <li>• Presence of effective law enforcement system against poaching and illegal logging (yes/no)</li> <li>• Presence of policy and planning frameworks for pasture management (e.g., pasture management plan and norms)</li> <li>• Presence of reliable up-to-date data on biodiversity, forests, water and soils</li> <li>• Presence of effective law enforcement system against waste dumping and littering</li> </ul>	<ul style="list-style-type: none"> <li>• Project assessments and progress reports</li> <li>• Project evaluation</li> <li>• Geostat</li> <li>• NEA/MEPA</li> <li>• NCDC</li> <li>• Local municipality</li> <li>• Updated river basin plan, with field survey results</li> </ul>	<ul style="list-style-type: none"> <li>• MEPA, local municipality and LAG support the program</li> <li>• Financial resources, including matching funds are available, well-identified and effectively mobilized for program implementation</li> <li>• Target communities are willing and have adequate capacity for participation in the program</li> <li>• Multi-stakeholder coordination/cooperation mechanism is established and effective</li> </ul>

<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>Enhanced knowledge, capacities and application of sustainable environmental and natural resource management policies, practices and technologies</li> <li>Enhanced knowledge, capacities and application of CCA/DRR policies/practices</li> </ul>	<ul style="list-style-type: none"> <li># of studies conducted in the areas of environment and natural resources management CCA/DRR and RE&amp;EE</li> <li># of community-level sustainable environment and integrated natural resource management and CCA/DRR practices and/or technologies demonstrated</li> <li># of small-scale environmental infrastructure improved</li> <li># of awareness seminars and/or trainings for authorities and local communities on integrated natural resources management, MSW management, CCA/DRR and RE&amp;EE conducted</li> <li># youth initiatives supported</li> <li># of outreach and environmental advocacy campaigns conducted</li> <li># of policy/strategy documents developed</li> <li># and type of equipment purchased for relevant authorities</li> </ul>	<ul style="list-style-type: none"> <li>Project assessments and progress reports</li> <li>Project evaluation</li> <li>Stakeholder feedback</li> </ul>	<ul style="list-style-type: none"> <li>Local municipality and LAG actively participate in the program</li> <li>Local communities are interested and have capacities to participate in the program</li> <li>Local municipality and communities commit to sustain project results beyond the project</li> </ul>
<p><b>Inputs:</b> Activities envisaged by the proposed interventions:</p> <ul style="list-style-type: none"> <li>Policy/planning framework</li> <li>Studies/research</li> <li>Demonstration projects in the areas of sustainable natural resources management, CCA/DRR and RE&amp;EE practices</li> <li>Communities, farmers and school children environmental education and awareness raising activities</li> <li>Promotion and advocacy activities.</li> </ul>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>

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## LIST OF CONSULTED KEY STAKEHOLDERS

NAME	ORGANIZATION	POSITION
Shalva Kereselidze	Administration of State Representative-Governor in Mtskheta-Mtianeti Region	Representative/Governor
Rusudan Dzidzishvili	Administration of State Representative-Governor in Mtskheta-Mtianeti Region	Head of Service of Coordination of Local Authorities
Giorgi Koridze	Kazbegi Local Authorities	Mayor
Tazo Alibegashvili	Kazbegi Local Authorities	Deputy Mayor
Shorena Sujashvili	Kazbegi LAG	Member
Zdidzia Gomiashvili	Kazbegi LAG	Member
Nana Karelidze	Kazbegi LAG	Member
Natia Sabauri	Kazbegi LAG	Member
Nanuka Avsjanishvili	Kazbegi LAG	Member
Sophio Sabauri	Kazbegi LAG	Member
Shavlegi Sabauri	Kazbegi LAG	Member
Ketevan Sujashvili	Kazbegi LAG	Member

## TEAM OF EXPERTS

N	NAME	ROLE/THEME
1	Ana Katamidze	Desk Research and Infrastructure
2	Elene Rusetskaya	Gender Issues
3	George Berulava	Survey Data Analysis
4	Gia Kakachia	Social Issues
5	Maia Guntsadze	Data Collection, Rural-Urban Linkages
6	Mariam Shotadze	Environment
7	Nino Mirzikashvili	Health
8	Revaz Sakvarelidze	Labor Market, Vocational Education
9	Vakhtang Asanidze	Youth Issues
10	Tengiz Lomitashvili	Team Leader / Author of the Report / Economy and Multisector Development

## POTENTIAL SKILLS DEMAND-SUPPLY BALANCE

### Problems and Challenges

NECESSARY SKILLS	CURRENT SITUATION
<p>TOURISM</p> <ul style="list-style-type: none"> <li>• MANAGING OF TOURISTIC ZONES</li> <li>• MANAGEMENT SKILLS FOR FAMILY HOTELS</li> <li>• SKILLS FOR HOTEL SERVICES</li> <li>• COOKING SKILLS</li> <li>• HIKING GUIDE SKILLS</li> <li>• ALPINE GUIDE SKILLS</li> <li>• SKI GUIDE SKILLS</li> <li>• CULTURAL HERITAGE GUIDE SKILLS</li> <li>• ECOTOURISM GUIDE SKILLS</li> <li>• FOLK CRAFT SKILLS</li> </ul>	<p>NONE OF THE COLLEGES IN KAZBEGI MUNICIPALITY PROVIDE VOCATIONAL EDUCATION OR VOCATIONAL TRAINING / RETRAINING ACCORDING TO THE FOLLOWING TOPICS:</p> <ul style="list-style-type: none"> <li>• MANAGEMENT OF TOURISTIC ZONES</li> <li>• FAMILY HOTELS MANAGEMENT</li> <li>• ECOTOURISM GUIDE</li> </ul> <p>TSINAMDZGVRIANKARI COLLEGE DOES NOT HAVE RESOURCE (INCLUDING HUMAN RESOURCE) TO CONDUCT LOCAL COURSES INDEPENDENTLY ON THE FOLLOWING VOCATIONS:</p> <ul style="list-style-type: none"> <li>• CULTURAL HERITAGE GUIDE</li> <li>• HOTELS SERVICE</li> <li>• COOKER</li> </ul>
<p>BUSINESS</p> <ul style="list-style-type: none"> <li>• ENTREPRENEURIAL SKILLS AND KNOWLEDGE</li> <li>• AGRO BUSINESS MANAGEMENT SKILLS</li> </ul>	<p>APPROPRIATE BUSINESS SKILLS PROGRAMS ARE PARTIALLY COVERED BY THE KAZBEGI TRAINING CENTER OF TSINAMDZGVRIANKARI COLLEGE.</p>
<p>AGRICULTURE</p> <ul style="list-style-type: none"> <li>• ANIMAL BREEDING AND CARE OF SKILLS</li> <li>• VETERINARY SERVICE SKILLS</li> </ul>	<p>NONE OF THE COLLEGES HAVE SIMILAR PROGRAMS</p>
<p>INFRASTRUCTURE</p> <ul style="list-style-type: none"> <li>• WATER SUPPLY AND SEWAGE SYSTEMS JOBS IMPLEMENTATION SKILLS</li> <li>• PIPE WELDING SKILLS</li> <li>• HEAVY CONSTRUCTION EQUIPMENT OPERATOR</li> <li>• ELECTRICIAN SKILLS</li> </ul>	<p>NONE OF THE COLLEGES PROVIDE VOCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING ON THE FOLLOWING TOPICS:</p> <ul style="list-style-type: none"> <li>• WATER SUPPLY AND SEWAGE SYSTEM</li> <li>• WELDER</li> </ul>
<p>ENVIRONMENTAL PROTECTION</p> <ul style="list-style-type: none"> <li>• FOREST SUSTAINABLE RESOURCE MANAGEMENT SKILLS</li> <li>• PASTURE PROTECTION AND MANAGEMENT SKILLS</li> <li>• WASTE MANAGEMENT SKILLS</li> <li>• RESPONSIVENESS SKILLS IN EMERGENCIES</li> </ul>	<p>NONE OF THE COLLEGE IN KAZBEGI MUNICIPALITY PROVIDE VOCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING ON THE FOLLOWING TOPICS:</p> <ul style="list-style-type: none"> <li>• PASTURE PROTECTION AND MANAGEMENT</li> <li>• WASTE MANAGEMENT</li> <li>• RESPONDING TO EMERGENCY</li> </ul> <p>TSINAMDZGVRIANKARI COLLEGE PROVIDES THE “FORESTRY” PROGRAM IN TSINAMDZGVRIANKARI</p>






## Required Vocations and Readiness of The Vocational Education System

REQUIRED VOCATIONS	RELEVANT PROGRAMS	LEARNING ENVIRONMENT	HR	FORM OF VOCATIONAL TRAINING OR RETRAINING
<b>TOURISM</b>	1	2	3	4
Managing of touristic zones	Does not exist in none of colleges	Exists	Does not exist	Teaching - modular
Hotels service	Exists in Tsinamdzgviantikari college but does not exist on its training base	Exists	Exists	Teaching - dual
Family hotels Management	Does not exist	Exists	Does not exist	Vocational retraining
Cooker	Currently does not exist in none of colleges	Exists	Exists in Tsinamdzgviantikari college	Teaching - dual
Hiking guide	Exists in Adventure Tourism School	Exists	Exists	Teaching / Certificate Programs
Alpine guide	Exists in Adventure Tourism School	Exists	Exists	Teaching / Certificate Programs
Ski guide	Exists in Adventure Tourism School	Exists	Exists	Teaching / Certificate Programs
Cultural heritage guide	Currently does not exist in none of colleges	Exists sectoral program	Exists	Vocational retraining
Ecotourism guide	Does not exist	Exists	Does not exist	Vocational retraining
Folk craft	Exists	Exists	Exists	Vocational retraining
<b>BUSINESS</b>	1	2	3	4
Entrepreneurship	Partially exists in the branch of Tsinamdzgviantikari college	Exists	Exists	Vocational retraining
Agribusiness management	Partially exists in the branch of Tsinamdzgviantikari college	Exists	Exists	Vocational retraining
<b>AGRICULTURE</b>	1	2	3	4
Cattle-breeding	Does not exist	Does not exist	Does not exist	Teaching - dual
Veterinary	Does not exist	Does not exist	Does not exist	Teaching - dual
<b>CONSTRUCTION</b>	1	2	3	4
Water Supply and Sewage	Does not exist	Does not exist	Does not exist	Vocational retraining - dual
Welding	Does not exist	Does not exist	Does not exist	Teaching - modular
Electricity	Does not exist in college's branch	Exists	Exists	Teaching - modular
<b>ENVIRONMENTAL PROTECTION</b>	1	2	3	4
Pasture protection and management	Does not exist	Does not exist	Does not exist	Vocational retraining - dual
Pasture protection and management	Exists in both colleges	Does not exist	Does not exist	Vocational retraining - dual
Responding to emergencies	Exists	Does not exist	Does not exist	Vocational retraining - dual
Forestry	Exists	Exists	Exists in Tsinamdzgviantikari college	Teaching - modular

## Detailed Program of Proposed Trainings

POLICY INSTRUMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	DETAILED COMMENT	PROPOSED INTERVENTIONS
PREPARING THE WORKFORCE FOR THE TOURISM SECTOR			1. PREPARING THE WORKFORCE FOR THE TOURISM SECTOR
Touristic zone management Family hotel management		In addition to the Gudauri ski resort, Kazbegi offers tourists the lightest 5-meter peak of the glacier, St. Gergeti Trinity Cathedral. There is a possibility of creating many tourist places in the municipality - the potential for the implementation of various tourist interests: Hundreds of beautiful hiking trails in and around Kazbegi National Park. In order to keep tourists in the municipality longer, it is advisable to improve the quality of certain infrastructure and the services, and effective management of family hotels.	1.1.1. Training of teachers for Stepantsminda training base 1.1.2. Develop a vocational training program 1.1.3. Implementation of training courses
Hotel Service Cooker		In the municipality, there is an increased demand on the personnel with professional skills, and hosting providers (Hotels, Café-Bars and Restaurants). However, most adults either do not have access to education outside the municipality, or do not consider vocational education and employment in this sector as suitable activities for them, which, on the one hand, creates a shortage of labor in the local labor market and increases the number of persons unemployed.	1.0.1. Creating a learning environment at the Stepantsminda training base. 1.0.2. Training of teachers for Stepantsminda training base 1.0.3. Implement vocational training courses 1.0.4. Carrying out dual training with state funding
Hiking, Alpine and Ski Guide;		The presence of certified guides in these specialties is very important for the development of winter and summer mountain tourism. These vocations have a fairly high potential for employment, including in the country's winter resorts. In Georgia, there is only one vocational school, the Gudauri Adventure Tourism School, which trains students in this profession.	1.3.1. Conducting training and certification courses at the Adventure Tourism School
Cultural Heritage Guide Ecotourism Guide		It is very important to create a single information base of cultural heritage in the Kazbegi municipality, aim to synchronize cultural heritage sites and marked tourist trails with navigation systems. The municipality has the opportunity to develop and promote agro-tourism products, transform abandoned villages into cultural-ethnic complexes.	1.1.1. Training of teachers for Stepantsminda training base 1.1.2. Developing Vocational retraining programs 1.1.3. Implementation of training courses
Folk craft		Creation of tourism products (organize festivals, establish souvenir factories, organize ethno exhibitions and the production process) based on rich ethno and folk craftsmanship traditions (for example, wool processing, etc.)	1.5.1. Implementation of training courses
Preparing a workforce for the Business sector			2. Workforce growth program in Business sector



Entrepreneurship (Business Planning, Management, Marketing)		It is advisable to introduce entrepreneurship training for young people, which will be attended by young people from Kazbegi. It is necessary to create a pilot module tailored to the informal teaching for one hundred students and develop methodological guide for instructors. The module will be based on innovative and modern approaches to entrepreneurship teaching - Business Model canvas, design thinking, which is considered to be the best way to teach young people.	2.1.1. Develop a learning module 2.1.2. Develop a methodological guide for trainers 2.1.3. Conducting training courses for young people by the invited trainer on the basis of Kazbegi branch of the college
Preparing a workforce for the Construction sector			3. Workforce growth program in Construction sector
Water supply and sewerage		Appropriate qualified labor force for mentioned vocations will be very important during implementing large-scale infrastructural projects in Kazbegi	3.1.1. Teachers training 3.1.2. Implement vocational training courses
Welding			
Preparing a workforce for the Environmental Protection sector			4. Workforce growth program in Environmental Protection sector
Pasture protection and management		The Municipality is a land-starved and while the population does not have information about the possibilities of agricultural development, and most of the pastures are inaccessible to them. The culture of pasture protection and management is at a very low level.	4.1. Teachers training 4.2. Implementation of training courses
Waste Management			

## Social Programs

### PROGRAMS FINANCED/PLANED FROM LOCAL MUNICIPALITY BUDGET IN 2019/2020

ACTIVITY	DESCRIPTION	2019 BUDGET (GEL)	2019 BENEFICIARIES	2020 BUDGET	2020 BENEFICIARIES-PLANNED
one time cash benefit for children	For first new burners 200 GEL, for second 300 GEL, for third 400 GEL, for fourth 500 GEL, for fifth and following new burners - 1000 GEL	25 562	65	32 500	45
one time cash benefit for families with children	150 GEL per child per year for families with many children	10 600	26	18 500	35
one time cash benefit for elderly	250 GEL for elderly aged 85 and more	10 000	40	12 000	48
one time cash benefit for students	Students who registered in Kazbegi municipality	67 880	27	92 000	50
cash benefit to persons who involved in dialysis programmes	Cash benefit for transportation or accommodations persons who involved in dialysis program 200GEL per month	8 000	5	12 000	6
one time cash benefit for pwd	Financial support for blinds -150GEL, for mobility limitations -200GEL	1 900	8	3 800	15

Source: Local Municipality.

## METHODOLOGY OF SSA/LOCATION QUOTIENT

Identifying the sectors which have explicit comparative advantages in the municipality, as well as relative specialization of the municipality is a complex analytical work and requires statistical analysis of the business sector at present and in the past. Instruments of Shift-Share Analysis (indicating the growth of the sector contributing to the region-specific factors) and Location Quotient (indicating to the relative sector specialization of the municipality) were used for this purpose. The data from Revenue Service related to salary income tax paid was used as a close proxy to the employment, the latest being the main variable used in such analysis.

**The Basic Model.** A shift-share analysis, shows which part of regional economic growth is conditioned by the growth in national, industrial or regional component. In particular, the analysis breaks up the change over time in employment variable (income or any other variable of interest) into three components: the national growth component; the industry-mix component; and regional growth component. The first two components are considered as the share portion of the model, while the latter one is regarded as the competitive or differential-shift component. The differential-shift component reflects the attractiveness and competitive advantages of the region.

The following set of equation can be used for for the estimation of the shift share model (Edwards, 2007):

$$d_{ij} = E_{ij1} - E_{ij0} \quad (1)$$

$$d_{ij} = g_{ij} + m_{ij} + c_{ij} \quad (2)$$

$$g_{ij} = E_{ij0} * r_B \quad (3)$$

$$m_{ij} = E_{ij0} * (r_{iB} - r_B) \quad (4)$$

$$c_{ij} = E_{ij0} * (r_{ij} - r_{iB}) \quad (5)$$

$$r_B = \frac{(E_{B1} - E_{B0})}{E_{B0}} \quad (6)$$

$$r_{iB} = \frac{(E_{iB1} - E_{iB0})}{E_{iB0}} \quad (7)$$

$$r_{ij} = \frac{(E_{ij1} - E_{ij0})}{E_{ij0}} \quad (8)$$

Where,

$d_{ij}$  - is the regional change in employment of industry i in region j;

$E_{ij1}$  - is the number of employees in industry i within region j in the new period;

$E_{ij0}$  - is the number of employees in industry i within region j in the time 0;

$g_{ij}$  - is a national growth component;

$m_{ij}$  - is a industry-mix component;

$c_{ij}$  - is a competitive effect component;

$r_B$  - is the overall growth rate of the country;

$E_{B0}$  - is the total number of employees in the country during period 0;

$E_{B1}$  - is the total number of employees in the country during period 1;

$r_{iB}$  - is the overall growth rate of industry i in the country;

$E_{iB0}$  - is the total number of employees of industry i in the country during period 0;

$E_{iB1}$  - is the total number of employees of industry i in the country during period 1;

$r_{ij}$  - is the overall growth rate of industry i within region j;

**Esteban-Marquillas Extension.** An important extension to the shift-share analysis was proposed by Esteban-Marquillas (1972). One problem with conventional shift-share analysis is that it doesn't factor in that the competitive effect is actually a combination of the concentration of regional employment by industry and the growth rate of that industry. This extension corrects the problem by calculating "homothetic employment." Homothetic employment is the level of employment that sector i of region j would be expected to have if this region had the same structure as the nation or state. Using homothetic employment allows to connect the shift-share analysis with the location quotient method and substantially improves the reliability of

this model. Within this extension the competitive effect is redefined by adding the fourth component—the allocation effect ( $a_{ij}$ ). Thus, the redefined competitive effect is formulated as follows:

$$c'_{ij} = E'_{ij0} * (r_{ij} - r_{iB}) \quad (9)$$

where  $E'_{ij0}$  is homothetic employment:

$$E'_{ij0} = E_j * (E_{iB}/E_B) \quad (10)$$

The allocation efficiency is calculated by the following equation:

$$a_{ij} = (E_{ij0} - E'_{ij0}) * (r_{ij} - r_{iB}) \quad (11)$$

where the first term on right-hand is the **specialization effect**, while the second represents a measure of **comparative advantage**.

This equation provides four possible combinations of specialization and comparative advantage, which imply different policy prescriptions. A positive allocation effect takes place, where the specialization effect and the comparative advantage are either both positive or both negative, signifies an efficient distribution of resources by market forces. This will exist if either the region is specialized and has a comparative advantage or if it is not specialized and does not have a comparative advantage. A positive distribution effect suggests that the market is working efficiently without outside intervention. A negative distribution effect suggests an incorrect industry mix for the region. This will happen if a region is specialized but does not have a comparative advantage or if the region is not specialized but does have comparative advantage. The incorrect industry mix suggests that perhaps the market is not working efficiently and a further study is necessary to determine how best to remedy the problem. The policy options are summarized in the table below.

#### ALLOCATION EFFECT AND POLICY INTERVENTIONS

		Comparative Advantage	
		Positive	Negative
Specialization	Positive	The industry is sound, and intervention is unnecessary.	Intervention may be useful but further study is required.
	Negative	Intervention may be useful but a further study is required.	The sustainability of intervention is questionable. The industry cannot efficiently expand.

This analysis will facilitate identification of the industries where a particular region has competitive advantages over the whole economy. Also, the analysis will show the causes of the growth or decline in the regional employment.

## DETAILED GEOLOGY OF KAZBEGI MUNICIPALITY

The oldest rocks in Tergi gorge are represented with Paleolithic (330 million years) granites of Gveleti and Dariali. Sedimentary rocks are mainly of Early, Middle and Upper Jurassic period, starting with Kistink Series (layer or stratum) that transgressively lay over Dariali and Gveleti granites and are represented with small-grained grey quartzite, sand rocks, siltstones and black phyllite (a variety of metamorphic rock). Often dolerite dykes (5-6 m) cut the strata. The thickness of Kistink Series is 1,500 m. It gradually transforms into Tsiklauri Series that is represented with silk-like sparkling dark Aspid schist with quartz-like sand rock and tuff lenses from place to place. Dolerite dykes (5-6 m) cut the layer. The thickness of the layer is 2,500 m. Kistink and Tsiklauri layers belong to Sinemalic-Plinsbakhic layers. The Tsiklauri Series is followed by the Kazbegi Series, represented with dark grey clay shale and grey quartz-like sand rock. They often alternate and give the layer stripy look. Quartz veins and pyrite cubic crystals as well as dolerite dykes are frequently observed here. The thickness of Kazbegi Series is 1,500 m. It is followed by Ghudushauri Series, represented by dark grey/black clay shale. Sometimes small-grained grey sand rocks intermediate layers occur. The thickness of the given Series is 1,500-1,700 m. Ghudushauri Series is followed by Shevardeni Series, represented by dark

grey shale and sand rocks. The thickness is 200 - 400 m. Kazbegi, Gudushauri and Shevardeni Series belong to Toarsik-Alenic layers. Shevardeni Series is followed by Byrsachiri Series, represented by black clay shale and sand rocks. Pyrite and siderite concretions are also observed here. The thickness of the stratum is 1,000 – 3,000 m and belongs to Buyosic-Bathik system Bursachiri layer is followed by clay-shale layer. It is under the upper Juristic carbonate flysch. It is represented with grey marl and small-grained carbonate sand rock. Sometimes limestone is observed. The thickness is 600 m. Clay-shale stratum is followed by Kasara Series, dark grey shale with black marl. Sometimes grey limestone and black clay shale is met. The thickness of the stratum is 500 m. Shale – sand rock and Kasara layers belong to Kaloviar and Oxford systems. The following is the Kimerijic Dumatskho layer, represented by pseudo-oolite, oolite and sand rock limestone, conglomerate middle layers. The thickness of the layer is 150 – 200 m. Dumatskho Series is followed by lower limestone layer, represented by homogenous dark grey sandy limestone and shale marl, often pyrite concretions are met. The power is 350-400 m. The layer belongs to Tonian period.

Quaternary (recent) sediments dominate in the river gorges. Alluvial, proluvial and deluvial sediments are widely spread here. Alluvial sediments in Tergi gorge make four terraces. In high mountainous places Alluvial sediments are aggregated with fluvioglacial lake-glacier and morenic forms. In Kazbegi and Kheli volcanic regions there are quaternary period volcanic eruption products of different ages: lava outflow, pyroclastic accumulations, andesite-dacite and andesite-basalt. There are many dead volcanoes in the region, among them are: Mkhinartsveri (5,047 m) – the best-known is Caucasus. It has a complicated structure. It was developing more than one million years, from late Pliocene to Holocene. Its central part is the caldera situated from the west to the east. There is an upheaval of the central two peak cone on it, constructed with dacite lava. Mkhinartsveri volcano has three craters, from where the outflows took place in different periods. At present volcano is not active. Tkharsheti (3,431 m) is located at the left bank of the Tergi River and is represented with threefold dome of Holocene age. In Tergi ravine Andesite period lava streams of 7 km length are presented. At present volcano is not active. Khabarjina (3140 m) – is located at the right bank of the river Tergi. It has a complicated structure of middle and upper Pleistocene andesite-dacite strato-volcano. The main peak is at 900 m height. Volcano is deformed with young breaks. Volcano is not active. There are also some young volcanoes on the main ridge, at the north-west and northeast of Jvari pass. Among them is Small Kharisari located at the north-west and represents a volcanic cone with crater.

In the region from the north to the south following complex tectonic elements are met: anticline of lateral ridge, syncline of Bejintini, anticline of main ridge and Chiauri (Gudamakhari zone) syncline. In structure of lateral ridge anticline an important role plays compressed isoclinic wrinkles. They are inclined at the south and complicated with frequent breaks. The breaks have a regional character are observed in the core. Dykes and ledges are related to it. In anticline core Gveleti and Dariali granites and gneiss are striped. They have tectonic contact with Kistinka and Tsiklauri layers at the north and south. At the village Tsdo strong break is observed, where Plinsbackhi layer lays on Tuarsik one and is called Adaikom-Kazbegi break. II. Bejineti syncline is represented with strong shale layers from Kazbegi and Gudushauri layers. At the south of syncline, near the village Sioni, Ameli break is located. Here Kazbegi layer lays on Gudushauri layer. III. The main ridge anticline represents the narrow stripe of early and middle Juristic metamorphic-terrigenous rocks. At the north side Bejinta syncline and at the south – Thruso break borders it. At this place anticline is lowering significantly. IV. Chiauri (Gudamakhari zone) syncline is characterized with asymmetric and overturned wrinkles with small breaks. The geological development history of the region we can consider as the following: In early and middle Juristic periods the geo-syncline pit was located here. It was filling with sandy and clay sediments. Movement inducing formation of wrinkles and partial upheaval of the territory is related to the prekalovial phase of wrinkling that caused the appearance of underwater upheavals and chain of islands in the central part of the pit and formation of two independent pits at the north and south. Evidently dolerite dykes are related to this wrinkling phase. From the beginning of Malm till late Eocene platform sediments were accumulated in the north pit, and flysch sediments – in the south pit. The main wrinkling of the south pit took place at the end of Eocene. From the beginning of Oligocene upheaval of divided pits started and the land was united. But the high mountainous relief was not formed yet. During the late orogenesis (the most recent phase) the central shifting/shears became significantly frequent and a high mountainous relief was formed. Volcanic activities were expressed in multiple volcanic eruptions and multiple glaciations.