



ევროკავშირი
საქართველოსთვის

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MUNICIPAL ASSESSMENT REPORT

KHULO



August 2020



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LIST OF ACRONYMS

ASL.....	Above Sea Level
ARDA	Agriculture And Rural Development Agency
ADA.....	Austrian Development Agency
A/R	Authonomous Republic
CCRG.....	Caritas Czech Republic in Georgia
CCRG.....	Caritas Czech Republic in Georgia
CENN	Caucasus Environmental NGO Network
CEO.....	Chief Esxecutive Officer
CB.....	Child Benefit
CRD.....	Chronic Respiratory Diseases
CSOs	Civil Society Organizations
CC.....	Climate Change
CCA	Climate Change Adaptation
CBO.....	Community-Bases Ogranizations
C&DW.....	Consruction and Demolition Waste
COVID-19	Corona Virus Pandemic
DMO	Destination Management Organization
DDR	Disaster Risk Management
DWSS.....	Drinking Water Supply Systems
EPF.....	Europe Foundation
GE Coucil.....	Gender Equility Cuoncil
GITA	Georgian Innovation Technology Agency
GEL	Georgian Lari
GNTA	Georgian National Tourism Agency
HA.....	Hectrares
HCV	Hepatitis C virus
HIV/AIDS	Human Immunodeficiency Virus Infection And Acquired Immune Deficiency Syndrome
HPP	Hydro Power Plant
IT.....	Informaiton Technology
IDPs	Internally Displaced Persons
IUCN.....	International Union for Conservation of Nature
kWh	Kilovatt- Hour
KV/MW/GW	Kilowatt/Megawatt/Gigawatt
LEPL	Legal Entity of Public Law
LLC.....	Limited Liability Company
L/d	Liter Per Day
LAG	Local Action Group
MEPA.....	Ministry of Enviromental Protection and Agriculture
MSW	Municipal Solid Waste
MAR.....	Municipality Assessment Report
NCDC.....	National Center for Deasease Control
NEAP	National Environmental Action Plan
NEA.....	National Environmental Agency
NFA	National Forestry Agency
NGOs	Non-governmental Organizations
NEET	Not in Employment, Education or Training
PWD.....	People with Distabilities
PHC	Priomary Helathcare
RE&EE.....	Renevable Energy and Energy Efficiency
RS	Revenue Service (of Georgia)
SSA	Shift Share Analysis
SSA	Social Service Agency

SDGs	Sustainable Development Goals
SLM.....	Sustainable Land Management
TSA.....	Targeted Social Assistance
TOR.....	Terms of Referneces
CEDAW	The Committee on the Elimination of Discrimination against Women
DCFTA	The Deep and Comprehenive Free Trade Agreement
IRDG	The EU Funded (ENPARD III) Project “Improving Rural Development in Georgia” (UNDP)
M4EG.....	The EU initiative - Mayors for Economic Growth
ENPARD	The European Neighbourhood Programme for Agriculture and Rural Development
EU	The European Union
GoG.....	The Government of Georgia
MoH/MoLHSA.....	The Ministry Minister of IDPs From The Occupied Territories/labour/ Health/Aocial Af-fairs of Georgia
OECD	The Organisation for Economic Co-operation and Development
UNIDO.....	The United National Industrial Development Organization
UNICEF.....	The United Nations Children’s Fund
UNDP	The United Nations Development Program
FAO	The United Nations Food and Agricultr Organization
USAID	The United States Agency for International Development
USD.....	The United States Dollar
UHC	The Universal Healthcare Program
WHO	The Wolrd Hralth Organization
TNC.....	Third National Communication to UNFCCC
TB	Tuberculosis
UNFCCC	United Nations Framework Convention on Climate Change
VET	Vocational Education
WGI.....	Waste Generation Index
WWTP.....	Wastewater Treatment Plant
WASH	Water, Sanitation and Hygiene
WR	Women’s Room
WWF	World Wildlife Fund
YB	Youth Bank

1 Introduction

Project Background

Methodology And Approach

Organization of the Document

Symbols And Indexing Used In The Report

1. Introduction

Project Background

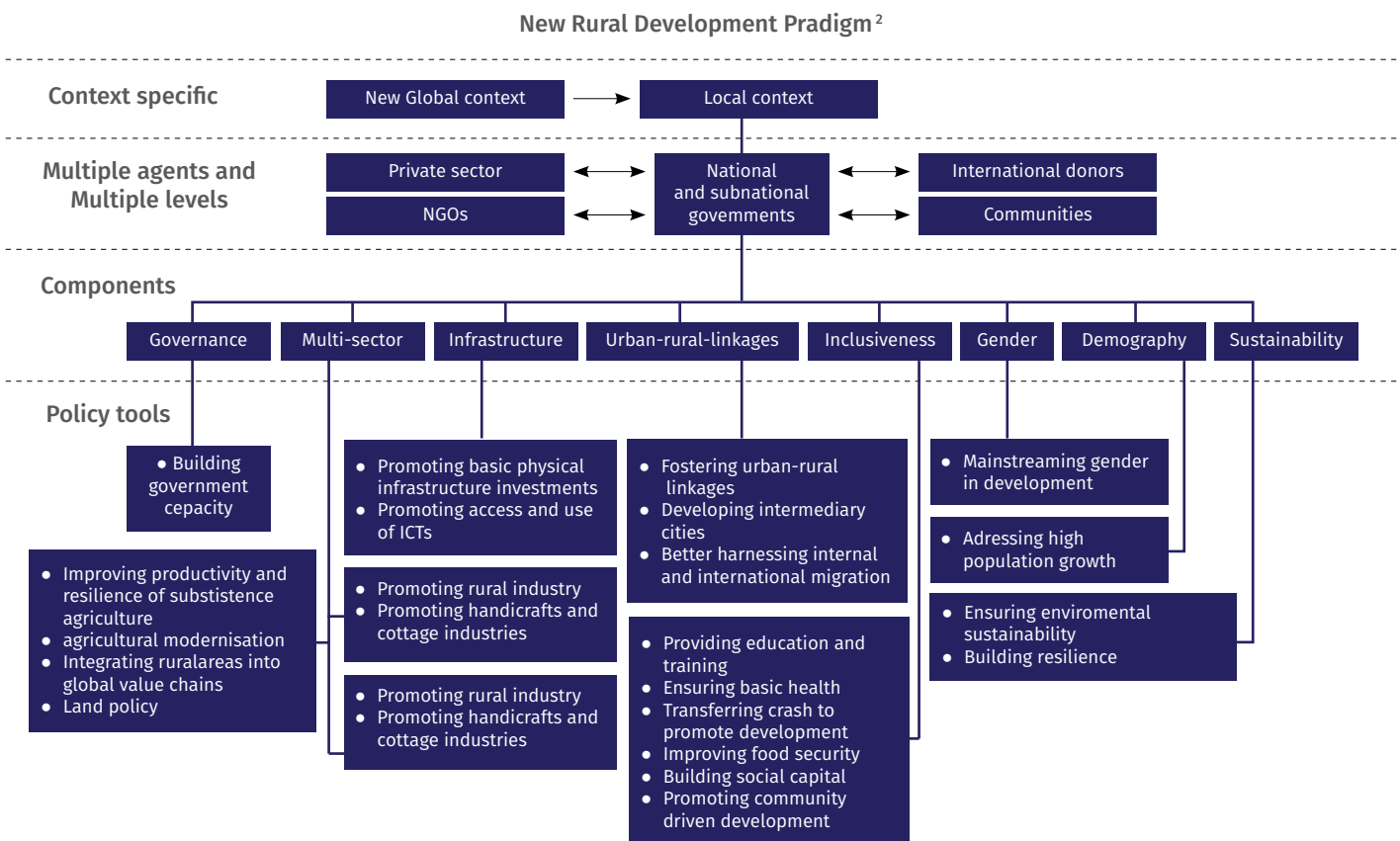
This Municipal Assessment Report (MAR, Report) is an initiative of the EU financed and UNDP implemented project “Improving Rural Development in Georgia” (IRDG). IRDG project operates in 8 municipalities of Georgia (Lagodekhi, Dedoplistskaro, Tetritskaro, Borjomi, Akhalkalaki, Kazbegi, Keda and Khulo). The project addresses the challenges of rural areas in Georgia by taking actions to achieve: (1) Improved governance for effective implementation of the Rural Development Strategy (2017-2020), it’s Action Plan and related programmes; (2) Improved rural economic diversification, employment and services; (3) Improved environment, sustainable management of natural resources and climate action.

The objective of the MARs is to identify the most relevant activities for the provision of direct rural support services by the IRDG project in target 8 municipalities and equip IRDG project with additional knowledge to advance/amend existing interventions.

Methodology And Approach

The distinguishing features of this MAR are: its conceptual approach, multi-thematic team of experts and comprehensive research and analytic methods used to assess the municipalities across all dimensions of important for rural development.

Conceptual Approach. The substantive part of the content draws upon the logic and framework, proposed by Rural Policy 3.0 and the New Rural Development Paradigm, defined by OECD.¹



Source: OECD, 2016.

1. 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.

2. 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 thinking, based on the recent experience and important shifts in rural economic development. The paradigm, in a nutshell, can be summarised into the following: a) an end in itself is to maximize the well-being of the population of the rural areas, which comprises of 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 come up with the policy interventions, suitable and recommended by OECD for each area/component of the rural life, as seen by the paradigm. Other individual analytic tools and instruments are applied during the analysis of individual components.

Multidisciplinary Team of Experts. The Report was developed by the multidisciplinary team of experts, specialized in different themes of rural development conditioned by the overall conceptual approach and basic important thematic priorities. These included experts in local economic development, healthcare, social affairs, vocation education and labour 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 information.

The desk study included collecting and reviewing existing reports about the target municipalities and their relevant contexts. This also included collecting the existing information 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 detailed extent possible at the municipality levels.

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

On top of this, 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 people consulted is provided in Annex of this report.

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

ORGANIZATION OF THE DOCUMENT







This Report consists of several Chapters. Chapter 1 – Introduction is this part. Chapter 2 - General Context provides the 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 includes analysis of the current situation as well as identifying the key problems through problem tree framework and the considerations summary of the possible interventions. Chapter 7 is Annex, which includes the detailed description of the each identified interventions, along with the corresponding results framework. other relevant materials which did not end up in the main body part of the Report.

3. 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, as well as their relevant interventions. To make navigating through the report easy, for simplicity purposes conditional formatting as well as specific numbering or indexing system is used to identify interventions according to their priority areas (i.e. Economy, Society, Environment) as well as their specific theme within the priority (e.g., Economy, Youth Issues and so forth). 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 would indicate that this particular intervention 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

Natural Resources

Density Profile of The Municipality

2. GENERAL CONTEXT

LOCATION AND GEOGRAPHY

Khulo municipality is located in south-west Georgia, in Adjara A/R. It borders with Turkey on the South, Shvakhevi municipality on the West, the Ozurgeti municipality on the Northwest, the Chokhatauri municipality on the North and the Adigeni municipality on the East. Total area of the municipality is 710 sq.km. Distance from Khulo town: to Batumi is 88 km (2 hours drive) and to Akhaltsikhe 82 km (3 hours' drive). The average annual temperature ranges between 10.1 to 14.3 C⁰, and the annual precipitation reaches between 1,300 mm. (lower areas) and 2,400 mm. (in higher areas).

MAP OF THE MUNICIPALITY



Source: Source: UNDP.

Municipality has administrative center in Khulo town, and 13 communities and 85 villages. The territory of the municipality is mountainous with mean elevation of 920 m above the sea level. Khulo is composed of mount-forest and mount-meadow soils. Mostly deciduous and coniferous trees and plants are common in Khulo. There are 25 cultural monuments in the municipality.⁴

POPULATION, DEMOGRAPHY

Khulo municipality has 26,300 residents - almost 0% decrease since 2008.⁵ Population density is 51 person/km² that is lower than national average - 67 person/km². 96.5% live in the villages. 18% of population receive state pensions⁶ and 30.1% of population receive Targeted Social Assistance (TSA).

Migration. Until the last few years, one of the main problems of Khulo municipality was population outflow. For instance, according to the general census in 2014, the population of Khulo municipality has decreased by almost 10,000 inhabitants compared to 2002. This was due to the disproportionate development of the Adjara region, which was reflected in the concentration of the main economic resources in the coastal zone of Adjara during these years, which led to the fact that its mountainous zone began to receive less attention. All this has led to an increase in unemployment and outbound migration both within the country and abroad. The neighboring Turkey became very important for these people. Due to the difficult social situation in the region, thousands of residents work seasonally in the eastern Turkish provinces. According to the survey, among all other target municipalities, the highest proportions of households with a migrant family-member is in Khulo (24.1%). The main destination places of migration are foreign countries and towns.

4. Lagodekhi Local Development Strategy 2016-2020

5. Geostat, 2020

6. Lower than on national level (21% of population receive pensions in Georgia (excluding self-governing cities, 2019); Source: Social Service Agency

Khulo has the highest proportions of households across targeted municipalities, which family-members migrate to another village/settlement within the same municipality (4.1%), the municipal center of the same municipality (7.1%), town (14.1%) and Tbilisi (3.1%). The proportion of income migrants is 15% of households in Khulo municipality have a family member, which migrated for the reason of receiving of services.⁷

Along with scarce incomes, very low access to higher and vocational education is the reason for migration. However, in recent years (2015-2020) the population has increased to 26,300 by 2020. The main explanation of this is the enactment of the Law on Mountain Development as well as the implementation of infrastructure and agrarian projects and the growth of tourism. Besides, in 2019 the Khulo branch of the College “New Wave” was launched. At the same time, in recent years, the government of Adjara has been financing higher education fees for 250 residents of high-mountainous Adjara per year, which generates positive expectations among the population of mountain villages.

Demography Profile by Gender

According to the census 2014, population distribution in terms of gender is approximately equal in Khulo municipality. 50,2% of the total population of Khulo municipality are women and 49,8% are men. 95,7% of the population lives in rural areas and 4,3% in urban areas. 46,3% population who live in the urban settlement, are men and 53.7% are women. In the rural settlement 49.9% men and 50.1.6% woman. According to the 2019 data from Geostat, 67% of retirees are women 33% men. 57% recipients of a state supplement are women. 31.9% residents of Khulo municipality receive monthly state compensation. Of these, 48% are men and 52% a woman. The migration rate is 11.5% of the total population. 38% of migrants are women and 62% are men.

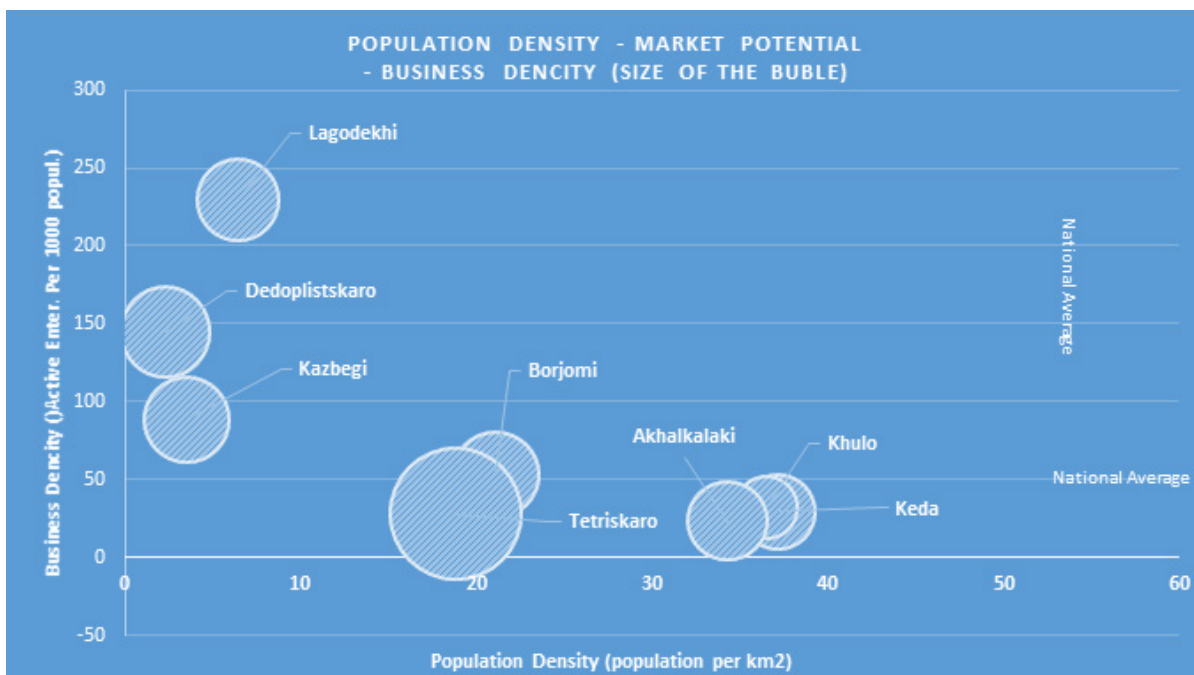
NATURAL RESOURCES

Khulo is rich in various mineral resources (construction and paving stones, petrified wood stock) and mineral waters (Khikhadziri, Danisparauli, Saani, Dioknisi). Few lakes and waterfalls can be found here, such as Green Lake located at 2,040 m. above the sea level.

DENSITY PROFILE OF THE MUNICIPALITY

The analysis of the density indicators of the municipality shows that Khulo belongs to the relatively high population density and relatively low business density municipalities, with low market potential (distance to major agglomerations).⁸

DENSITY AND MARKET POTENTIAL PROFILE OF THE MUNICIPALITY



Source: Authors' Calculations.

According to the profile, policy response should also be aimed more at facilitating creating new enterprises as well as facilitating rural-urban linkages.

7. Population Survey on Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

8. Defined later in this report in the Rural-Urban Linkages chapter

3 PRIORITY 1 (P1)

Economy And Multi Sector Development

Regional Context

Overview of General Structure of Business Sector

Labor Market

Short-Term (COVID19- driven) Needs

Youth Dimension of Local Economy

Gender Dimension of Local Economy

Key Conclusions

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 identifying the key problems through problem tree framework and the considerations summary of the possible interventions.

According to OECD, in case of remote rural areas (to which this municipality belong), growth comes from building upon areas of absolute and comparative advantage, improving connectivity to export markets, matching skills to 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.⁹ Hence, the major objective of this Chapter is to reveal the areas where productivity and competitiveness of the sectors of economy have been performing well or underperforming, compared to other sectors, other regions and municipalities from our target group. The Chapter also provides findings about the necessities of the local economy and non-farm business sector.

REGIONAL CONTEXT

Several studies have been accomplished recently related to the clusters in the regions, including this region. For Ajara, various value chains have been explored before in the region such as: Blueberry/ Hazelnuts/ Fresh Fruit / Fruit Juice / Fresh Vegetable/ Processed Vegetable/ Root Vegetables/ Wine. The regional development strategy identified several priority sectors (both in agriculture, as well as in non-agriculture sectors).

STRATEGIC SECTORS FOR THE REGION BY LOCAL GOVERNMENT

PRIMARY AGRICULTURE/AGRO PROCESSING	MANUFACTURING
<ul style="list-style-type: none"> • Distribution of High Productive And Resistant Crop Varieties • Livestock Farming • Organic Farming 	<ul style="list-style-type: none"> • Energy Sector: Development of Small Hydro Power Plants; Development of Renewable Energy Sources (Biomass) • Tourism Sector And Tourism-related Production.

Source: Adjara Regional Development Plan 2014-2021.

Besides, the study by UNIDO identified several potential or emerging clusters in the region.

IDENTIFIED EXISTING AND EMERGING CLUSTERS IN THE REGION¹⁰

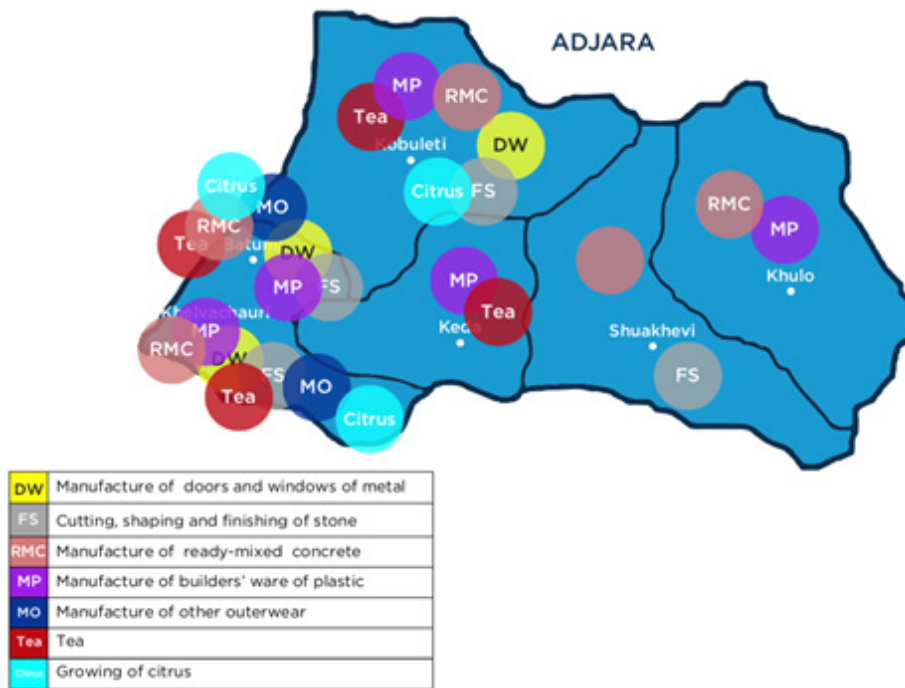
PRIMARY AGRICULTURE/AGRO PROCESSING	MANUFACTURING
<ul style="list-style-type: none"> • Citrus 	<ul style="list-style-type: none"> • Manufacture of doors and windows of metal • Cutting, shaping and finishing of stone • Manufacture of ready-mixed concrete • Manufacture of builders' ware of plastic • Manufacture of other outerwear • Processing of tea and coffee

Source: UNIDO, 2020.

9. Rural Policy 3.0 – OECD Policy Note

10. Mapping Emerging and Potential Clusters in Georgia, UNIDO, 2020

THE MAP OF IDENTIFIED EXISTING AND EMERGING CLUSTERS IN THE REGION¹¹



Source: UNIDO, 2020.

There are only two identified non-farm industry clusters in the region, which are represented in Khulo municipality as well. These are Manufacturing of ready-mixed concrete and Manufacturing of builders' ware of plastic.

OVERVIEW OF GENERAL STRUCTURE OF BUSINESS SECTOR

The database of enterprise statistics is not well-organized in Georgia. 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 908 active enterprises registered in the municipality. About 27% of them operate outside the municipality and the place of actual operation is not known for 40% of the enterprises.¹² In terms of the size, 98,2% of the enterprises are small. There are 1 large and 8 medium-sized companies.

ACTIVE ENTERPRISES IN THE MUNICIPALITY

Actual Address	Small	Medium	Large	Size Unkown	Grand Total	% of Total
Khulo	291	3	1	2	297	33%
Outside Khulo	246	1	0	1	248	27%
Unknown	355	3	0	5	363	40%
Grand Total	892	7	1	8	908	100%
% of Total	98.2%	0.8%	0.1%	0.9%	100.0%	100%

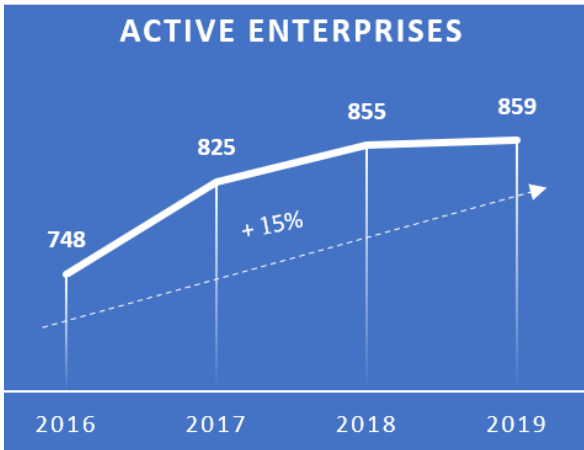
Source: Geostat.

According to Revenue Service – an alternative source, by 2019, there are 859 active registered taxpaying enterprises in the municipality and the number has been growing in the past four years. It has increased from 748 enterprises in 2016 by about 15%.

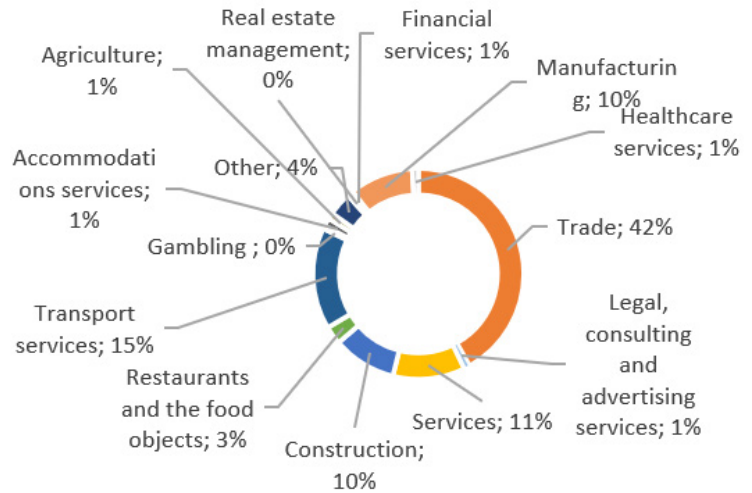
11. Mapping Emerging and Potential Clusters in Georgia, UNIDO, 2020

12. According to the Ministry of Economy and Finance of the Autonomous Republic of Adjara, in 2017, 236 business entities worked in the municipality of Khulo.

DYNAMICS AND SECTORAL BREAKDOWN OF ACTIVE ENTERPRISES IN THE MUNICIPALITY



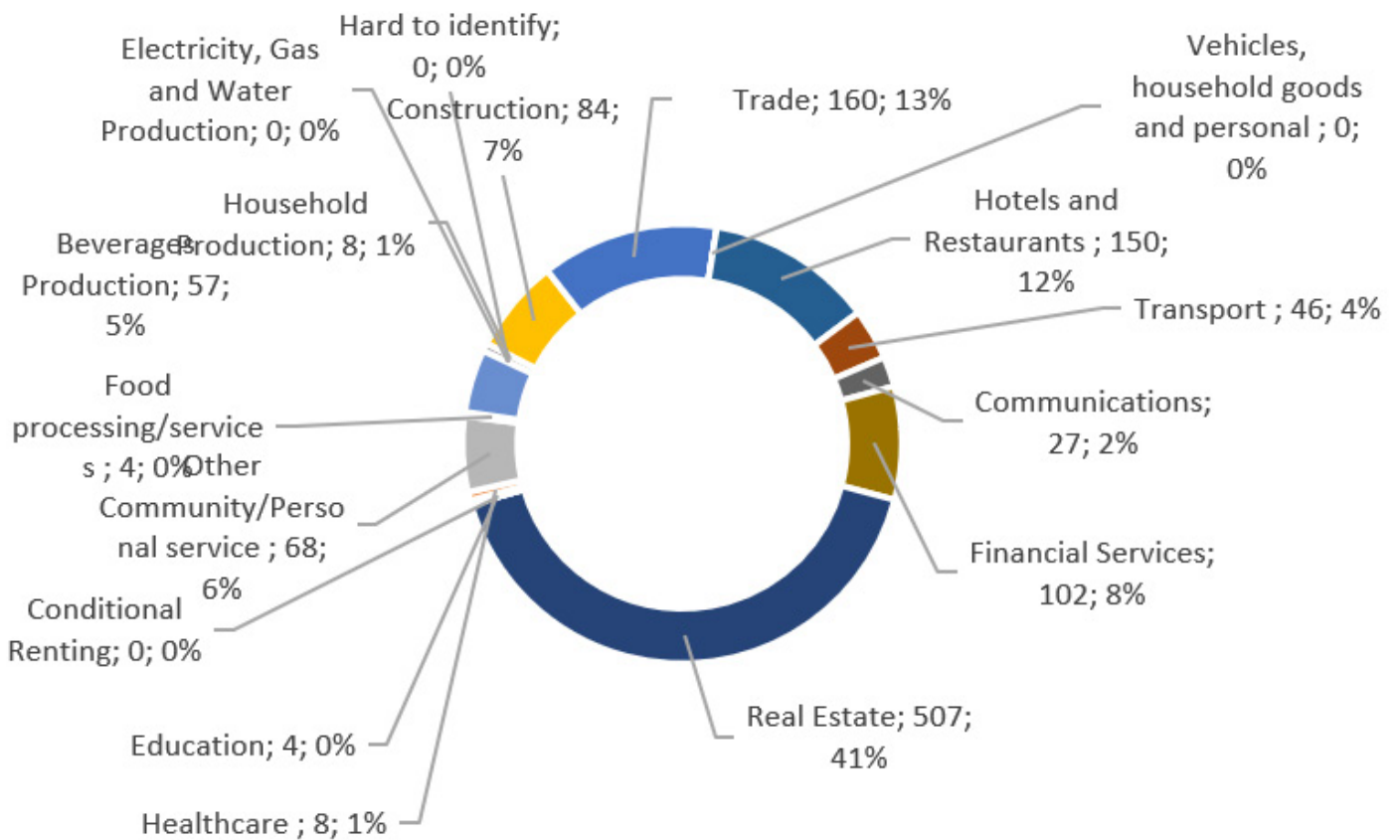
Source: Revenue Service.



Big majority of the registered enterprises are in Trade (42%), followed by Transport Services (15%).

In terms of employment, the leading sectors are Real Estate (41%), Hotels and Restaurants (12%) Trade (13%), Mining (20%), Other Community/Personal Services (14%), Household Production (9%) and Transport (9%).¹³

EMPLOYMENT IN BUSINESS SECTOR IN MUNICIPALITY¹⁴

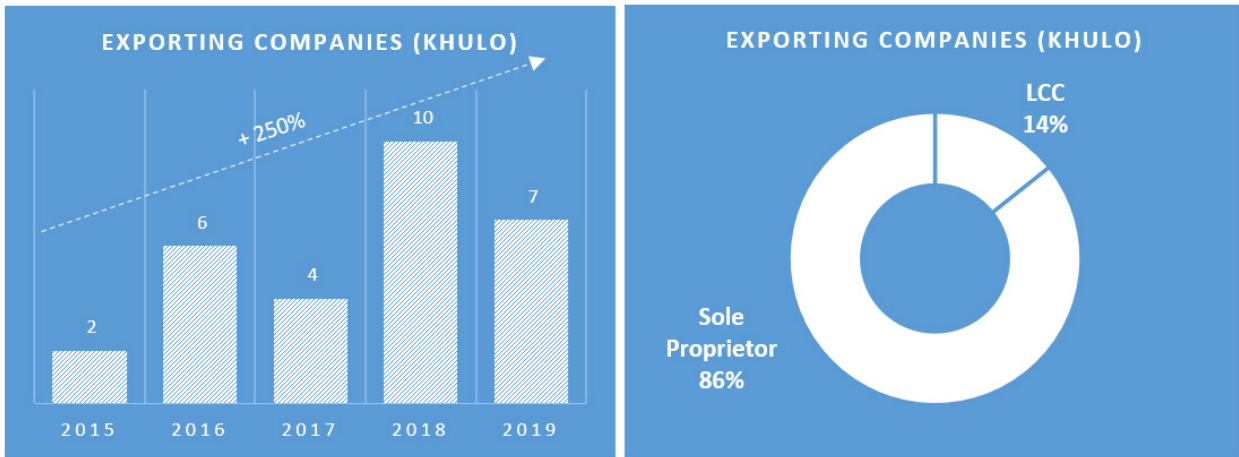


Source: UNDP.

Developing tradable sectors of economy is one of the major ways to get the municipality out of poverty. By 2019, 31 companies which were registered in the municipality exported their products. Most of them (86%) are small Sole Proprietors. Although percentage growth of the number of exporting companies was remarkable, in absolute numbers this was a minor increase.

13. Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019.
 14. Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019.

EXPORTING COMPANIES IN THE MUNICIPALITY



Source: Geostat.

Key Sectors

Having greater economic diversification in mind, despite past efforts, and despite the number of registered businesses, the dominant sector of economy is smallholder farming. 96% of the population is engaged in agriculture and development of this sector is very important for the municipality.¹⁵ Outside agriculture, rural tourism is the only sector which is identified as a key priority for enhancing the potential. The passage below provides summary of key highlights of these sectors.

Agriculture. Smallholder farming is the key characteristics of the profile of the agriculture sectors in the municipality. Most of the farmers in Khulo have agriculture land plot of the size range of 0.5-1 ha. Average land size cultivated in Khulo is 0.19 ha.¹⁶ The area of agricultural land located within the administrative borders of the municipality is 21 696 hectares, from which pastures account for 69%. Production of one-year crops is a common practice in the communities of Khulo municipality. For instance, in 2017, 96% of total crops produced were potatoes (89.4%) and corn (6.6%). The area of land with perennial crops particularly in the form of gardens is 69.8 ha. The average area of land with perennial crops per household is 0.06 ha. These include hazelnuts, walnuts, cranberries and kiwi. Livestock production is one of the oldest and traditional agricultural activities in Khulo municipality. Number of livestock was 40,589, out of which 99% is bovine cattle. The remaining 1% accounts mainly for poultry, sheep and goats. 29% of households are involved livestock production, but most of them run small farms, the size of which is usually from 2 to 6 heads. There are no households owning relatively large number of cattle (more than 35). Other less common agricultural sectors are fishing and beekeeping.¹⁷

According to the local LAG, among the key challenges are land registration issues, absence of suitable agricultural land for pastures as well as irrigation issues.

Manufacturing. Manufacturing sector is one of the less developed sectors in Khulo municipality. Only one food manufacturing company (milk processing and cheese production factory) is operating in Dioknisi community - Naturaluri Produktsia LLC is the first and only cheese factory in upper Ajara producing Imeruli cheese and Sulguni cheese currently at the largest scale in Georgia. The enterprise, with the total daily capacity of 6 tons employs about 25 people and sources milk from more than 300 farmers. The factory is part of the family enterprise “Tzesari LLC” and sells its cheese in the Batumi agrarian market, to major hotels (e.g. Hilton, Sheraton, Radisson).

A notable event was establishing a light manufacturing factory in the municipality (textile production), which was mainly driven by the new tax incentives introduced by the Mountain Law, as well as by the existence of relatively cheap labor force. However, at present the factory does not operate and its prospects are not clear. Worth mentioning is a small enterprise of wool production, which was financed by the local LAG, producing souvenirs. Although interesting, absence of local inputs would make operation of this enterprise challenging.

Other Non-farm Sectors. The largest non-farm sector is the Adjaristskali “Skhalthesi” HPP project, which was developed in 2016, with 72.7 million USD of total private investment. Khulo municipality accounted for 38% of total investment in energy sector in Adjara A/R in 2016. Other non-farm entrepreneurship in Khulo municipality is mostly concen-

15. Khulo Local Development Strategy 2018-2012

16. Khulo Local Development Strategy 2018-2012, based on FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

17. Khulo Local Development Strategy 2018-2012, based on Ministry of Agriculture of Adjara A/R

trated in administrative center - town Khulo. In town Khulo two branches of major banks and micro-finance institutions are represented (e.g. TBC Bank, Bank of Georgia, Liberty Bank, Credo, Lasika Capital, etc.). Other types of enterprises, that operate mainly in Khulo town include mainly: cafes and small restaurants, barber shops, groceries, various home supply shops, pharmacies, appliances repair services, car wash and car repair service, etc.

Tourism. Tourism is one of the most clearly identified non-farm directions for the municipality with high development potential. The key identified resources for tourism development are the natural heritage and ethnography. Key resorts include Goderdzi Mountain Ski Resort, Town Khulo and village Tagi, Ghorjomi valley, Kihani valley, Beshumi Resort. Other key attractions include: Green and Black Lakes, Botanic Garden.

Of these, Goderdzi resort has been a key focus for the Autonomous Republic of Adjara, in terms of large infrastructural projects as well as attracting large private investments. As a result of the spatial land-use masterplan, installment of several ski lifts and other targeted efforts, there are number of large international brand hotels being developed with large employment potential. With high quality of snow and slopes, this resort can become an international level attraction for the entire region. Provided below in the table are the key identified challenges and needs of the tourism sector.

KEY CHALLENGE	RATIONALE
ABSENCE OF DETAILED KNOWLEDGE OF TOURISM RESOURCES AND ATTRACTIONS, ESPECIALLY IN THE MOUNTAINOUS REGIONS	According to the Tourism Department of the Autonomous Republic of Adjara, the fundamental issue of the tourism system related to the target municipality is that the tourism resources and their potential are not well researched. E.g., natural attractions such as buried tropical forests as well as Black Lake within the boundaries of Khulo municipality requires more efforts.
ABSENCE OF THE FORMALIZED TOURISM PRODUCTS (E.G., CAMPSITES, THEMED EXPERIENCES, ROCK-CLIMBING), OFFERED BY THE SMALL COMPANIES	Absence of formalized tourist experiences leads to the fact that tourist cannot spend money in the municipality and significant potential and income is lost. For instance, absence of local cuisine standards also undermines the potential of the Adjarian rural gastronomic tourism.
LOW ENGAGEMENT OF CERTAIN COMMUNITIES IN RURAL TOURISM	Villages such as Gorjomi community has maintained a very authentic image and also has a potential of providing horse experience, since most of the families have horses. However, the community is reluctant and does not welcome guests, resulting in significant underutilization of the authentic rural tourism potential.
LOW LEVEL OF KNOWLEDGE AND SKILLS OF THE SMALL-SCALE ENTERPRISES	While upgrading their accommodation for touristic purposes, residents often damage overall aesthetics and authenticity of the accommodation. Absence of common and systemic approach to upgrading the accommodation stock may run the risk of damaging the authenticity of the destination. Providing overall guidelines on renovating the property would solve this issue.
LANGUAGE SKILLS	Other major issue is lack of language skills. However, recent efforts in language skill development have been very successful and intensively attended by the owners of the tourism enterprises.
GENERAL HOSPITALITY SKILLS	Overall, the residents need to broaden their knowledge on how to arrange the guest experience to the required standards for their accommodation. Visiting other developed rural destinations would greatly solve this issue.

Source: Conversations with Local Key Stakeholders.

According to the local key stakeholders, direct effect of the COVID-19 was not significant, since the pandemic did not coincide with the touristic season. However, compliance costs to new rules, both direct (spending money on additional infrastructure) and indirect (unearned income due to the distance limitation for guests within the facility) could be significant.

Mapping of Projects and Initiatives Supporting Local Economy

For years already, the Ministry of Agriculture of Adjara Autonomous Republic carries out initiatives, which support agriculture, namely, programs in renewal of the species, education and consultations and technical assistance. Few years ago, with the support of the former Cooperative Development Agency and financial assistance from the ENPARD program, 14 agricultural cooperatives were established in the municipality.¹⁸ Unfortunately, most of the cooperatives are inactive at present.

In 2019 Khulo signed up to the EU initiative - Mayors for Economic Growth (M4EG), which was set in operation in 2017 within the Eastern Partnership framework. The M4EG Secretariat is the main executive body in charge of implemen-

18. Keda, Shuakhevi and Khulo Local Economic Development Plan 2020-2021, Mayors for Economic Growth, 2019

tation. The objective of the programme is to support municipalities of the Eastern Partnership countries to become active facilitators for economic growth and job creation at the local level.¹⁹ Several interesting initiatives were implemented within the framework of this project, including developing a joint document - Keda, Shuakhevi and Khulo Local Economic Development Plan 2020-2021.

In 2017, within the ENPARD Programme, a new rural development project - Promotion of Rural Development and Diversification was launched in Khulo. The project is implemented by Caritas Czech Republic in Georgia (CCRG) and CENN and aims at improving employment and living conditions in Khulo through diversification of rural economy.

In 2018 Khulo Local Action Group (LAG) was established. Since then LAG financed up to 70 different initiatives and projects from local residents, of which a big majority was in off-farm activities and rural tourism sectors.

THE PROJECTS FINANCES THROUGH LAG

SECTORS	NUMBER OF PROJECTS
AGRICULTURE	15
CULTURE, HEALTH, SPORT, EDUCATION AND YOUTH	6
ENVIRONMENTAL PROTECTION AND SUSTAINABLE RESOURCE MANAGEMENT	1
OFF-FARM ACTIVITIES	26
RURAL TOURISM	18
SOCIAL AND COMMUNAL INFRASTRUCTURE	1
TOTAL	67

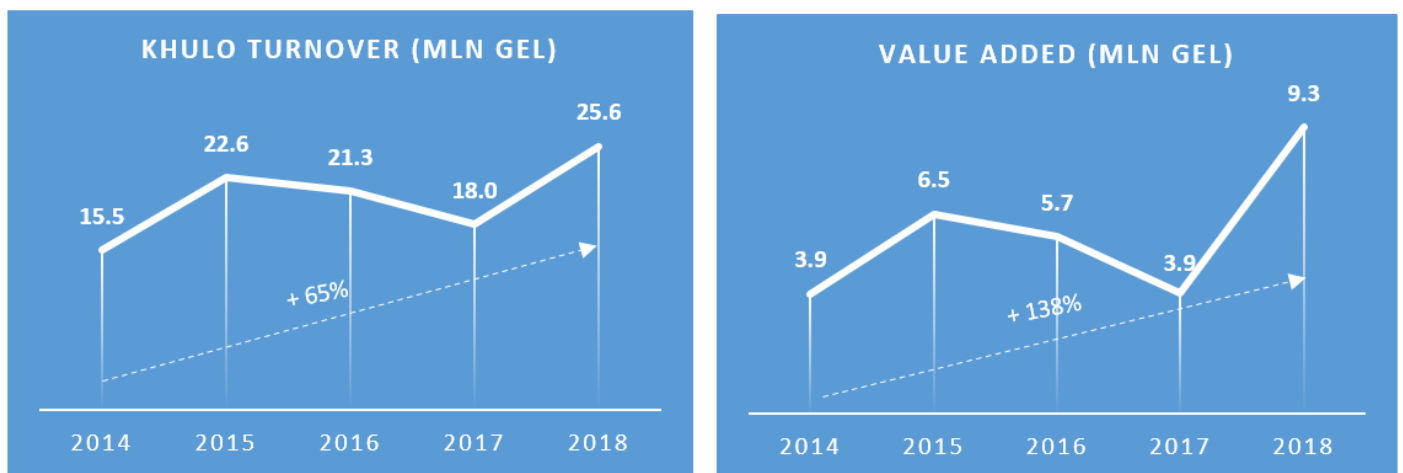
Source: Lagodekhi LAG.

It is noteworthy that among the projects financed through Young Entrepreneur program in all target municipalities (total 23) from 2018 through 2020, none of the projects were financed from Khulo, which is a considerable disadvantage for the municipality. Similarly, the share of Khulo enterprises in the agricultural-related projects financed by ARDA (such as Preferential Agro-credit and Crop Insurance) is also miserable.²⁰

INSIGHTS INTO SECTOR DYNAMICS AND COMPETITIVENESS

Business sector turnover has increased from 15.5 million GEL in 2014 to 25.6 million GEL in 2018. Excluding 2017, value added has been increasing and tripped in size during the four years and there is some correlation between the two variables (turnover and value added).

BUSINESS SECTOR TURNOVER AND VALUE ADDED IN THE MUNICIPALITY

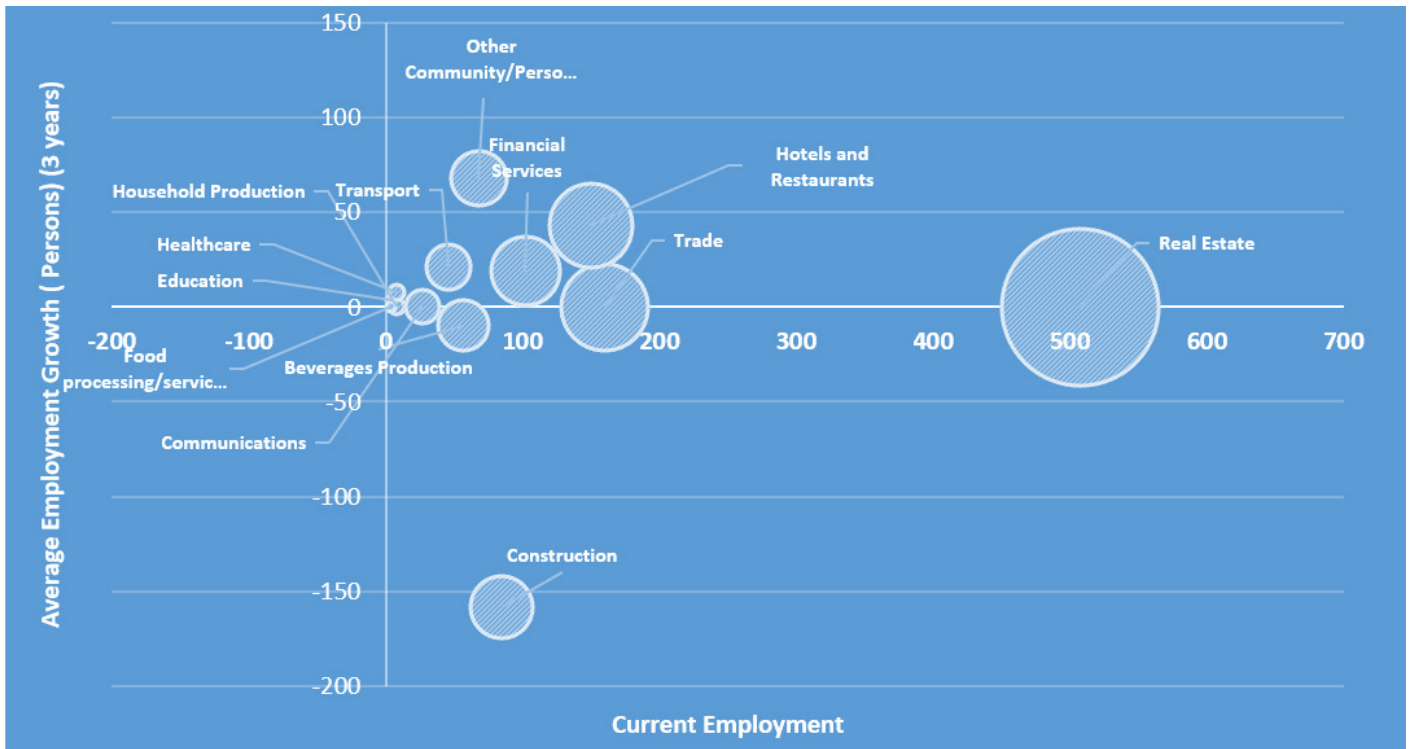


Source: Geostat.

Community Services and Hotels & Restaurants Services sectors were the ones in the municipality, which created jobs during the past three years. Construction sector has seen clear decline in employment, most probably the effect of ending the construction works on HPPs. In most of the other sectors, job creation was sluggish, as was their overall employment capacity.

19. www.m4eg.eu
 20. ARDA

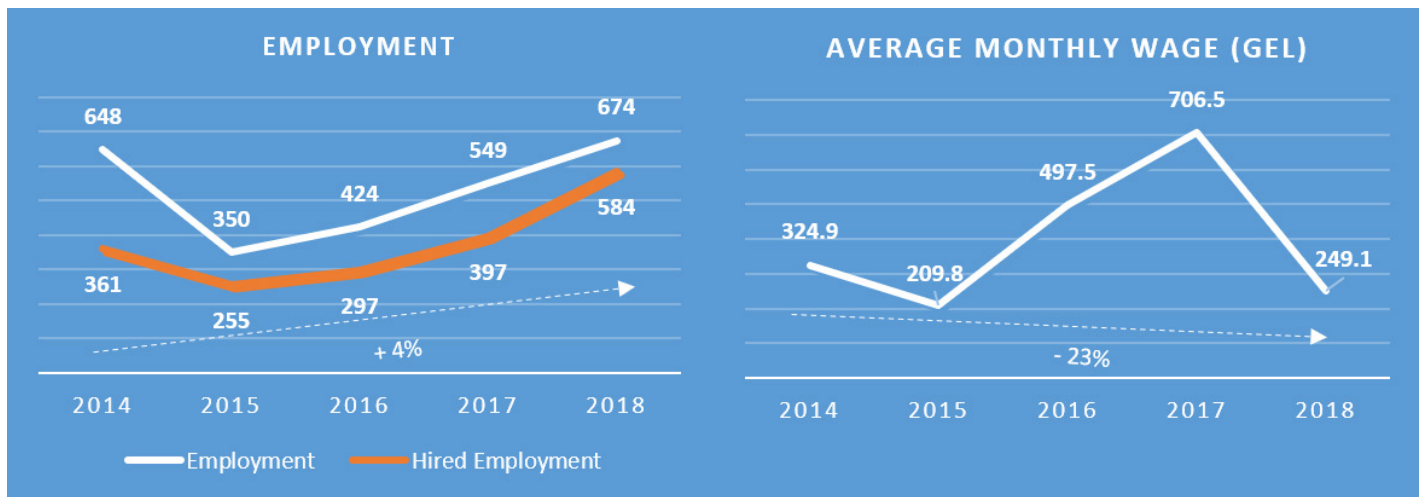
SECTORS WITH HIGH EMPLOYMENT POTENTIAL IN BUSINESS SECTOR IN MUNICIPALITY



Source: Analysis of The Business Survey.

The employment in the municipality has moved up and down from 2014 through 2018 and reached up to 675 people (up by 4%) in 2018 (with 584 hired employment). In terms of average wage of the hired employees, the number has been going up and down and currently stands at about 250 GEL/month (down by 23%).

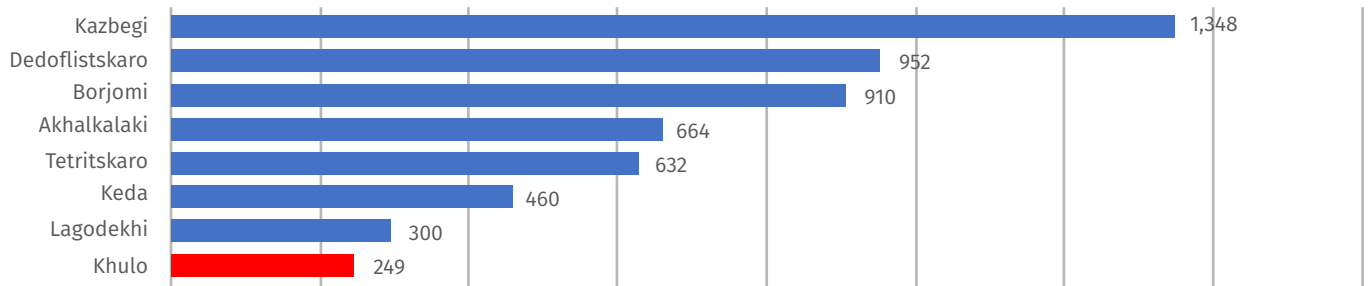
EMPLOYMENT AND HIRED EMPLOYMENT



Source: Geostat.

With its average monthly wage, the municipality underperforms and ranks at the bottom all of the target municipalities.

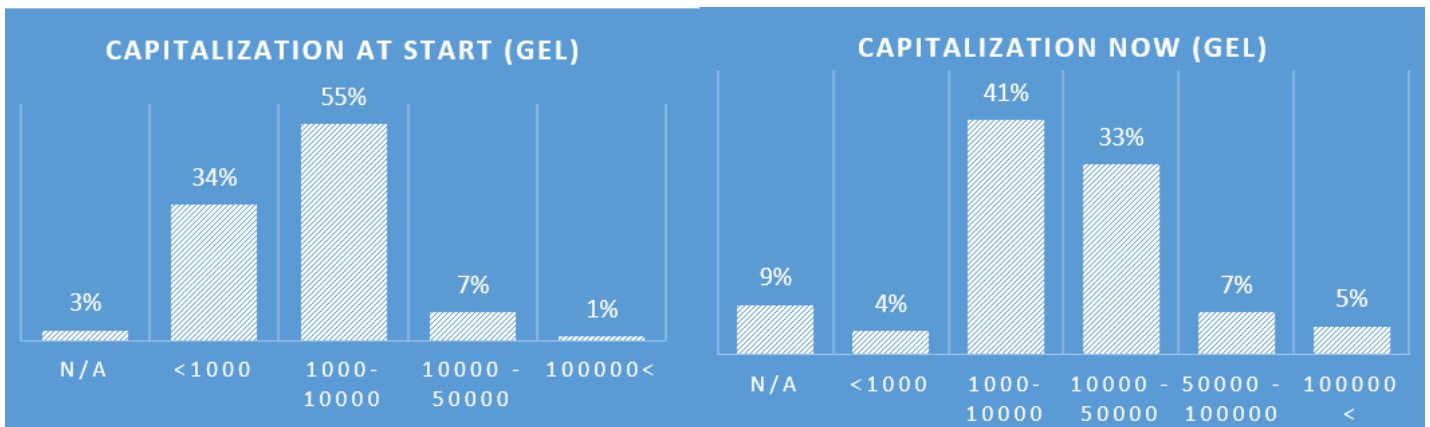
AVERAGE MONTHLY WAGE OF HIRED EMPLOYMENT



Source: Geostat.

Capitalization of businesses in the municipality grew during the past few years. The portion of the businesses whose equity capital is above 100,000 GEL is about 5%, compared to 1% at the start (3 years ago).

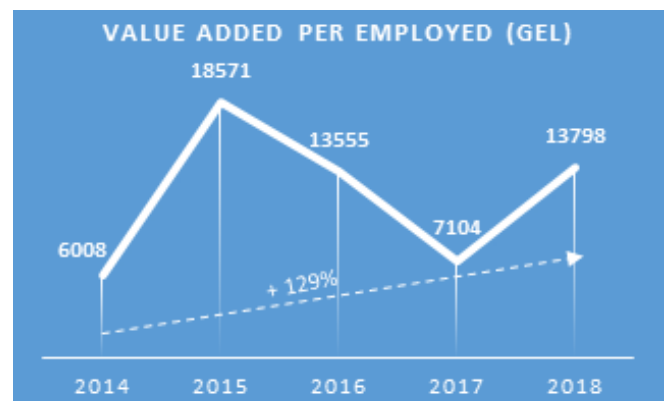
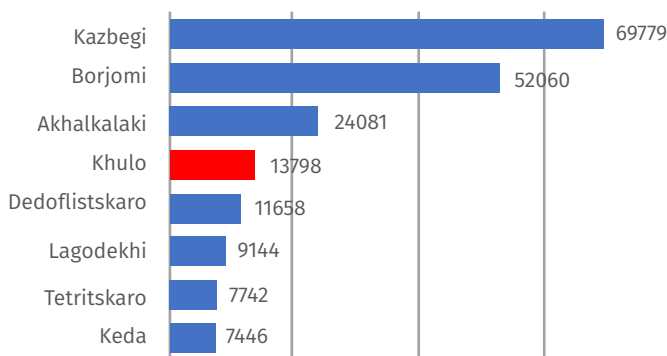
CAPITALIZATION GROWTH OF ENTERPRISES IN THE MUNICIPALITY²¹



Source: Analysis of Business Survey.

The municipality underperforms in terms of productivity (measured by value added per employed person). From 2014 productivity in the municipality has been up and down, reaching 13,798 GEL by 2018 (doubling in size). Overall, it remains a quarter of the level of the leading municipality (Kazbegi) among targeted ones.

BUSINESS SECTOR PRODUCTIVITY IN THE MUNICIPALITY



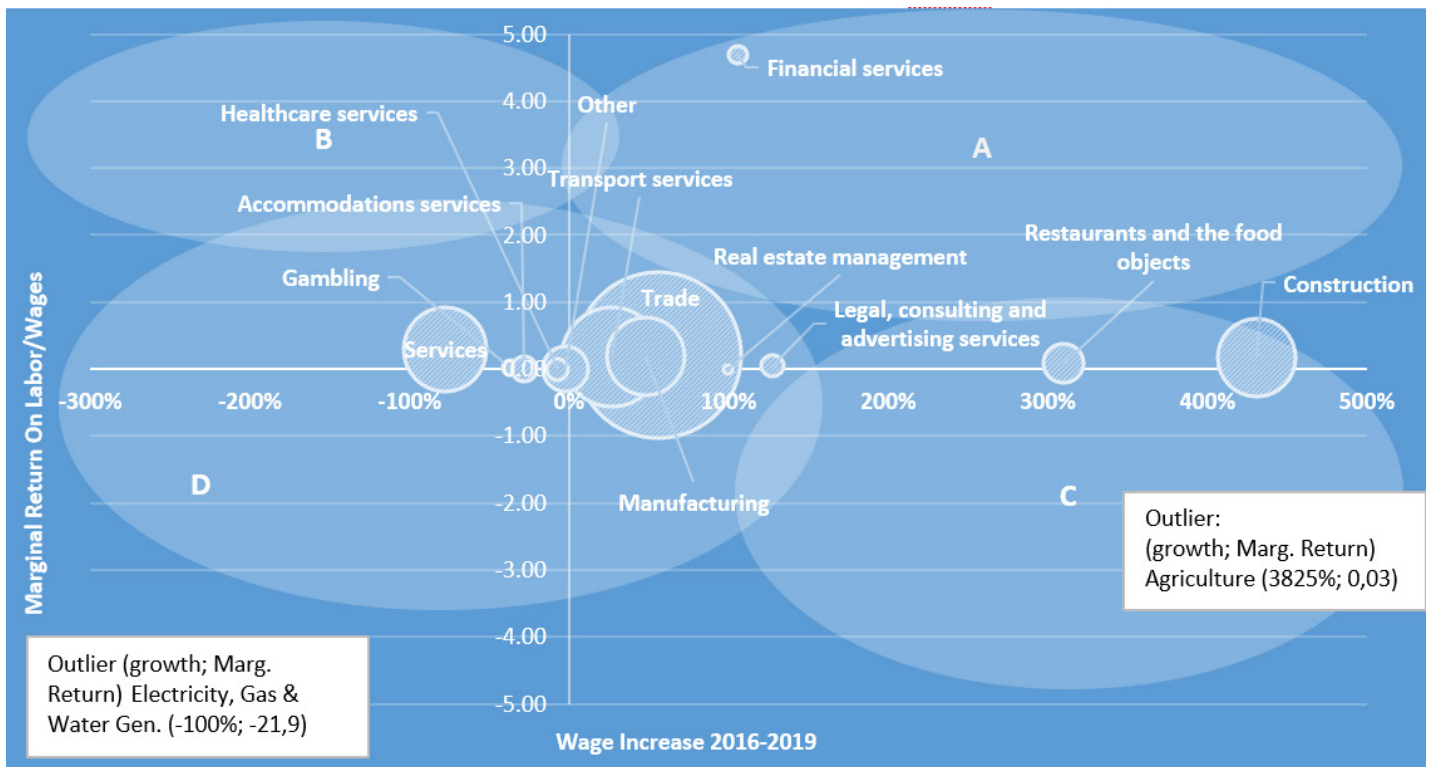
Source: Geostat.

Analysis of growth in wages paid and marginal return on labor provides useful insights about the sectors which contributed to more employment (wages paid) recently within the municipality and the ones which are capable of more employment because of the marginal return on labor is high. The Chart below plots the growth of wages paid by different sectors (measured by paid income tax, through 2016-2019 period) against marginal return on labor (measured by the average value of profit tax paid in GEL per income tax paid in GEL, average during the 2016-2019 period).

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 as well as are distinguished by the relatively high marginal return (thus the capacity to employ); B) the ones with less than average growth in wages but relatively high marginal labor return; C) the ones with high growth of wages but low return, D) the ones with less than average indicators.

21. Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

MARGINAL RETURN ON LABOR IN BUSINESS SECTOR IN THE MUNICIPALITY²⁴



Source: Authors' Analysis Based on Revenue Service Data.

The analysis shows that the biggest sector of the local economy – Trade is in Group D, with local level of marginal labor return as well as relatively low increases (or decreases) in wages in the recent years. Group A includes Financial Services. Agriculture, Construction and Restaurants sectors showed notable growth in wages, but their marginal return is low (Group C). Group B is empty.

According to the business survey, median productivity (measured by turnover per employee) in the municipality is below 2,800 GEL and the mean productivity is 8,890 GEL.²²

Resource misallocation measured by the dispersion of productivity within individual industries was identified by the World Bank as a key issue preventing the maximizing the 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.²³

Policies should be aimed at reallocating the resources to maximize output, by reverting employment from low to high – productivity sectors and also from low to high productivity firms within each industry. Higher levels of output in the municipality could be obtained by shifting workers from the unproductive enterprises and sectors to more productive ones, until their levels of employment are consistent with their productivity differentials or until the marginal product of labor is more or less equal across the all firms.²⁴

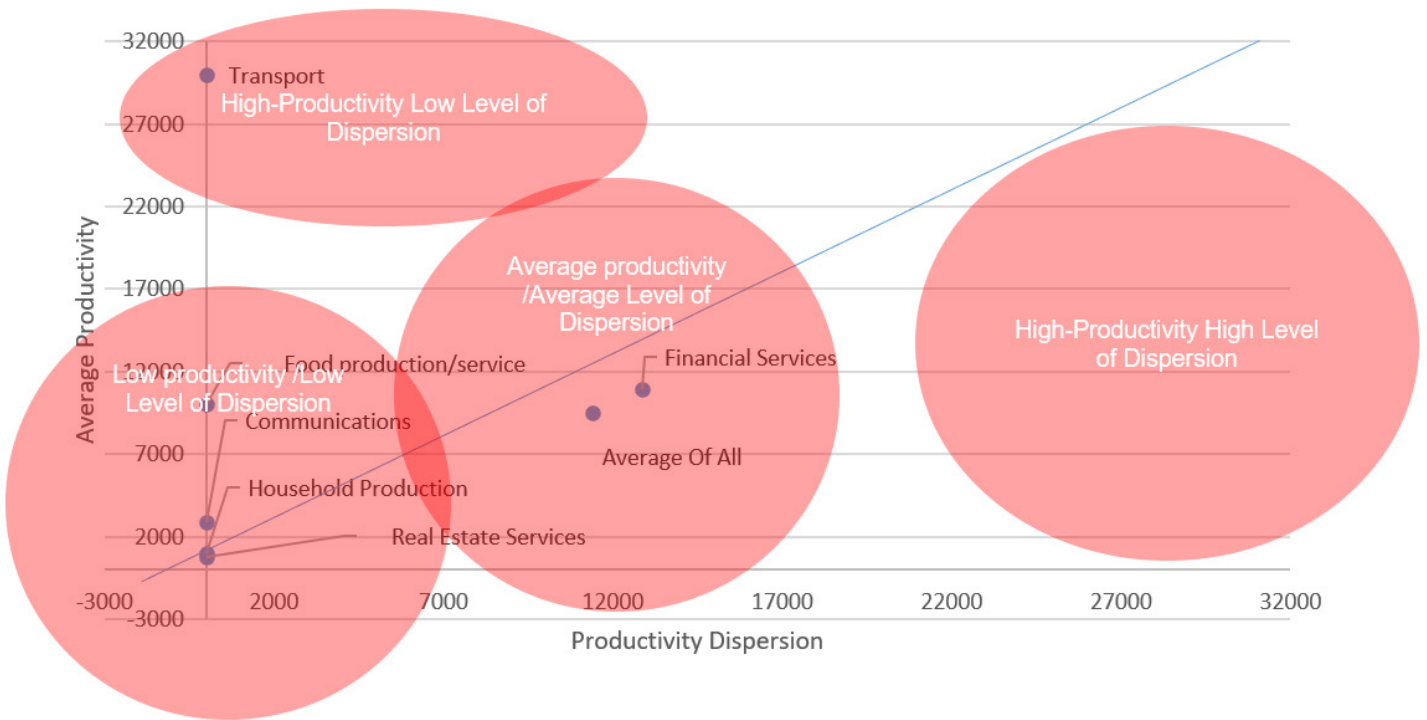
Analysis of productivity in the municipality shows that some sectors, such as Financial Services and Average Productivity, exhibit large dispersion (measured by the standard deviation in relation to the mean productivity).

22. Due to the low response rate on the relevant questions, the information might not be representative

23. Georgia at Work: Assessing the Jobs Landscape, The World Bank, 2018.

24. Due to particularly low response rate from the municipality enterprises on such sensitive questions as turnover, this statistics should be treated carefully.

PRODUCTIVITY AND ITS DISPERSION INDUSTRIES IN THE MUNICIPALITY (GEL)



Source: Analysis of the Business Survey.

Comparative Advantages and Specialization of Municipality Business Sector

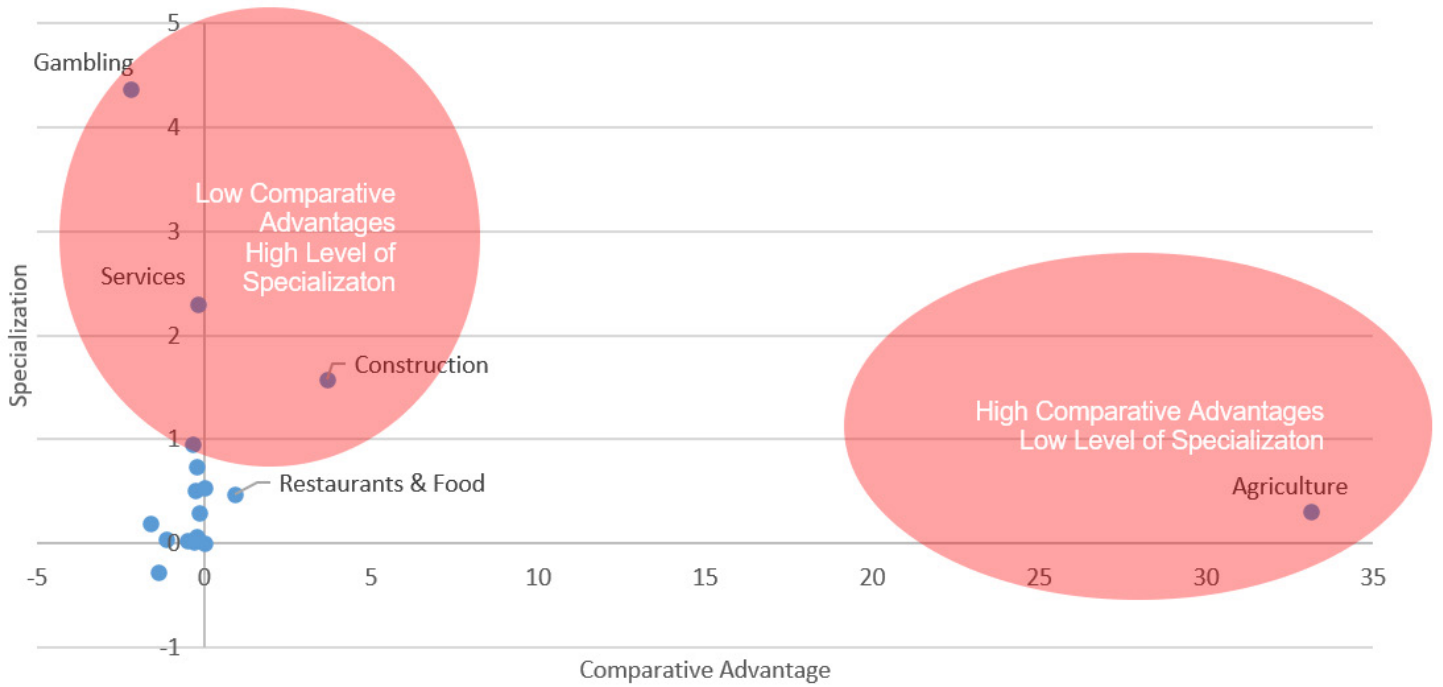
Understanding the growth of various sectors driven by region-specific factors, as well as the relative specialization of the municipalities is key to unlocking comparative advantages of the local economy. For this purpose, analytic instruments of Shift-Share Analysis and Location Quotient were applied.²⁵

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 Agriculture is the sector in which the municipality has high comparative advantage and some specialization. Gambling, Services and Construction were the sectors with distinct specialization, but rather small or negative comparative advantages.²⁶

25. The description of the instruments and methodology behind these two instruments are provided in the Annex of this document.

26. Detailed methodology is described in the Annex of the document.

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) of on these two dimensions, policy interventions are useless in both cases. Policy interventions are productive in case if sectors score positive and negative at the same time in either of the dimensions, suggesting the bottlenecks and the necessity to overcome them.

ALLOCATION EFFECT AND POLICY INTERVENTIONS

		COMPARATIVE ADVANTAGE	
		POSITIVE	NEGATIVE
SPECIALIZATION	POSITIVE	(The industry is healthy, and intervention is unnecessary) [A] • (None identified)	(Intervention may be useful but further study is required) [B] • Gambling • Services • Transport
	NEGATIVE	(Intervention may be useful but further study is required) [C] • Agriculture • Construction • Restaurants and Food	(The sustainability of intervention is questionable. The industry cannot efficiently expand) [D] • Electricity et al • Financial services • Healthcare • Hotel Services • Legal, consultancy and advert. • Other (No economic activity) • Manufacturing • Real estate • Trade

Source: Authors' Analysis Based on RS Data.

The analysis suggests that there are two groups of industries which might represent 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 (e.g. Gambling, Services, Transport) - Group B. It is important to understand why these sector loose sources of their competitiveness. On the other side, there are sectors, which exhibited positive comparative advantages due to the regional factors, but they are not concentrated in the municipality. These are Group C sectors – Agriculture, Construction, Restaurants & Food. For this group it is important to find the sources of such growth and check whether they could become key competitive sectors of the municipality.

LABOR MARKET

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

Workforce and Employment

Several sources of information (official information and survey-based estimations) are combined to provide a glimpse of the structure of the workforce and employment in the municipality. According to the population survey, working age population (+18) is 66% of the total population, of which 85% is in labor force.²⁷ The detailed breakdown of the workforce is provided in the exhibit below.

COMPOSITION OF WORKFORCE²⁸

Total number of working age population (18 years and older)		32131	100%		
Working age population (18 years and olde) - Active data		29908	93.1%	Missing data 2223 6.9%	
Youth		5946	19.9%	Non-Youth	
				23962	80.1%
In the labor force			22667	75.8%	Not in the labor force
					7241 24.2%
Youth		4983	22.0%	Non-Youth	
				17684	78.0%
				Youth	774 13.3%
				Non-Youth	6278 86.7%
Employed			20940	92.4%	Unemployed
					1727 7.6%
Youth		4244	20.3%	Non-Youth	
				16696	79.7%
				Youth	739 42.8%
				Non-Youth	988 57.2%
Employed in Public sector	Employed in Private sector	Self-employed	Employed in Family business	Balance	
3188	2704	9270 44.3%	2743	3035	
15.2%	12.9%		13.1%	14.5%	
		Not in agriculture	In Agriculture	Balance	
		1523	7464	283	
		44.4%	80.4%	3.1%	

Source: IRDG UNDP, 2019.

In mountainous Adjara, the labor market has a local character: for various reasons, labor mobility is very low. In such circumstances, a functioning labor market becomes even more important. The unemployment rate in 2018 was 12%. Among the jobseekers in Khulo registered with the Adjara Employment Agency only 12% (472) are 15-24 years old, 35% - 25-35 years old and 50% - 35-60 years old. 73% of those registered are men. It should also be noted that 31% of job seekers have higher education.²⁹

According to the survey, Khulo has one of the lowest proportions of employed youth (25.5%). This indicates to the low motivation of young people to work, on the one hand, and existence of structural problems in the labor market, on the other hand. The non-farm businesses in targeted municipalities are mainly owned/managed by males (57.6%). The proportion of male managers in Khulo is 62.3% - one of the highest among all target municipalities. Khulo municipal-

27. Population Survey on Non-Farm Economy Needs in the Target Municipalities, 2019, IRDG UNDP

28. The chart is developed on the basis of combination of official data from the Autonomous Republic of Ajara and the survey information from UNDP Population Survey OF Non-Farm Economy Needs in the Target Municipalities, 2019.

29. Local Economic Development Plan of Keda, Shuakhevi, and Khulo (2019), M4EG

ity is characterized by positive dynamics of non-farm businesses formation and shows younger patterns of manager's age. The proportion of managers with educational level below the higher and professional levels is also among the highest (52.8%).

Employment in the non-agricultural sector is mainly concentrated in the small town of Khulo (674 people in 2018), which makes up only 2.56% of the total population. The key employers here include cafes and small restaurants, barber shops, groceries, various home supply shops, pharmacies, appliances repair services, car wash and car repair service, etc.

Khulo attracted more than 17% of all private investments in Adjara A/R in 2016. 7 financial institutions operate in Khulo (incl. TBC Bank, Bank of Georgia and Liberty Bank). Khulo municipality received only 4.5% share from all infrastructure investments by Adjara A/R government (2018).³⁰

18.54% are informally employed in the non-agricultural sector. A slight increase in employment in the formal sector over the past 5 years (from 255 in 2015 to 549 in 2019) is associated with local or foreign projects implemented during this period, although the local population mainly worked in unskilled jobs.

Skills Mismatch and Lack of Mechanism to Identify Required Vocations/ Knowledge/Skills

One of the key issues is that labor market institutions and vocational education institutions in mountainous Adjara do not have permanent mechanisms for identifying the required vocations and knowledge/skills. It is necessary to conduct periodic segmented labor market research, the purpose of which should be to determine the required vocations and the necessary knowledge/skills under these vocations. Lack of presence of research organizations in the country as well as limited research base (only 5% of businesses registered in Adjara are registered in mountainous municipalities (Keda, Shuakhevi, Khulo)) and absence of good quantitative researches addressing the labor market needs of the municipality, justify using qualitative methods to analyze this subject.

Institutional Setup of Labor Market and Employment Services

Of the labor market institutions, only the local branch of the Employment Agency of the Autonomous Republic of Adjara operates in Khulo municipality. The agency is created by the government of Adjara Autonomous Republic. It provides intermediary jobs between jobseekers and employers and its main aim is to support employment in Adjara region. There are no private labor market institutions in Khulo municipality. Unlike the Employment Promotion Agency of Georgia (formation of which is still in progress), the Employment Agency of Adjara Autonomous Republic has been implementing employment active policy measures for nine years now. Its projects are mostly regional or thematic in nature. The agency does not have separate programs for mountainous Adjara (including Khulo) - there are no employment programs created just for the youth of high-mountainous Adjara. The municipal population has the opportunity to obtain employment in the regional programs, but access is very difficult, because of the different courses are conducted mainly in Batumi or Kobuleti, also, these courses are tailored to the labor market needs of the region's large cities.

Access to VET Education

Access to vocational education is affected by the spatial layout of the municipality according to four valleys. Because of this specific setup, for instance, for Skhalta inhabitants it is more accessible to receive vocational education in Shuakhevi rather than in Khulo town. Since 2019 the municipal branch of Kobuleti College New Wave operates in Khulo. The college has the authorization to provide necessary educational programs in Khulo town. This branch would mainly serve the population of three valley villages, and Skhalta gorge will be covered by Shuakhevi branch of Black Sea College (Batumi), which will be opened in the autumn of 2020. Since Khulo and Shuakhevi branches currently do not have student campus, access to vocational education is very difficult for rural youth. Khulo branch of Kobuleti College New Wave in the municipality implements the following vocational education programs: IT; Hotel services; Forestry; Veterinary and Electricity.

30. Local Economic Development Plan of Keda, Shuakhevi and Khulo (2019), M4EG

As for the Shuakhevi branch of Black Sea College (Batumi), it will offer two courses of vocational training/retraining for the population of Khulo municipality in the autumn: Hotel Services (for Goderdzi resort) and Family Hotel Management. Shuakhevi branch will implement vocational training/retraining programs in construction from the autumn of 2020, and 2021 vocational educational programs in tourism, agriculture, and construction. These programs will be available to the population of Khulo (especially Skhalta Valley).

The Department of Tourism and Resorts of Ajara Autonomous Republic is quite active in Khulo. It conducts various short-term training in foreign languages and family hotel services.

Required Skills

The detailed list of skills identified for the municipality is provided in the Annex of the document (Potential Skills Demand-Supply Balance), which provides detailed analysis of the gaps in what is demanded and what is supplied as well as detailed program of the proposed workforce development trainings for the municipality.

KEY SUCCESS FACTORS, NEEDS AND CHALLENGES FOR MAKING BUSINESS³¹

Enterprises from different sectors and different municipalities face different needs and challenges. However, some problems are shared among all. 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 Success³²

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 working status, 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 also plays important factor in employment and capital growth. Managers with higher education have managed to expand their businesses on average by 0.365 employee during the last three years.
- Young managers perform better in achieving employment growth, while female managers show poor performance in terms of capital growth and expansion planning. Young managers have managed to expand their businesses on average by 0.98 employee during the last three years.
- 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.
- 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 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.
- Participating in government support programs ensures expansion planning, specifically through introduction of new products/services, penetration of existing products and territorial expansion.
- Among the industries, the higher productivity performance than baseline industry (Tourism) have Mining (129.8%), Transport (95.6%) and Trade (63.8%) branches. Education has 194% lower productivity compared to baseline industry.

31. Business Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019.

32. Business Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

Municipality-Specific Findings - Business Needs and Challenges³³

Structure and Profile

A Relatively Unconcentrated Non-Farm Economy. In most of target municipalities, there are one of the two dominant non-farm industries such as Trade. In Khulo municipality the structure is more diversified. The share of Trade sector holds the biggest portion of its economy and constitutes 33.5%, which is followed by Transport (24.3%), Hotels & Restaurants (7.2%), Financial services (5.9%).

High Geographic concentration. On average, about 70% of non-farm businesses are located in municipal centers. In Khulo municipality 75% of non-farm businesses are located in municipal center.

Younger Enterprises and Entrepreneurs with Higher Education. Khulo municipality is characterized by relatively large share of businesses established after 2010 (58%), large share of young managers (more than 63% under age 54) and comparatively small proportion of those with higher education (39.5%). This could be an issue, since the analysis shows that higher education of the owner/manager is strongly correlated with the success of a firm in the target municipalities.

Almost no Outside Orientation of Businesses. Among all of the target municipalities, almost 90% of non-farm businesses' sales comes to local village (45.8%) and municipality markets (43.6%), while sales at regional and national markets comprise only 4.4 and 2.94%, respectively. Only negligible (0.28%) amount of sales comes to international markets. Non-farm businesses in Khulo (8.04%) have relatively high shares of sales at regional markets, while their participation at national level is insignificant.

Starting New Business

Insufficient Income is The Main Motivation for Starting Business. The absolute majority of respondents (86.8%) said that they started business because their monthly income was insufficient and this was their primary motivation for starting a business. Major source of funds to start a business was bank credit (40%). Even though 21% of respondents could start a business with their own financial resources or the funds from their family members (15.2%).

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 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.³⁴ Therefore, social assistance packages should be reformed and planned carefully so that they ensure business participation incentives for the recipients.

Khulo – Especially Low on Intentions to Start Business. The survey showed that the intention to start a business among the population in Khulo municipality has substantially lower odds across all the target municipalities.³⁵ Therefore, some more efforts is needed for Khulo to stimulate local population's engagement in business activity.

Higher and Professional Education and Better Infrastructure – Greater Odds to Starting Business. It is not surprising to see from the survey that, in general, people with higher and professional education have greater odds of starting business, with higher education having a greater effect than professional one. Similarly, problems with sewage, gas supply and road infrastructure substantially reduce stimulus for doing business, while better local conditions for starting business have an opposite effect.³⁶ All of the findings indicate to the necessity of efforts to stimulate better access to higher and professional education as well as better local physical utilities infrastructure.

33. *Business Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019.*

34. *Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019.*

35. *Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019.*

36. *Population Survey on Rural Non-farm Business Needs, IRDG UNDP, 2019*

Financing

The Borrowing Profile is up to 10,000 GEL for Working Capital Purposes. The enterprises of the municipality have some borrowing culture and experience. More than half (54.8%) of the respondents have borrowed for the business during the last three years. In the most cases (44.4%), the loan amount was below 10,000 GEL and mostly from the bank (92.4%) and for working capital purposes (81.9%). Repaying their loan did seem problematic among most of the interviewees in the municipality as most of them have already are still paying with delays and difficulties (about 55%). Most Enterprises Do Not Need Bank Loans for Future Investments. Among the ones, who did not take loan in the beginning, the major identified reason was that they did not require (55%) followed by unfavorable interest rate (15%). More than two thirds (71.1%) of the enterprises report that they do not need a loan for future investments. Bad bank experience might be the major reason of such reservation.

Most Enterprises Are in Need of The Amount Up To 10,000 – 50,000 GEL. Among the ones, who require financing for future investments, the most required range is 10,000 to 50,000 GEL (about 58% of the responses). The funds are intended to be used for expansion of the operations (47.5%) or for purchasing new technology (38.7%).

Existing Needs and Challenges

There Is No Perceived Need of New Equipment or Machinery. More than 78% of the respondents do not have explicit need of the equipment and another 14.4% of them were happy with the efficiency of their equipment. Part of the reason of this might be that manufacturing sector is a very tiny portion of the municipality businesses, other sectors being minor users of equipment.

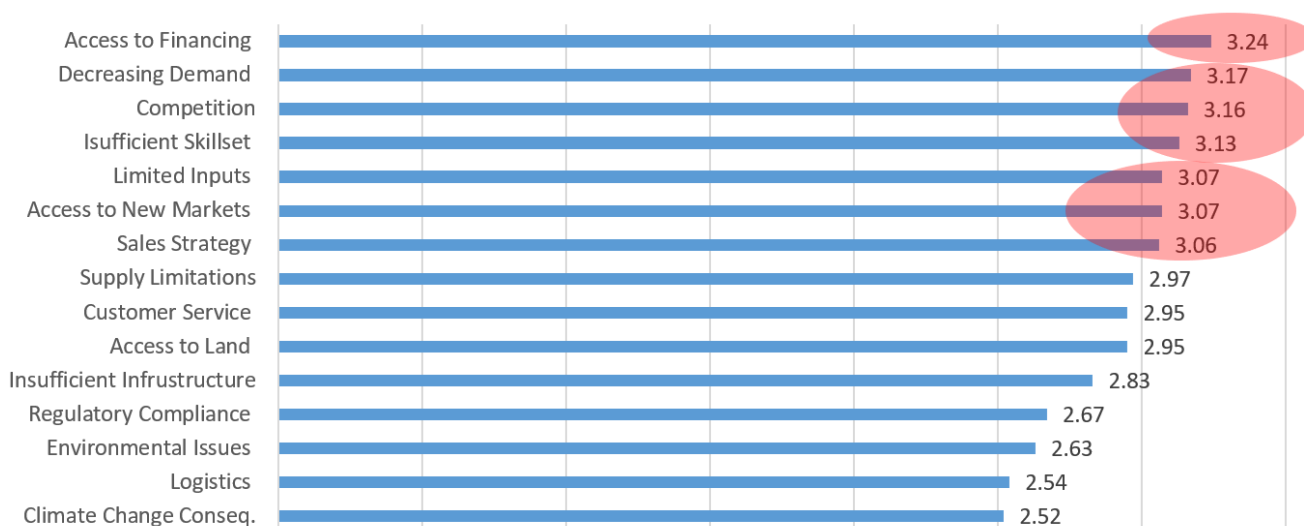
Most of the Businesses Are Locally Oriented. Local orientation means the boundaries of municipality. More than 56% of the enterprises report that their primary market is on municipality level and only few respondents export products outside their municipality either regionally (10% of the cases), nationally (3,6% of the cases) or internationally (less than 1% of the cases).

Orientation Towards Price. Usually, achieving cost leadership is the key determinant of the competitiveness in businesses of rural areas. In case of Khulo, this is the case: more companies rate Price as a key competitive advantage.

Expensive Inputs Represents A Key Obstacle to Enterprises. About 35.4% of the respondents report this a key problem for the production. Being located at the outskirts of the country, far from the major economic centers, it is not at all surprising. Although, 38.7% of the respondents find it hard to name one. The portion of other problems is tiny.

Access to Finances Is A Top Challenge. Top challenges that businesses face are: a) Finance-related (Access to Finances) b) Market-Related (Decreasing Demand,) c) Management-Related (Customer Service, Sales Strategy).

KEY CHALLENGES THAT THE MUNICIPALITY ENTERPRISES FACE



Source: Survey of Local Enterprises.

Expansion Plans and Perceived Assistance Needs

No Plans for Expansion. About 75.7% of the respondents reported that they do not plan expansion at all. Considering the current pandemic background (taking place after the survey), it will be surprising to see even such readiness among businesses.

Loan Subsidy and Loan Guarantees Are Most Required Modes of Assistance. Businesses consider that Loan Subsidy (41.7%) and Loan Guarantee (36.3%) 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. These possible instruments could be:

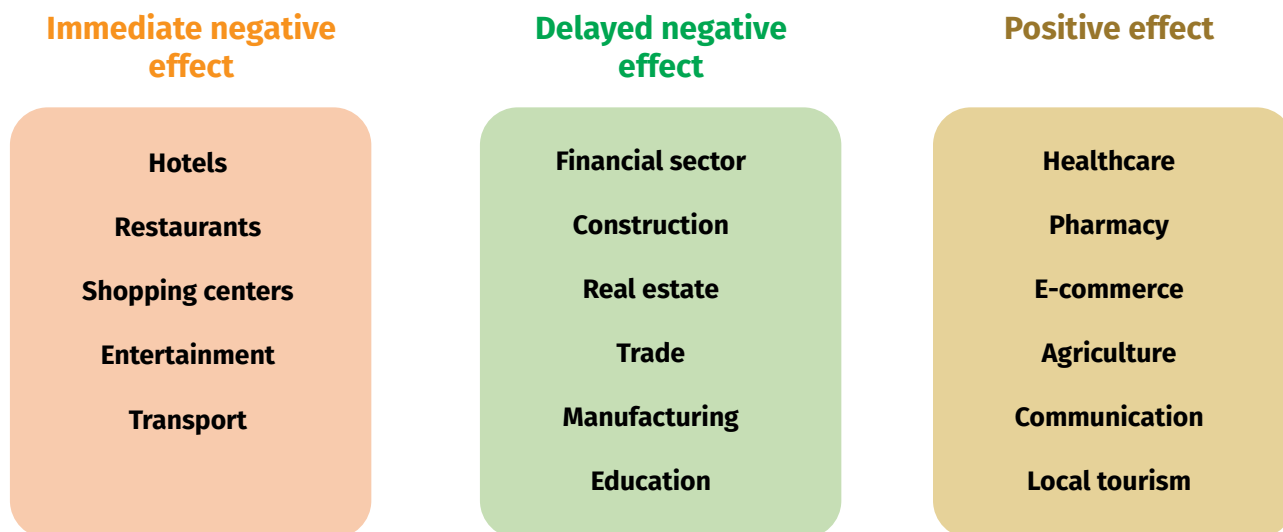
- Programs to upgrade educational level; participate in training programs; intensify participation of employees in training programs; Stimulate planning processes and increase the length of strategic planning process within business.
- Second, the government and local authorities, must ensure for non-farm 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 that will help and stimulate them in planning their businesses expansion.

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

SHORT-TERM COVID-19- DRIVEN NEEDS

Exact impacts of the COVID-19 pandemic shifts on industries and enterprises are difficult to estimate. There are expert considerations which should be used. For instance, Galt & Taggart assesses the prospects of the impacts of the pandemic on the economy of Georgia, as well as identifies possible impacts on individual sectors. Among others, it also covers considerations related to tourism sector.³⁷ According to Galt & Taggart, the following sector groups are identified according to the impacts of COVID-19.

EXPECTED IMPACTS OF COVID-19 ON DIFFERENT SECTORS OF GEORGIAN ECONOMY



Source: Galt & Taggart.

37. Impact On Georgian Economy, Galt & Taggart, March 25, 2020.

It is hard to estimate the magnitude of each sector precisely, but it could be done group-by-group.

The forecast identified three possible economic scenarios, the key driver (independent variable) of which is the assumption of when control over the pandemic is reached. 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.

According to the study, the immediate impact group are the industries which are mostly related to the tourism industry. This includes hotels, restaurants, shopping centers, transport sector. The estimated impact on tourism sector value, according to the three scenarios, 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. This estimate that could be applied to the Immediate Negative Effect group.

The effect on the Delayed Negative Effect group could be assumed to be at least the same size of impact as for Immediate Negative Effect group but protracted over longer period. If we assume that the long-term period is two years, then this year impact will be half as much (thus 25% loss). This rule of the thumb calculations is a rough estimation due to the absence of detailed economic modeling.

The following structure of the municipality 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	163	20%	711,871	34%
DELAYED NEGATIVE EFFECT SECTORS	654	79%	1,387,076	66%
NEUTRAL	8	1%	12,325	1%
GRAND TOTAL	825	100%	2,111,272	100%

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

The estimated 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	MAGNITUDE OF IMPACT	WEIGHTED AVERAGE IMPACT ON FORMAL ECONOMY	TYPICAL ISSUES
IMMEDIATE NEGATIVE EFFECT SECTORS • HOTELS AND RESTAURANTS • SHOPPING CENTERS • ENTERTAINMENT • TRANSPORTATION	• 163 Enterprises (20% of all enterprises)	• 34% of all formal employment (calculated by income tax paid)	• 50% loss	• 30% (Enterprises) • 33% (Employment)	• Liquidity • Sales disruption • Input disruption
DELAYED NEGATIVE EFFECT SECTORS • FINANCIAL • CONSTRUCTION • REAL ESTATE • TRADE • MANUFACTURING • EDUCATION	• 654 Enterprises (79% of all enterprises)	• 66% of all formal employment (calculated by income tax paid)	• 25% loss		• Decline in sales • Reduced profitability

Source: Author's calculations.

Stemming from the structure of the economy of the municipality, about 163 Enterprises (20% of all enterprises) and 34% of all formal employment will be affected in the Immediate Negative Effect Group. 654 enterprises (or about 79% in total pool) and 66% of the total formal employment will be affected in the Delayed Negative Effect Group. The average weighted impact on formal economy will be about 30% (enterprises) and 33%(employment).

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 employed people in the municipality (674), most of them (584) are hired employees. In general, the biggest number of self-employed in Georgia is in Agriculture. In fact, in Georgia about 97% of the employed in Agriculture is self-employed. At the same time, self-employment in Agriculture represents about 76% of all self-employment in Georgia, whereas other sectors contribute jointly about 24%. It is assumed that the Agriculture sector is neutral to the short-term COVID-19 impacts. Therefore, it could be assumed that the scale of impacts on the registered self-employed in the municipality was insignificant.

Informal Employment. On top of this, in Georgia total informal employment in non-farm sector is about 34.7%. It is hard to decompose this figure by individual sectors but if we assume that the total non-farm employment in the municipality represents 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)	ESTIAMTED VALUE OF WAGES IN INFOR-MAL EMPLOYMENT (GEL, 2019)
2,111,272	10,556,362	34.7%	5,609,583

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

In summary, the estimated volume of informal sector wage is about 5.6 mln GEL. However, it is hard to calculate how much of the informal employment was affected due to the COVID-19 crises, because there is no estimation of informal employment by individual non-farm sectors.

COVID-19 Compensations. The statistics of compensations which the GoG introduced to mitigate the impacts of the pandemic on the employed, could provide useful insight on the magnitude impacts. The compensation applies to persons who received wages during at least one of the first three months of 2020 and who are laid off or suspended from work during the state emergency situations and no longer receive wages.

According to the data for 2019, the number of people employed in the private sector here was 549. According to the Revenue Service (June 2020), in connection with COVID-19, the number of compensation recipients in Khulo municipality is 412. The number of recipients of compensation is 75 % of the employed, which is significantly higher than the national average (16.5%). A significant number of compensation recipients were from the following sectors: construction (169), retail / wholesale (58), transport (20), accommodation and food (43). This indicator is also high in the processing industry (53 people). (It is important to mention that the compensation is being distributed not according to the geographic place of employment, rather than the legal registration address of the recipient (which might not coincide with the actual place of their employer or their business activity)).

In the long run, in the event of a stable epidemiological situation, according to experts, about half of those who receive compensation will return to their jobs. This will happen in the case of construction and transport, as well as in relation to financial (currency exchange kiosks) almost completely, and in the case of wholesale / retail trade, the art / entertainment / leisure and manufacturing industries will be partially (at least 60%) restored.

YOUTH DIMENSION OF LOCAL ECONOMY

Economically active youth is one of the key drivers of the municipality economy and non-farm sector development. 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 entrepreneurship ideas and the economic diversification. Evidence suggests

39. Employment Survey, Goestat, 2018.

that, among the key factors that influence the productivity of non-farm businesses in targeted municipalities are managers’ personal characteristics, like age - young managers perform better in achieving employment growth and higher productivity.

Key issues in this regard are exhibited in low level of youth participation in non-farm business, not diversified local business, youth unemployment as well as lack of development of the tourism-related sector. Seasonal outflow of youth due to the absence 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 Khulo municipality is 23,327; of these, 5,532 are 15-29 years old youth, representing 23.7% of the municipality population. 67.1% of the total 15-29-year-old youth in Khulo municipality is economically active; of these, 87.6% is employed, while 12.3% is unemployed. 30.1% of total youth is economically inactive and are not looking for jobs. It should also be noted that 76.6% of employed youth are working in agricultural farms, while 23.1% are hired workers. Development of local tourism will provide more incentives income to the local population, create jobs and directly stimulate local entrepreneurial activities by creating small and medium enterprises.

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 Adjara A.R. is 31.7%. Stimulation of these youth 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. If in 2014 the level of unemployment of the 15-29-year-old population was on average 32.6%, according to the same study in 2018, this figure was 25.8%.⁴⁴

15-29 YOUTH	ECONOMICALLY INACTIVE	ECONOMICALLY ACTIVE	UNEMPLOYED	EMPLOYED
5532	1668	3712	458	3254
				2495 Employed in agriculture
				754 Hired workers

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

Entrepreneurship. The survey of non-farm economy needs in Khulo municipality has revealed that 8.6% of youth are engaged in non-agricultural production, which is a considerably low indicator, although they have managed to expand their businesses on average by 0.98 employee respectively, during the last three years.⁴⁵

In this context, it should be noted that insufficient income is stated as the main motivator for starting a business by 86.1% of youth, while 37.5% of youth receive assistance from bank and 27.5% of youth had own resources for business startup, the startup capital for 50.0% of youth ranges between GEL 1,000 and 10,000 and for 27.5% it was less than 1,000 GEL.

77.5% of surveyed youth think that local conditions in the municipality are favorable for starting up a business, although the study has revealed that 59.0% of youth do not have information about state programs. 33.3% of those who have information have participated in state programs.⁴⁶

The research has also revealed that 10.3% of youth engaged in non-farm businesses have rarely approached local authorities for any matters.

45. Geostat 2014-2018 (national level)

46. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

47. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

Migration

Poor social and economic conditions of the youth is reflected in the high level of migration. These problems of the local families are due to the fact that there are not enough jobs and stable wages in Khulo, which is why the majority of the population, especially young people, leave Khulo for seasonal work - mainly in Batumi and Turkey.

Summary of Main 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"> • LOW INVOLVEMENT OF YOUTH IN NON-FARM ENTREPRENEURSHIP • LACK OF SKILLS IN MARKETING, ADVERTISING AND MANAGEMENT • LACK OF PROFESSIONAL EXPERIENCE IN THE FIELD OF HOSPITALITY • HIGH LEVEL OF MIGRATION OF YOUNG PEOPLE • THE POSSIBILITY OF DEVELOPING SUCH TOURISM SERVICES AS ETHNO-CULTURAL; ADVENTURE AND SKIING; 	<ul style="list-style-type: none"> • TO RAISE AWARENESS ABOUT TOURISM BENEFITS AND OPPORTUNITIES AMONG KHULO YOUTH • PROMOTE YOUNG PEOPLE TO BE INVOLVED IN THE FIELD OF TOURISM • ENHANCE YOUTH WITH SKILLS AND KNOWLEDGE FOR EMPLOYMENT • PROMOTE NONFARM ENTREPRENEURSHIP AS AN EMPLOYMENT OPPORTUNITY

GENDER DIMENSION OF LOCAL ECONOMY

International experience shows that low participation 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.⁴⁷

Economic activity of women in Georgia is low which affects overall output of the economy. For instance, 21% of women respondents are economically inactive while 9.3% of men are economically inactive. In addition to this, only 34.5% of women respondents are employed while 44.3% of male respondents are employed.⁴⁸

Similar to the economy at large, economic participation of women in Khulo is low, and they are mostly reliant on external income either from the state (in form of pensions) or from other relatives. Additionally, 62.2% of people employed in business sector in the municipality are men and only 37.8% are women, which is a significant difference to note that more men are engaged in business and entrepreneurship than women in the region. However, for the last 3 years, the number of employed women has increased, while the total number of employed men had decreased, which highlights a positive trend for economic participation of women.

Women in Entrepreneurship

Starting up a Business. One of the reasons of the low participation of women in economic activity is that starting a business for women is associated with greater difficulties than for men. Respondents of both genders list lack of sufficient income as a primary motivator for starting a business, however, it is crucial to note that in the distribution of motivators, 96.9% of women females (15.8 percentage points more than males) named lack of funds as the primary motivator for starting a business. Lack of sufficient funds as the primary motivator, which further highlights that women face more economic difficulties and difficulties in starting a business. (discussed in paragraphs below).

Running a Business. One of the ways to get women more involved into local economy is to understand the obstacles they face in terms of running a business.

Compared to male business owners, more women business owners evaluate the state of their business state as negative. Two times more women have negative business results related expectations for the next 6 months (20.3% of men and 40.6% of women). Additionally, two times less women owners state that their business has grown/improved during last year. So overall, women owned businesses are in a worse condition than male owned businesses and need extra support.

47. UNDP Georgia

48. Source: Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

It is important to note that women respondents are three times more likely to name improved managements as their key need in business, therefore management skills training might be helpful for women business owners.

Additionally, 89% of women do not have plans for business expansion for 1 to 3 years, which might be connected to their lack of ambition and double workload that they face. For the expansion, women state that credit guarantees would be most helpful, while men prefer subsidized credits. This might indicate that women are more concerned with taking the credit risk than men.

100% of male respondents and almost all female respondents (except for 2,3%) agree with the statement that women need special help in starting a business. Which could be a positive indicator for local society understanding needs and responsibilities of women. While almost equal number of male and female respondents (80%) think that entrepreneurship is a good career choice, women are two times more likely to fear risk associated with starting a business, which is an important component of why fewer women start businesses.

Although, on average, women in the region employ 4 times less employees and their turnover on average is twice less, their turnover growth is significantly higher than that of male-owned businesses. Which might mean that although women are not well informed at raising capital and their starting capital is lower than that of males, (as the data below will further explore), they are quite good at growing capital and putting it to productive use.

Access to Resources and Credit. Women worldwide face difficulties in raising capital, which is largely due to lack of collateral.⁴⁹ Therefore, traditions that support male ownership of capital assets in the family, also indirectly impact women, their ability to raise capital and conduct business.

The issues related to assets are also prevalent in Khulo. On average, women own 36.4 times smaller land, women ownership of capital equipment is 5 times less than that of males, the size of women owned real estate (measured by square meters) is more than two times lower, and rented land area is also 1,45 times smaller. No women respondent had a rented a house. Women ownership of vehicles is staggeringly 27.5 times lower than that of males, which raises issues not just in terms of capital for business, but in terms of transportation and conducting business, especially as existent transportation systems might not be convenient and favorable in terms of doing business in the municipality. Overall, lower asset ownership (hence collateral) might have resulted in limited access of women in the municipality to financial resources. 9.7 percentage points more males have received a business loan during last three years. Additionally, women in Khulo have lower access to loans above 50,000 GEL compared to men. Additionally, when it comes to paying the loans, women are also having more difficulties: 59.5% of women are in the process of paying back the loan with a significant delay, compared to 53% in case of men. This could also be due to the types of loans that women are likely to receive. 63.9% of male loans were subsidized while only 44.7% of female loans were subsidized, this means that men take better advantage of subsidies. Additionally, women are almost two times more likely to take a collateralized loan (indirect indication that banks are more frequently classifying women as high-risk customers). Additionally, more women accept higher interest rates than men. 21.1% of men have rejected the loan due to high interest rate, but only 9% of women have rejected a loan because of the high interest rate, which might be caused either by lack of financial literacy as well as urgent necessities that women in the municipality face that push them to start a business. Overall, it is clear that women expose themselves to more risk and are not taking full advantage of subsidies.

Access to State Programs. Access to state programs is crucial for local economic development in the municipalities. However, local engagement is low, especially for the women. More female respondents have never referred to local government than men (10 percentage point difference). None of the women respondents have participated in state competitions, while 11% of male respondents have participate in state competitions and three times less women plan on becoming a state beneficiary. The only state program/competition that women mentioned, in which they plan to participate is Produce in Georgia. It is important to note that two times more women than men respondents plan to participate in the program, (the clear gap between the desire and the actual rate of participation might highlight the need for better assist women to participate in the mentioned program).

49. <https://www.unwomen.org/en/digital-library/publications/2015/6/gender-and-financial-inclusion-through-the-post>

Summary of 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:

CHALLENGES	NEEDS
<p>BUSINESS</p> <ul style="list-style-type: none"> LACK OF DESIRE TO START A BUSINESS AMONG WOMEN; INSUFFICIENT ACCESS TO RESOURCES FOR WOMEN (EQUIPMENT, REAL ESTATE, CREDITS), THEREFORE FEWER BUSINESS OPPORTUNITIES LIMITED ACCESS TO BANK CREDIT DUE TO INSUFFICIENT RESOURCES AND INFORMATION, WOMEN ARE NOT ABLE TO RECEIVE BANK CREDIT THAT DIFFICULTIES IN PAYING IT BACK (DUE TO LACK OF FINANCIAL LITERACY OR URGENT NECESSITY (WOMEN ARE MORE LIKELY TO ACCEPT CREDITS WITH HIGHER INTEREST RATES) INSUFFICIENT HIGHER EDUCATION AND MANAGEMENT EXPERIENCE DIVERSIFICATION LOW INVOLVEMENT OF WOMEN IN THE PRIVATE SECTOR, IN SELF-EMPLOYMENT, IN FAMILY BUSINESS AND BUSINESSES IN GENERAL <p>WORK AND INCOME</p> <ul style="list-style-type: none"> DOUBLE, REPRODUCTIVE / FAMILY WORK FOR WOMEN AND CARE FOR FAMILY MEMBERS LOW INCOME OF WOMEN - A LARGE PROPORTION OF WOMEN DEPEND ON SOCIAL BENEFIT OR INCOME FROM OTHER FAMILY MEMBERS – HENCE THEY START A BUSINESS OUT OF NECESSITY <p>SECTOR DEPENDENT ISSUES</p> <ul style="list-style-type: none"> MOST EMPLOYED WOMEN ARE IN AGRICULTURE <p>SKILLS</p> <ul style="list-style-type: none"> INSUFFICIENT KNOWLEDGE AND SKILLS TO START AND DEVELOP A BUSINESS LOWER SHARE OF WOMEN WITH HIGHER EDUCATION LIMITED ACCESS TO INFORMATION WOMEN HAVE LOWER SELF-ESTEEM AND LACK OF SELF-CONFIDENCE <p>REPRESENTATION AT DIFFERENT ROLES</p> <ul style="list-style-type: none"> INVISIBLE BARRIERS / GLASS CEILINGS THAT INTERFERE WITH A WOMAN'S ECONOMIC ACTIVITY STEREOTYPES RELATED TO WOMEN'S ACTIVITIES AND PROFESSIONS GAP BETWEEN THE DESIRE AND ACTUAL PARTICIPATION IN STATE PROGRAMS FOR WOMEN 	<ul style="list-style-type: none"> ECONOMIC EMPOWERMENT OF WOMEN INCREASING WOMEN'S SELF-ESTEEM INCREASING AWARENESS ON WOMEN'S RIGHTS (ESPECIALLY REGARDING THE PROPERTY OWNERSHIP RIGHTS) INCREASING WOMEN'S ACCESS TO CREDIT THAT MATCHES THEIR NEEDS STIMULATING WOMEN AND GIRLS TO BE INVOLVED IN HIGHER EDUCATION PROGRAMS, ESPECIALLY IN THE DIRECTION OF BUSINESS AND AGRICULTURE MANAGEMENT INFORMING WOMEN AND GIRLS ABOUT THE BUSINESS TRAINING OPPORTUNITIES, WHICH ARE HELD IN THE MUNICIPALITY INFORMING WOMEN AND GIRLS ABOUT THE STATE AND NON-STATE PROGRAMS REGARDING BUSINESS DEVELOPMENT INCREASING ACCESS OF WOMEN AND GIRLS TO TECHNOLOGY AND EQUIPMENT INCREASING WOMEN'S PARTICIPATION IN STATE PROGRAMS THAT SUPPORT BUSINESSES AND MANAGERIAL DEVELOPMENT

KEY CONCLUSIONS

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

The Municipality Has Relatively Sparse Non-Farm Economy. This is exhibited in the relatively low number of enterprises per 1,000 population (less than the national average - 48). Big portion of the enterprises which are registered in the municipality, operate outside it. The municipality has moderately high population density relative to the sample and stands close to the national average. This setting automatically puts more emphasis (compared other municipalities) on increasing number of registered businesses, bringing the informal enterprises to the formal side and diversification of the economy.

Out of Non-Farm Sectors, Tourism Is Perceived as A Key Promise for the Municipality. The biggest tradable sector is agriculture, in its primary forms, without too much value-added and processing activities. Non-farm businesses are either non-existent or emerging. Trade and Transport are leading sectors in terms of registered active enterprises. There are only a handful of manufacturing firms existing in the municipality. Tourism is perceived as a sector with huge potential, capitalizing on mostly Goderdzi resort and other destination with rural tourisms. All stakes are on it. The key challenges of the sector are absence of products, lack of basic hospitality and languages skills for small enterprises, as well as engagement of some local communities into the tourism value chain.

The Municipality Has Fragile Economy – One of the Weakest of the Target Group. The turnover and value added of the municipality went up and down in the recent years, resulting in great volatility of the average monthly wage. With about 249 GEL, the municipality has the lowest wage levels among the target group and average levels of productivity (13,798 GEL) among the target group and a quarter of the level of the leading municipality (Kazbegi). There is a large disparity in terms of productivity between men and women-run enterprises.

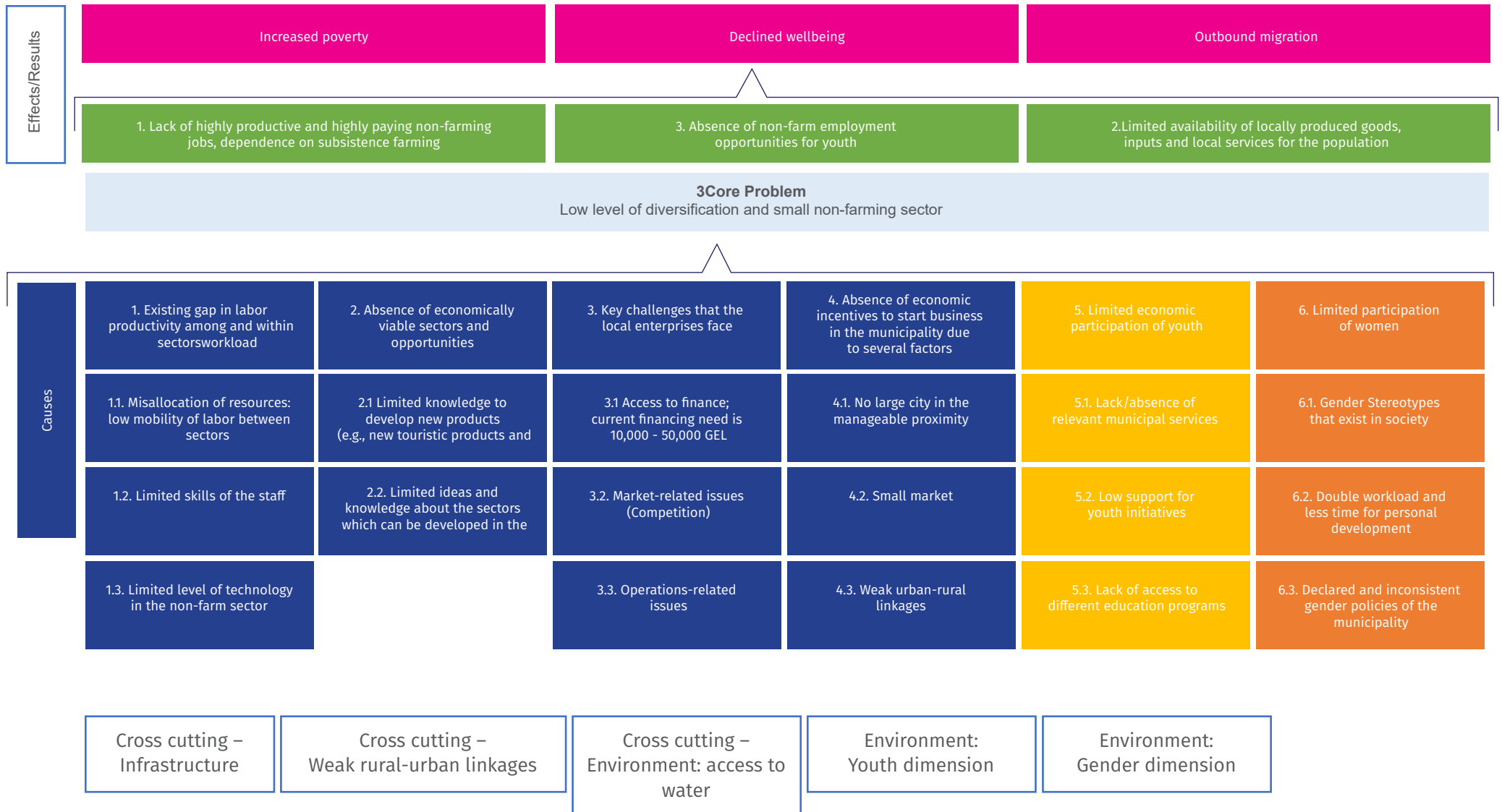
Resources Are Misallocated among and Within the Industries. This is exhibited in large dispersion of the productivity of the labor between several industries (e.g., productivity Transport vs Financial Services) as well as productivity differentials among the firms within individual industries (e.g., Financial Services) measured by standard deviation in relation to average of the productivity. Allocating resources in a right way would mean facilitating the move of labor force from low-productivity towards high-productivity sectors and from low-productivity towards high-productivity within each sector. This would increase overall output of the non-farm enterprises, without too much need of new labor force, hard to find here.

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 side there are sectors with some signs of comparative advantages (i.e., grew with the region-specific factors in the past few years) but without any specialization yet in the region. This group include the following non-farm sectors - Construction, Restaurants & Food. For this group it is important to find the sources of such growth and check whether they could become key competitive sectors of the municipality. On the other side, there are other non-farm sectors with some relative concentration and negative comparative advantages (e.g., Services, Transport). It is important to understand why these sector loose sources of their competitiveness. These two groups of sectors should be studied to understand the dynamics of their drivers and their potential.

There Are Several Key Challenges for Starting Business in The Municipality. Finding the challenges and obstacles of starting business in the municipality could represent an opportunity to develop non-farm enterprises in the region. There are several obstacles, of which expensiveness of the inputs (most probably, caused by relative distance from the supplying geography) is a major one. Enterprises are in need of financing but not from the bank again. Paying bank loan is a burden, many of the enterprises still having difficulty of paying debt. The past borrowing was up to 10,000 GEL, whereas current financing need is 10,000 - 50,000 GEL, to be used for expansion and purchasing new technology. Other key challenges (besides Access to Finances) are market-related (Decreasing Demand) and operations-related (Customer Service, Sales Strategy).

Short-Terms Needs from COVID-19. Estimated weighted average scale of impact on formal economy will be about 30% (formal employment) and 33% (number of enterprise), The major non-farm sector of the municipality - tourism faced some impacts because of the lockdown and the prospects of the recovery is not yet clear. However, due to the non-seasonal period, this impact is not strong or yet felt (compared to the impact due to the loss of income from migration of the labor force to nonboring Turkey, which might prove significant). On the market side, the prospects of the reservations are not certain. On the supply side, compliance costs and adjustment costs, related to the new regulations, are notable and will influence the pace of the reopening as well as the overall profitability of the tourism enterprises.

P1 - (Economy and Multisector Development) - Problem Tree



P1 – Proposed Intervention Actions (Economy and Multi-sector Development)

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"> P1-EC01 - Technical Assistance Program P1-EC02 - E-Commercialization Program 	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.		<ul style="list-style-type: none"> Integrating rural areas into global value chains 	P1-YU01 - Young CEOs Incentive Program P1-YU02 - Youth Tourism Center P1-YU03 - Promotion of Youth Entrepreneurship in Rural Areas P1-GE01 - Women Participation Intervention P1-RU01 – Exploring Rural-Urban Linkages Program
<ul style="list-style-type: none"> P1-EC03 - Exploring Sources. of Competitiveness P1-EC04 - Feasibility Studies Program P1-EC05-01 - Productivity Reallocation (Skills Development) P1-EC05-01 - Productivity Reallocation Program (Technology Upgrade) P1-EC06 - Workforce Growth Program P1-EC10 - Strengthening Vocational Education 	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.		<ul style="list-style-type: none"> Promoting rural industry 	
<ul style="list-style-type: none"> P1-EC07 - Access to Finance Program P1-EC08 - After COVID-19 Re-launch Op-Ex Financing P1-EC09 - After COVID-19 Compliance Financing 	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.		<ul style="list-style-type: none"> Promoting access to finance, credits and markets 	
<ul style="list-style-type: none"> P1-EC0110 -Technical Assistance Program (Tourism) 	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.		<ul style="list-style-type: none"> Promoting sustainable tourism 	



4. PRIORITY 2 (P2) – SOCIETY

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

SOCIAL DIMENSION OF LOCAL SOCIETY

State of social conditions of the local population is one of the key aspects and 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. The expansion of social protection systems to 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 on 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 by 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.⁵⁰

While the share of people living in poverty and extreme poverty have declined over the last years, in Georgia, the incidence of general poverty has increased from 16.4% of total households in 2015 to 19.6% in 2017; Living below the general poverty threshold (2.5 USD per day), are 19.6% of households, 21.7% of the population, 27.6% of children and 17.6% of pensioners. 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.⁵¹

Composition of Income Sources

According to the population survey, the main source of monthly incomes for about 45% of population of Khulo municipality is old age pension and targeted social assistance programmes, just 11% of households depend on own agriculture business income. Compared with other municipalities, the number of households whose income comes from hired employment is higher and makes up 41,6%.⁵²

Social assistance plays an important role in wellbeing of Khulo population and after the COVID-19 epidemy 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 ⁶³

	MUNICIPALITIES	SALARY	OWN NON-AGRICULTURAL 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 UNICIPALITY	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	KAZBEGI MUNICIPALITY	43.56	11.06	3.17	35.9	1.22	5.09
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.

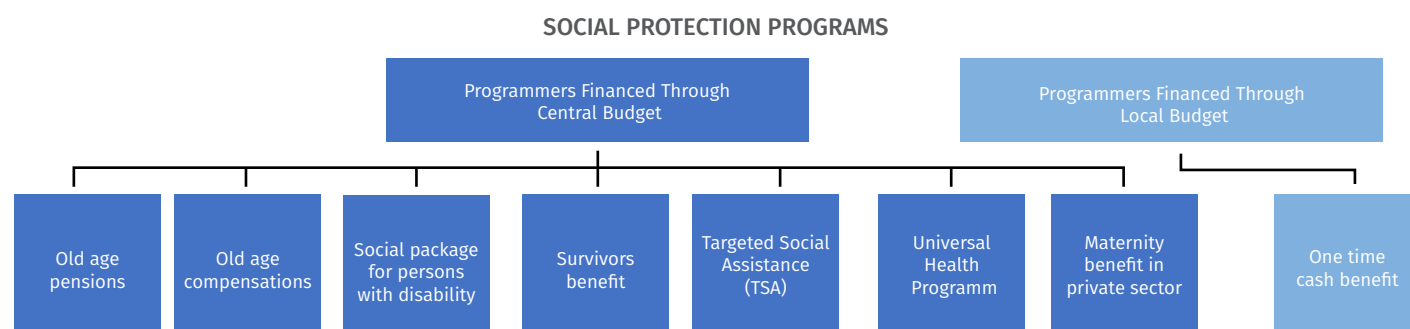
50. Source: FAO

51. The Welfare Monitoring Survey 2017 UNICEF

52. Population Survey on Non-Farm Economy Needs in the Target Municipalities, UNDP, 2019

Mapping of Social Projection Programmes

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



Source: Social Service Agency.

Social assistance and social services for population of Khulo municipality are mostly provided and financed by central government, local government programs cover mostly one-time cash benefit for vulnerable groups and co-finance health related expenditure.

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

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

PROGRAMMES	GEORGIA		ADJARA		KHULO	
	Female	Male	Female	Male	Female	Male
OLD AGE PENSIONS	550 095	222 227	39 177	16 554	3 131	1 495
OLD AGE PENSIONS COMPENSATION FOR MOUNTAIN REGIONS (+20%)	47 872	23 408	6 841	3 466	2 780	1 398
SOCIAL PACKAGE FOR PERSONS WITH DISABILITIES	115 399		13 686		1829	
SOCIAL PACKAGE FOR CHILDREN WITH DISABILITIES	11 463		1 404		117	
TARGETING SOCIAL ASSISTANCE	264 918	218 875	25 144	21 873	4 320	3 958

Source: Social Service Agency.

Income Support Transfers (Main Types of Social Assistance)

Old Age Pensions. Old age pension has an important impact on 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 line, 73.2% below the relative poverty line, and 74.1% below the general poverty line.⁵³

Old age pension is the biggest social assistance in Khulo municipality, which covers 19.7 % of population. In Khulo municipality 4,626 (3,131 female and 1,495 male) persons received old age pensions as of May 2020. More than 90% of old age pensioners received old age pensions compensation for mountain regions – additional 20% of old age pensions (264 GEL) and from 1st of July 2020 old age pensions increased by 30 GEL for pensioners from the age 70.

53. Georgia Welfare Monitoring Survey Fifth Stage 2017 (UNICEF)

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

Social Package for Persons with Disabilities. Person with disability receive disability status on the basis of the assessment. There are three categories of disability: Severe disability (Group I), significant disability (Group II), and moderate disability (Group III). Separately there is a status of a child with disability. The person assigned 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. Person with disability received 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 (Person assigned 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 social package for severe disability and children with disability increased by 30 GEL. If the person is registered in mountain region, he/she received additional compensation - 20% of the social package.

In Khulo municipality disability social package was received by: 117 children with disability, 333 persons with severe disability, 1 148 persons with significant disability and 348 persons with moderate disability. The percentage of persons with disabilities (8%) to municipality population is much higher than average national level – 4%. 129 children who lost their parents (one of them or both) received survivals benefit – 100 GEL.

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, 412 people from Khulo municipality lost their jobs during the pandemic and received unemployment compensation (200 GEL for six month).⁵⁴

54. 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.

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 programme 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 was removed from household consumption, extreme poverty among children would have increased from 6.8% to 13.1%.⁵⁵ These findings demonstrate that TSA plus child benefit (CB) has the highest impact on children. TSA also better targets households with children.

The programme is operating 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 programme to ensure its continued effectiveness and to revise some of the parameters of the eligibility formula. The amounts of TSA is 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 children (up to age 16) – additional 50 GEL child benefit -CB. About 3,798 (16 064 persons) households have applied TSA and registered in Social Service Agency.

Approximately 70% of the population of Khulo municipality identify themselves as poor, from them just 1,706 households (8,278 persons) received TSA. With the 20.8% of the households and 35.2% of the population of Khulo municipality, who have received targeting social assistance is one of the poorest municipalities of Georgia. 2,762 (2,446 up to 16) children received TSA as of 2020.

TARGETED SOCIAL ASSISTANCE PROGRAM BY MUNICIPALITIES

	MUNICIPALITIES	REGISTERED HOUSEHOLDS	REGISTERED PERSONS	RECEIVED TSA HOUSEHOLDS	RECEIVED TSA FEMALE	RECEIVED 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.

55. Georgia Welfare Monitoring Survey Fifth Stage 2017 (UNICEF)

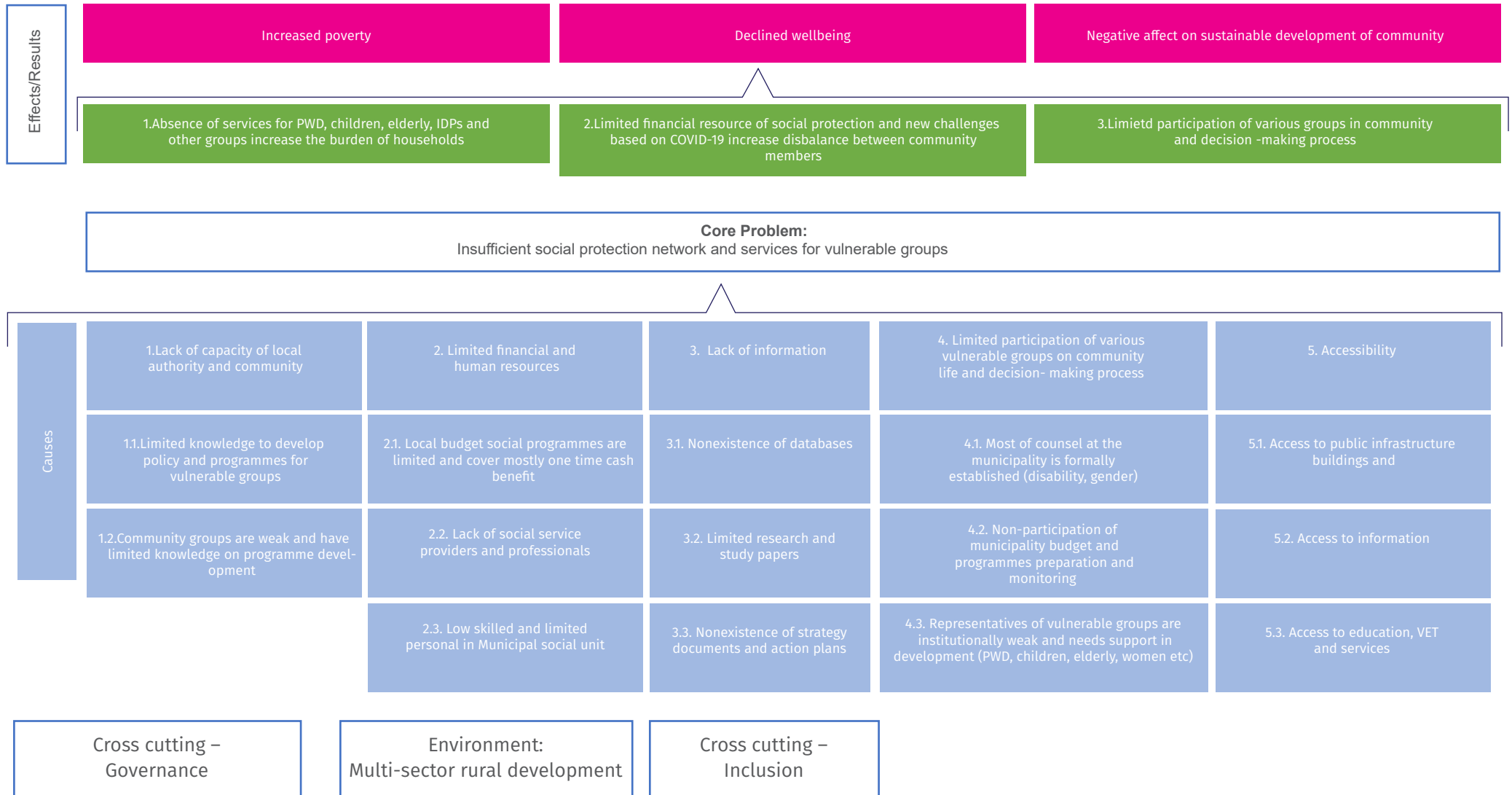
Social Programmes Funded by the Municipality Local Budget. Khulo municipality provides direct financial aid to war veterans and families soldiers killed in military actions, extremely poor families, families with newborn children, poor families with young children, orphans who lost both parents, families with many children, oncological patients (one-time assistance), and persons who suffered damages due to natural disasters. Indirect financial aid (subsidy) covers transport costs, free meals at soup houses, pharmaceuticals, materials for house renovations, and children's rehabilitation courses.

By 2019 social budget was planned at 625,138 GEL, out of which actual spending was 517,057 GEL and for 2020 social budget was planned at 656,400 GEL.

As in other municipalities, the main part of local social programs in Khulo come with one-time cash benefits, and services for vulnerable categories are virtually non-existent. At the same time in Khulo municipality social services are not provided by the central government. Persons with disabilities living in Khulo have to receive services mainly in Batumi, in this case, the Khulo municipality is partially financing the transportation costs, but it is quite difficult, especially for the population of the highland region, to travel systematically over long distances. At the same time, services in Batumi is limited and possibility of involvement in such services from other municipality is very low. Accordingly, it is assumed that a large number of people with disabilities in Khulo 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 fails to provide the main goal of social programmes - 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 targeting 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 - Problem Tree (Social Dimension of Local Society)



P2 - Proposed Intervention Actions (Social Dimension of Local Society)

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 – society, 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"> P2-SO01- Social Service Development Program 	<p>Social protection is one of the challenges to Lagodekhi municipality. The monthly income for more than 24% 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, IDPs, PWD, elderly). social services for vulnerable groups are limited.</p>		<ul style="list-style-type: none"> Cash transfers to promote development 	
<ul style="list-style-type: none"> P2-SO02 - Capacity Building of Counseling Boards 	<p>Formally, a counseling board with representatives of PWD exists in every municipality, the main function of which is to participate in preparation of new programmes and give recommendations to local municipality regarding their rights and needs.</p>		<ul style="list-style-type: none"> Promoting community driven development 	
<ul style="list-style-type: none"> P2-SO03 – Training of Personnel of Local Authorities 	<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"> Building government capacity 	
<ul style="list-style-type: none"> P2-SO04 - Institutional and Financial Capacity Building for Service Providers and Social Enterprises 	<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, children with disability and children up to 7 year have limited access to services (just 40 children). Other vulnerable groups have not any access to services at the municipality level COVID- 19 impact practically isolated this category from society. 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"> Promoting private-sector rural service industries 	

HEALTHCARE DIMENSION OF LOCAL SOCIETY

Main Demographic Indicators

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

MAIN DEMOGRAPHY INDICATORS AT NATIONAL, REGIONAL AND MUNICIPAL LEVELS INDICATOR

INDICATOR	GEORGIA	MTSKHETA-MTIANETI	KAZBEGI
TOTAL NUMBER OF LIFE BIRTH	51138	5800	429
BIRTH RATE PER 1000 POPULATION	13.7	16.7	16.7
NATURAL POPULATION GROWTH	4614	2362	176
POPULATION GROWTH RATE PER 1000 POPULATION	1.2	6.8	6.9
TOTAL NUMBER OF DEATH	46 524	3438	253
MORTALITY RATE PER 1000 POPULATION	12.5	9.9	9.9
TOTAL NUMBER OF INFANTS DEATHS	416	66	9
INFANT MORTALITY PER 1000 LIFE BIRTH	8.1	11.4	21.0
TOTAL NUMBER OF STILLBIRTH	436	36	2
STILLBIRTH PER 1000 BIRTHS	8.5	6.1	4.7
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	78	9
UNDER-5 MORTALITY RATE PER 1000 LIVE BIRTHS	9.8	13.4	21.0

Source: NCDG.ge.

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

Immunization Coverage and Selected Communicable Diseases

Immunization is a top public health priority. Increased immunization rates and reduced preventable infectious diseases is one of the main objectives of Georgian national healthcare policy.⁵⁶ This is clearly proofed 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, 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 NCDG, in 2018, immunization coverage rates are significantly higher than in previous years. The table below provides immunization coverage regional and national data for 2018.

IMMUNIZATION COVERAGE (PERCENT) MTSKHETA-MTIANETI AND GEORGIA, 2018⁵⁷

	BCG	DPT+HIB+HEPB/DPT+HIB+HEPB/IPV/DPT3	POLIO-3	MMR-1	MMR-2
AJARA	96.7%	93.5%	93.5%	95.8%	90.3%
GEORGIA	97.1%	92.6%	92.6%	98.7%	95.6%

Source: NCDG.ge

56. Ordinance #724, 2014 of the GoG 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.

57. Coverage according to the scheduled number of the target population

According to the 2018 data, HIV incidence per 100,000 population was 15.5 for Ajara region while it was 18.0/100,000 for the entire country. Number of new cases of HIV varies from 1 to 5 per year during the last five years. In 2018, there were 54 new cases of HIV registered in Ajara region, out of which two case (3.7%) was from Khulo municipality.

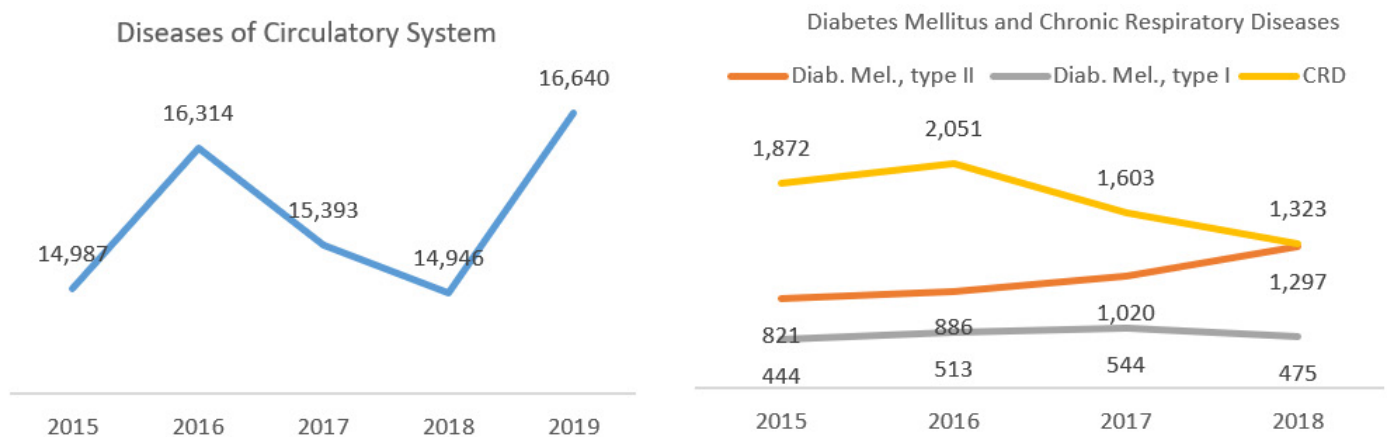
According to the 2018 data, new cases of TB per 100,000 population was 60.7 for Adjara region while it was 52.2/100,000 for the entire country. In Khulo municipality, all registered cases as well as new cases of Tuberculosis (all forms) have a decreasing trend during the last five years, as it is for the entire Georgia. There were 7 registered cases of TB in the municipality in 2018, which is 2.3% of all cases registered in the region (298 registered cases in Adjara region in 2018).

Number of population covered by Hepatitis C screening has been increasing in line with number of population who tested positive. 4,126 individuals (16% of the entire municipality population) were screened for Hepatitis C in 2018 in Khulo and 1.3% (55 individuals) tested positive, while HCV positive rate among screened population was 7.82% for the entire country in 2018.⁵⁸

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 Khulo 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 Khulo municipality is rather stable for the last five years. In 2018, the prevalence per 100,000 population is higher in the municipality compared to the country and regional averages (country – 10,954.7/100,000; region – 10,105.6/100,000; municipality – 14,945.5/100,000). By the end of 2019, there were 4,343 registered cases of diseases of the circulatory system in the municipality.

By the end of 2018, there were 122 patients (including 4 cases under-15) with type I and 333 with type II Diabetes Mellitus registered in Khulo municipality. Prevalence of type I diabetes in the municipality is slightly higher, while prevalence of type II diabetes is lower than the country average (475.2/100,000 / 1,296.9/100,000 VS 379.5/100,000 / 1,681.6/100,000 in 2018) and the last five-year trend is stable for both types.

There is 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 is also stable and ranges from 157.1 to 216.1 during the last five years. In 2018, the figure was lower than the county and regional averages (country - 258.5/100,000; region - 262.3/100,000; municipality - 159.5/100,000).

Organization and Governance

The healthcare system at present is highly decentralized and was extensively privatized under reforms implemented from 2007 to 2012. In 2012, a change of government brought a significant change of direction in healthcare policy. The healthcare system is still largely oriented towards curative care. Spending on inpatient care represents 67% of public health spending, while 25% is allocated towards outpatient care.⁵⁹

58. Statistical Yearbook NCDC, 2018

59. Georgia Health Utilization and Expenditure Survey WHO, USAID, World Bank, MoLHSA, 2017

The polyclinics and family medicine centers coexist both in the cities and regional centers as well. The system of rural doctor and nurse also remains the main health care provision in the villages, composing the primary health care settings for the village dwelling population. The rural medical personal refers to the regional polyclinic or multi profile hospital, which provide treatment of complex cases. The current primary health care services delivered 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.

Public health is financed from the municipal budgets in order to accomplish activities defined by law on public health, specifically: to ensure preventive and epidemiological control measures in the case of epidemic threats; to facilitate primary epidemiological research on the territory of the municipality, to organize deratization, disinsection and disinfection measures as well as immunization under the National Immunization Schedule, etc.⁶⁰

Municipalities, in agreement with the MoH, also implement thematic programmes that complement the Ministry's healthcare programmes. 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. Thus, municipalities have sufficient legal grounds to independently plan, develop and implement effective and needs oriented municipal health programs.

The aim of the Khulo health care program is to improve the population health and increase access to health care services in the municipality. The healthcare program goal is to protect the health of the population and provide first aid in an outpatient setting due to improve and strengthen population health. Therefore, several programs are implemented in Khulo by the municipality in the healthcare field.

Financing Issues

Health care services for Khulo 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.

Both in the whole country and in Khulo municipality, there is the State Program of Rural Doctors, which aims to increase the geographical and financial access of the rural population to primary health care services.

Municipal Budget. According to the approved 2020 budget of Khulo municipality, the budget income totals 11,296,500 Georgian Lari (GEL), out of which 443,100 GEL (around 3.9%) is allocated for healthcare program composed of two sub-programs:

- 1) 357,900 GEL - for Khulo Social Services Center (The sub-program aims to improve the services of community outlets and outpatient clinics in Khulo municipality. The center provides doctors and nurses with medicines and other current expenses (driver's salary, fuel, car repairs, car insurance, office expenses, etc.) to provide uninterrupted primary medical care to the population.)
- 2) 85,200 GEL – for mobile teams service program for people with severe mental disorders (The sub-program provides funding for one mobile team in Khulo municipality with on-site services for 50 patients per month. The team's work is determined by home visits and medical treatment.)

With the aim of promoting a healthy lifestyle in adolescents, the Municipality allocates 402,200 GEL for supporting sports facilities, sporting events, arrangement and rehabilitation of entertainment and sports fields and sports buildings.

60. Law of Georgia on Public Health

The infrastructure development budget (3,680,874 GEL) line is mainly considered for road, transportation, water system developments, construction and rehabilitation of communal infrastructure, etc. and no allocations are envisaged for rehabilitation/construction of medical facilities or rural outpatient clinics.

Human Resources

The number of physicians in Khulo municipality has declined from 43 in 2015 to 36 in 2018. As of 2018 there are 36 physicians (including dentists) in the municipality and 49 nurses, making up the ratio of nurses to physicians 1.4, which is much higher than country figure (0.6 in 2018). In 2018, the number of physicians per 100,000 population was 5 times lower than the country and regional average (country - 784.2/100,000; region - 763.3/100,000; municipality - 140.1/100,000). The same figure for nurses was 2.5 times lower than the country and almost 3 times lower than the regional average (country - 494.8/100,000; region - 592.2/100,000; municipality - 190.7/100,000).

There are 22 rural doctors and 25 rural nurses in the municipality.

Provision of Services and Access to Health Care

As of 2018, there is one hospital with 15 hospital beds, 11 rural ambulatories, three dental offices, one ambulance station and 7 pharmacies in the municipality. One public health center and one laboratory in the municipality. There is an antenatal department operating in the hospital.⁶¹

Bed occupancy rate was 73.3 (187.2 for Georgia), with an average length of stay 2.3 (4.9 for Georgia) in 2018.

Primary care utilization rates remain low. In 2018, the number of ambulatory visits per capita was 0.6 for Khulo municipality, while this indicator amounted 2.1 for Adjara region and to 3.3 for the entire country.⁶²

In 2019, among the population, who received ambulance assistance, 0.6% was due to accidents and 98.6% due to sudden illness, which is almost the same as for the entire country.

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 Khulo. Rural women have to go to a nearby village or town to get services, which is associated with additional financial barriers. The problem of access to services in villages is also shown in lack of adequate equipment and necessary resources in medical centers.⁶³

According to the Local Population Survey conducted by UNDP in 2019, 29.2% of men and 39.3% of women assessed the health infrastructure and services in Khulo municipality as "fully satisfactory". The% of those fully satisfied with municipal health facilities and services was 31.3% among the respondents with disabilities. Khulo municipality show the lowest evaluations also regarding performance of waste disposal (2.47), internet (2.28) and women organizations (1.88). health care facilities, education services, sport-recreation facilities and kindergartens received on averages satisfactory evaluations across municipalities.⁶⁴

Rural Primary Health Care

Primary health care can cover the majority of a person's health needs throughout their life including prevention, treatment, rehabilitation and palliative care.⁶⁵ Therefore, World Health Organization recognizes the central role of primary health care for achieving health and well-being for all, at all ages.

During the development of the presented document, information was collected regarding the operation, needs and challenges of rural ambulatories in Khulo. There are 11 rural ambulatories with 22 rural doctors and 25 nurses in the Municipality. Each ambulatory service from 4 to 12 villages and population attached per one rural doctor varies from 775 to 1950. In majority of cases, ambulatories have its own building (three villages Gorjomi, Skhalta and Dioknisi have not PHC facility and rural doctors and nurses are located in the buildings of former hospitals). The distance from the

61. Data from municipality and NCDC

62. Statistical Yearbook 2018, Georgia, NCDC

63. Sexual and Reproductive Health and Rights: National Assessment, Key Findings, UN and Public Defender, 2019

64. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

65. <https://www.who.int/news-room/fact-sheets/detail/primary-health-care>

ambulatory to the farthest located patient varies from 3 to 12 km. Mostly rural doctors assess the conditions of their facilities as bad or satisfactory. Water and sewage systems are out of order almost in all facilities and represents a major problem for the staff. Refurbishment is needed in majority of cases. Only half of the ambulatory buildings have a disability ramp. All buildings have a separate patient waiting area. Not all doctors have their own computers and all ambulatories do not have access to Internet. The medical personal has access to PHC guidelines and protocols, and they always or often use them in their practice. Majority of doctors had undergone training one year ago. They have information on the management of COVID-19 presumptive cases.

Majority of doctors have additional jobs (mainly working in the Ambulance). Despite the poor working conditions, most doctors expressed being fully motivated. Khulo is struggling to attract and keep enough primary-care physicians in the villages. The primary-care physician workforce is not adequate to meet demand, usually rural doctors work in different places and during the working hours they are not available in some villages. Therefore, a large share of the population continues to seek outpatient care directly from hospitals in Khulo or in Batumi. Access to medicines and lack of rural doctors appears to be a problem for Khulo. Among the most important needs faced by rural ambulatories in Khulo municipality were named the following: facility infrastructure arrangements mainly concerning the water and sewage systems, need for refurbishment, equipment (including computers) and furniture, access to internet, need for extra fuel for transportation, etc.

Access to Utilities

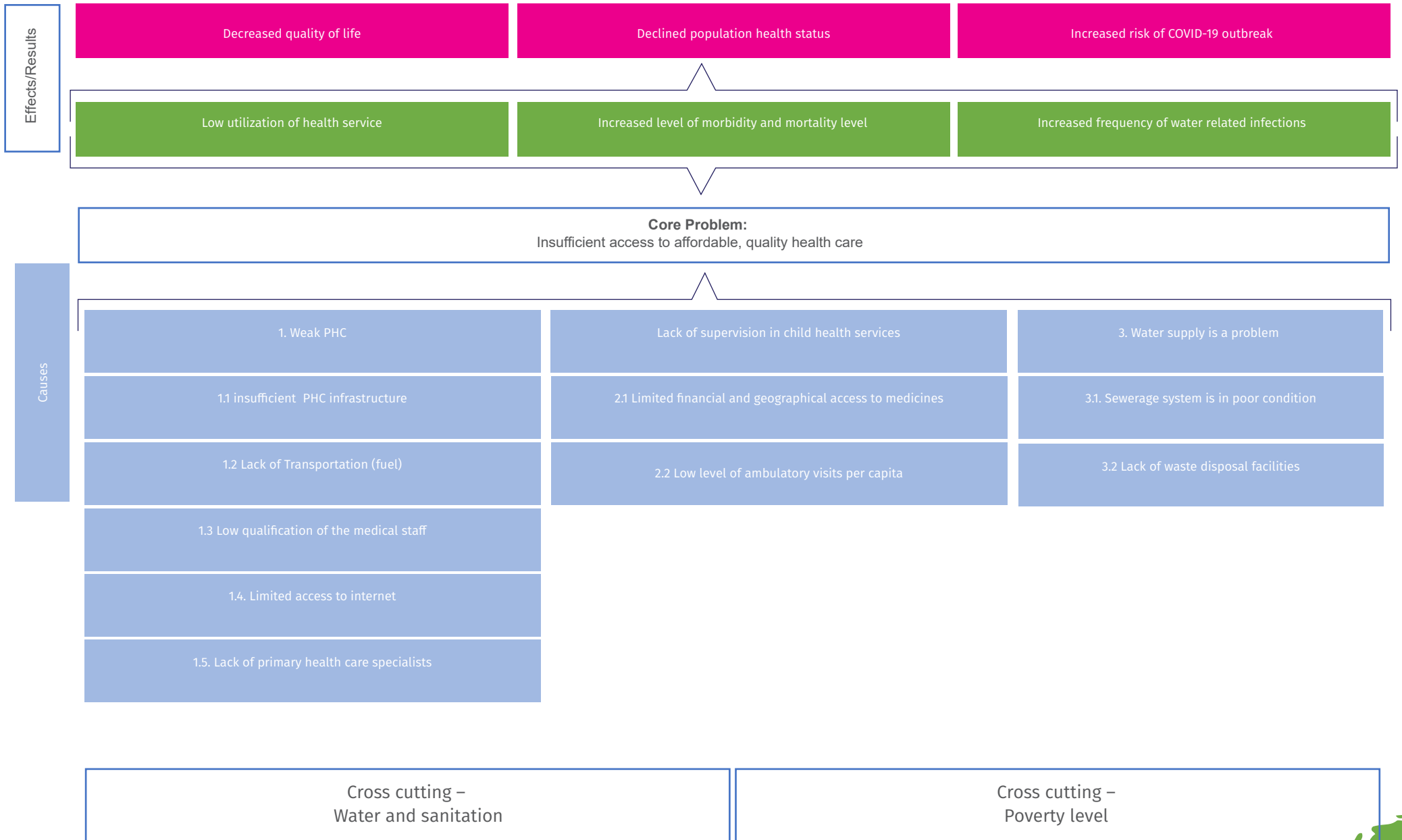
Access to appropriate utility infrastructure is one of the key aspects of local healthcare conditions. Unsettled problems regarding the drinking water, sewage networks and waste management may create some public health treats such as spread or outbreaks of certain infectious diseases.

According to the Khulo Local Development Strategy for 2018-2022, most part of the population has individual supply systems for drinking water. Low number of residents are connected to centralized drinking water supply system. Out-dated water reservoirs and absence of water control laboratory are also acknowledged as weaknesses.

Sewage system is only located in Khulo town and Beshumi. The pipelines are mostly damaged and there is no functioning cleaning facility, sewage wastewater flows into small rivers and causes their bacteriological contamination.¹ Khulo Local Development Strategy for 2018-2022, also acknowledges weaknesses regarding the waste management, such as low awareness in the population of proper waste management and the consequences of poor management, very low rate of waste collection, etc. Khulo municipality waste is collected from population of villages only, and no trash is picked from remote rural areas. There are number of unofficial, unorganized landfill in the communities. Usually such landfills are located either close to roads, in the beginning or end of villages, or near streams/rivers. The waste contamination from all such landfills finally flows to the streams and then into Adjaristskali river. Therefore, such type of landfills can be considered as a sources of water pollution. Nevertheless, there exists a municipal waste management plan and currently from 84 settlements, 52 are equipped by waste containers. However, the number of waste containers and waste transporting trucks are still insufficient. In 15 villages there are no waste containers. In winter, there is a problem with transportation of waste from containers to the point of discharge. Many roads connecting to villages are closed due to heavy snow.





The Khulo Local Development Strategy also highlights lack of adapted infrastructure for people with disabilities.

P2 - Problem Tree (Healthcare Dimension of Local Society)



P2 -Proposed Intervention Actions (Healthcare Dimension of Local Society)

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 – society, relevant to healthcare. 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"> P2-HE01 - Home-based Maternal and Childcare Program 	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"> Ensuring basic health 	<ul style="list-style-type: none"> Water and sanitation Poverty level
<ul style="list-style-type: none"> P2-HE02 - The Health Workforce Growth Program 	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 technique and medical instruments, the primary health-care services provided by rural doctors effectively reduced costs and provided timely treatment for the rural residents.		<ul style="list-style-type: none"> Ensuring basic health 	
<ul style="list-style-type: none"> P2-HE03 - Rural Primary Health Care Facilities Improvement Program (as well as water and sanitation) 	Economic growth and development depend on a healthy population. Investments in the health system also have multiplier effects that enhance inclusive economic growth, including via the creation of decent jobs. Targeted investment in health systems, including in the health workforce, promotes economic growth along other pathways: economic output, social protection and cohesion, innovation and health security.		<ul style="list-style-type: none"> Promoting basic physical infrastructure investments 	
<ul style="list-style-type: none"> P2-HE04 - Access To Internet For Rural Medical Staff 	In the COVID-19 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 moving 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 continuous medical education as well as for developing the health information system for the whole country.		<ul style="list-style-type: none"> Promoting access and use of ICTs 	

YOUTH DIMENSION OF LOCAL SOCIETY

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

There are 50 public and private general educational institutions, with 3,174 students.⁶⁵ Compared to 2005, in 2020 the number of students fell by 51%.⁶⁷ According to 2014 data from Geostat, 10.8% of 15 to 29 years old youth have higher education, while 8.8% of youth have vocational education. The lack of qualified staff in the schools of Khulo municipality remains a challenge, which has a negative impact on getting appropriate education.⁶⁸ This problem has deepened as a result of growing migration and deteriorating social conditions. Decreased levels of education have minimized social activism among young people. For young people, the only area of social activism remains agriculture. However, this field is unattractive not only in terms of commercial interests, but also in terms of innovation.⁶⁹ Vocational and higher education institutions are available for those interested in Batumi, which is 82 kilometers away from Khulo and takes 2 hours to travel.

NEET Youth. The share of youth 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%.⁷⁰ While the study conducted by the World Bank earlier shows that the share of NEET youth was 32.4% in 2014.⁷¹ Unfortunately, the mentioned data is 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 Adjara AR is 31.69%, which is one of the highest indicators among the regions.⁷²

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
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 the level of motivation and awareness of young people about entrepreneurship, to develop education and professional skills, to increase access to financial resources, to launch targeted youth entrepreneurship programs etc.

Sources of Incomes. It is also interesting to assess youth by the sources of income in Khulo municipality. The statistical data has revealed that 27.2% of 15-29 years of age youth are dependents, while 36.7% have income from their farms.

66. Geostat, 2020

67. General Population Census 2014, Geostat

68. Khulo Municipality Social-Economic Development Strategy 2012-2022

69. Khulo Municipality Social-Economic Development Strategy 2012-2022

70. Geostat 2018 (national level)

71. 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)

72. 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)

While 11.1 is the share of youth who receive income from hired work.⁷³ 13.5% of youth are dependent on social assistance, which is quite a large number.

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

INCOME STATUS	NUMBER
Dependent	1508
Income from own farm	2032
Salary from working for hire or other regular remuneration	617
Income from individual labor activity	120
Remittances from abroad	0
Other	218
Not specified	99
Pension	124
Other forms of government support	45
Income from own enterprise	0
Social assistance	748
Income from property	0
Total	5532

Source: Geostat.

Economic Activity and Participation. The population survey of non-farm economy needs has revealed that 25.5% of interviewed youth in Khulo are employed, while 69.1% unemployed, and 5.4% are not in the labor force. Across the other municipalities, youth show a higher average employment rate (43.2%) and lower unemployment levels (33.9%).

4.8% of employed youth work in the private sector, 9.5% work in the public sector, while 2.4% is self-employed. Comparatively to the other municipalities, the higher proportion of young people are employed in the private sector (10.1%), while the proportions of public employment is lower (6.7%) and self-employment is (16.9%).

The survey has also revealed the issues of engagement of youth in entrepreneurial activity. 35.7% of surveyed youth have not thought about starting up a business, while 50.6% have thought about it but were unable to and only 13.7% have started or is planning to start the one. The average results across the other municipalities are as follows: the average proportion of those youth who have not thought about starting a business is high (39.1%), the number of those who have thought but had a problem with starting a business is lower (48.1%), the same time across other municipalities only 12.7% have started or is planning to start business.

The research results show that 36.1% of those who have thought about starting a business do not have relevant resources for starting a business, and 30.6% are satisfied with existing income and has no need to start business⁷⁴.

Relevant Local Youth Initiatives. In terms of participation the project of the Europe Foundation (EPF) should be mentioned which is implementing Youth Integration Program in Khulo municipality, the program is based on Youth Bank (YB) methodology. The project aims to enhance the skills of young people and allow them to take an active part in the development of their community. Proposed Youth Bank methodology, is an innovative way of increasing youth participation by empowering them with training and resources to find, fund, and manage small youth-led initiatives that address local community issues. The project is open to young people aged 16 to 21.⁷⁵

Survey of the needs of non-farm economy in has revealed that those youth who want to start a business in the non-farm sector, does not have relevant financial and educational resources, which is the indicator that shows that there is a need for youth economic empowerment in order to increase employment rate in the Khulo.

73. General Population Census 2014, Geostat

Civic/Society Engagement of Youth

According to the Georgian Youth Policy Document, youth participation is the main strategic direction for youth policy development. The participation of young people implies their active involvement in the civic, social, cultural, political and economic life of the society. 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 youth in the decision-making process is a critical precondition for sustainable development.

Khulo LAG activities should as one of the existing youth engagement opportunities, which in May 2019 organized a green camp for young leaders and innovators. The camp is a cognitive-entertaining youth activity aimed at improving access to knowledge about environmental protection, sustainable development, science and technology among young people and creating new opportunities for future leaders. LAG also offers different training opportunities for development farm and non-farm business, where youth also have possibility to participate⁷⁶.

Another opportunity is Khulo Youth Platform, which is a new educational space created on the basis of the library of Khulo Cultural Center, which was established within the framework of the grant program “Community Ambassadors” of the Embassy of the United States of America. Khulo Youth Platform offers various educational modules, trainings, seminars and activities for young people living in the municipality, currently youth platform provides 5 different non-formal education training modules on following topics: Media literacy, professional orientation, early marriage prevention, healthy lifestyle and tolerance programs⁷⁷.

Khulo Culture, Sports and Youth Affairs unit implements municipal program for youth participation and involvement in public and civic activities, as well as support youth initiatives and organize various event. Unfortunately, municipal budget for this program hardly will be enough even for just one initiative.

Growing youth migration and lack of qualified teachers in Khulo municipality schools remains a challenge. Although public and social participation opportunities are limited, the youth in municipality are very active and are eager to be part of any available initiative. Supporting ideas and initiatives of motivated and independent youth plays crucial role in active youth participation. Capacity building and personal skills development program is also very important for youth living in remote areas of Khulo municipality where bases of such possibility should be local community centers.

Sports and Culture

Khulo municipality is one of the most distinguished municipalities in Georgia with its culture and traditions. There are many historical monuments and cultural objects here. There is one cultural center in Khulo. In addition, there are 6 art clubs with, 3 museums, 2 libraries, one art gallery, 7 cultural houses, and 10 rural clubs in Khulo municipality. There are up to 1354 children involved in different art sections in municipality.

Khulo municipality sports complex unites 8 sport directions: Wrestling, weightlifting, basketball, tennis, skiing, chess, volleyball, physical training where a total of 380 children are engaged⁷⁸.

Summary of Key Challenges and Needs

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

74. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

75. <http://www.epfound.ge/>

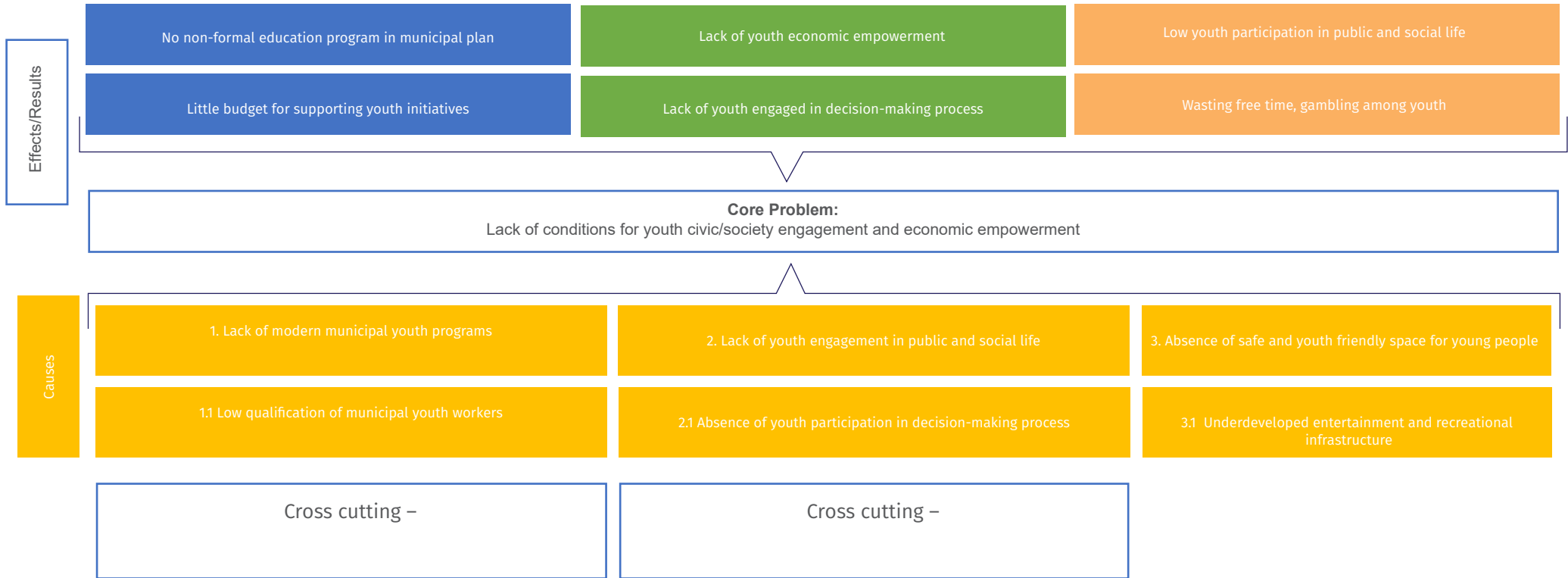
76. <http://khulolag.ge/>

77. <https://www.facebook.com/KhuloYouthPlatform>

78. Khulo municipality budget and program; public data

CHALLENGES	NEEDS
<ul style="list-style-type: none"> • NUMBER OF QUALIFIED TEACHERS IS LOW ESPECIALLY IN VILLAGES • THE MAJORITY OF YOUTH HAVE POOR SKILLS IN FOREIGN LANGUAGES • LACK OF YOUTH NGOS THAT WOULD OFFER NON-FORMAL EDUCATION TRAININGS • MOST OF YOUTH ARE PASSIVE, WITHOUT KNOWING WHAT TO DO WITH THEIR FREE TIME • THE LEVEL OF AWARENESS OF YOUTH ABOUT EXISTING PROGRAMS, SERVICES AND OPPORTUNITIES IS LOW • LACK OF YOUTH PARTICIPATION ON MUNICIPAL LEVEL 	<ul style="list-style-type: none"> • PROMOTE VOLUNTEER AND YOUTH INITIATIVES • PROMOTE DIFFERENT WAYS OF YOUTH PARTICIPATION IN PUBLIC AND SOCIAL LIFE • INCLUSION OF YOUNG PEOPLE WITH DISABILITIES • DEVELOP KEY PERSONAL COMPETENCIES THAT WILL HELP YOUTH TO OVERCOME CHALLENGES IN LIFE • ENCOURAGE YOUTH TO PARTICIPATE IN DECISION MAKING PROCESS

P2 - Problem Tree (Youth Dimension of Local Society)



P2 - Proposed Intervention Actions (Youth Dimension of Local Society)

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 – society, relevant to 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	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> P2-YU01 - Promotion Different Ways of Youth Participation 	The analysis has revealed that there is a lack of youth engagement in the decision-making process. To facilitate the elimination of the mentioned problem it is suggested to provide trainings on different ways of youth participation. Under the project local youth will have an opportunity to attend to the specially designed training program about different ways of youth participation. According to the Council of Europe’s Youth Department there is five innovative forms of youth to participation in decision making process		<ul style="list-style-type: none"> Providing education and training 	
<ul style="list-style-type: none"> P2-YU02 - Municipal Youth Workers Development Program 	Active participation and engagement both of youth and local self-government authorities is one of the significant preconditions for the enhancement of youth. Human capital at the municipal level, in the frame of the youth issues, is one of the important challenges. Not enough attention is paid to the development and professional growth of the staff members who are working with youth.		<ul style="list-style-type: none"> Building government capacity 	
<ul style="list-style-type: none"> P2-YU03 - Project “Youth Space” 	“Youth space” is a safe and youth-friendly multifunctional environment where youth can spend their free time, improve personal skills, plan activates, brainstorm, use free wifi, develop ideas and recommendations for local authorities and other stakeholders. The initiative will stimulate youth activism and will help to revitalize the rural atmosphere. Project implementation will support the sustainable development of youth capacity.		<ul style="list-style-type: none"> Building social capital 	
<ul style="list-style-type: none"> P2-YU04 - Youth Digital Media Platform 	The digital age has made it easy for anyone to create media. It is not always identified who created something, why they made it, and whether it's credible. Supporting existing youth media platform in Khulo will allow youth to create, disseminate and advocate information about their local community needs, and thus become active citizens. Program will also help young people to critically analyze the information flow by the media		<ul style="list-style-type: none"> Building social capital 	

GENDER DIMENSION OF LOCAL SOCIETY

Active participation of women in the life of the local society is a key aspect of the well-being of this minority group throughout the regions of Georgia.

According to the census 2014, population distribution in terms of gender is approximately equal in Khulo municipality. 50,2% of the total population of Khulo municipality are women and 49,8% are men.⁷⁹ 46,3% population who live in the urban settlement, are men and 53.7% are women. In the rural settlement 49.9% men and 50.1.6% woman.⁸⁰ 67% of retirees are women 33% men. 57% recipients of a state supplement are women. 31.9% residents of Khulo municipality receive monthly state compensation for certain groups of Georgian citizens. Of these, 48% are men and 52% a woman. 38% of migrants are women and 62% are men. 47% of the total number of migrants are young people.⁸¹

Review of Social Status

Participation of women in the decision-making process in Khulo municipality is very low. There is only 2 woman and 26 men in the City Council. None managerial positions are occupied by women. 24 men and only 5 women are on the managerial positions in the City Hall.⁸²

In 2018, Gender Equality Council of Khulo was established which consists of 15 members (7 women and 8 men) and the representative of LAG (Local Action Group) of Khulo.⁸³

The Gender Equality Council approved the Municipal Gender Equality Action Plan for 2018-2020.⁸⁴ One of the priorities of the plan is economic empowerment of women (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 provided.

The budget has not been allocated for the implementation of the programs under the Action Plan, but the work of the Gender Equality Council is being integrated with other programs of the municipality. The budget (8,000 GEL) was allocated for the implementation of the activities of Women's Room, however the implementation of the activities is delayed due to the situation caused by COVID-19 in the country. It is probable that the part of the money will be returned to the budget.

Women's Room has been operating in the municipality since 2015. One of its services of Women's Room is the promotion of women's economic participation and strengthening their skills. During the period of November 2018 to September 2019, Women's Room provided service to 592 beneficiaries.⁸⁵ The manager of Women's Room works closely with the representatives of the Mayors in the administrative units and facilitate the village gatherings to maintain gender balance. Women's Room holds community meetings once a month, talks to women face to face, and try to identify their problems and needs. During the meetings, the leader women from each community are selected to join the women's initiative groups. Constant contact is maintained between the manager and rural women, to disseminate information, provide the manager with women's initiatives, and participate in organizing meetings. There have been several replacements of managers since the opening day.

It is interesting to note that the majority of male (86.2%) and female (67.4%) respondents classify Women's Rooms as totally unsatisfactory or unsatisfactory, while only 23.6% of women respondents and 9.6% of male respondents classify it as totally satisfactory or satisfactory.⁸⁶

In 2019, in collaboration with the local authorities, the head of the Georgian Young Lawyers' Association conducted a one-day training for public officials on gender equality issues.

79. Khulo Local Development Strategy

80. General Population Census 2014, Geostat

81. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

82. http://ginsc.net/map_html/statistic.php?mode=0&lev=3&cat=2&sub=5&lang=ge

83. The Decree N88 of the Local Authority, <https://www.matsne.gov.ge/ka/document/view/4351208>

84. <http://ginsc.net/uploads/docs/khulo.pdf>

85. The exact number of visitors in terms of gender is not available

86. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

Civil Society

No women's organizations working in Khulo municipality. In fact, the only active civil society organization operating in the municipality is Khulo LAG (Local Action Group), which has 112 members and 20% of them are women.

62.7% of women and 61.5% of men have either high or very high trust towards non-governmental organizations. However, when it comes to specifically non-governmental women's organizations, the trust is lower (46.7% of women and 30.4% of respondent men have high or very high trust towards women's organizations). Male respondents have higher distrust towards women's organizations as well as initiative groups, which might be associated with the stereotypes in the region.⁸⁷

According to the data of 2019, the number of beneficiaries funded within the industrial part of the program of Produce in Georgia in Khulo municipality is 1 legal entity. The number of beneficiaries funded under the micro and small entrepreneurship program of Enterprise Georgia is 23, of which only 6 or about 26% are women.⁸⁸

Up until now, total of 72 projects were funded by Khulo LAG, 20 of which (27%) were submitted by women.⁸⁹

Access to Education

According to the results of a survey, only 24.3% of female respondents and 48.9% of male respondents received higher education, which is approximately twice as high as women. This clearly reflects the need for more women to be involved in higher education.

As for vocational education, 31.4% of female respondents and 8.1% of male respondents received it. In this case, it turned out that men are less involved in vocational education. However, only 4 respondents received both higher and vocational education, all of them are men.

The majority of respondents (more than 90%) have not undergone training in business plan development or marketing and sales, although it is noteworthy that less female respondents have undergone training in business plan development and more in marketing and sales.⁹⁰

The majority of respondents who did not take part in a business training in the last 3 years state that they did not need this training. Although 6.3 percentage points more women than men say they did not attend the training because they did not have information about the training and 6 percentage points more men than women say they did not have time to attend training.

72.6% of female respondents and 68.6% of male respondents evaluate educational services as satisfactory, however the data does not show specifically which educational services are accessible or their general state.

Access to Infrastructure

Overall, in the municipality, women are better off than men, in all of the basic aspects of infrastructure and utilities. According to the survey, infrastructure (bridges, roads, drinking and irrigation water, etc.) is more frequently evaluated negatively by male respondents, than female respondents. Overall, male respondents are more dissatisfied with transportation related infrastructure.

87. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

88. Enterprise Georgia

89. Caritas Czech Republic

90. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

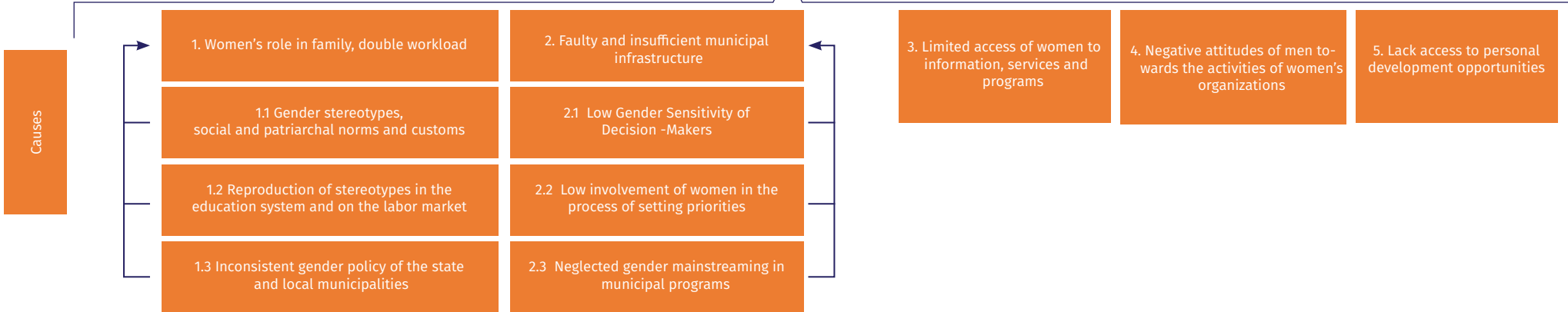
Summary of Challenges and Needs

CHALLENGES	NEEDS
<ul style="list-style-type: none"> • STEREOTYPES CONNECTED WITH THE ROLE OF WOMEN IN THE FAMILY AND SOCIETY, AS WELL AS STEREOTYPES ON THE LABOR MARKET • LACK OF WOMEN'S ORGANIZATIONS AND INITIATIVE GROUPS, ATTITUDES TOWARDS WOMEN'S ORGANIZATIONS • DOUBLE WORKLOAD IN THE FAMILY. AND LACK OF TIME FOR DEVELOPMENT AND PARTICIPATION IN PUBLIC LIFE • LOW SELF-ESTEEM OF WOMEN • LACK OF PROGRAMS FOR WOMEN'S OPPORTUNITIES DEVELOPMENT • LOW PARTICIPATION OF WOMEN AT THE DECISION-MAKING LEVEL • WOMEN AND GENDER ISSUES AS LOW PRIORITY AREAS (ESPECIALLY AT THE BACKGROUND OF COVID-19) • PROBLEMS WITH THE IMPLEMENTATION OF THE COMMITMENT TAKEN BY THE GENDER EQUALITY ACTION PLAN • POVERTY AND MIGRATION • FAULTY INFRASTRUCTURE AND ACCESS TO SERVICES - WATER, THERE IS NO MUNICIPAL TRANSPORT, UNREGULATED TRANSPORT, ETC. • LACK OF GENDER SENSITIVITY AT DECISION-MAKING LEVELS • INSUFFICIENT SERVICES AND PROGRAMS • COVID-19 CRISIS 	<ul style="list-style-type: none"> • ESTABLISHING WOMEN'S INITIATIVE GROUPS AND WOMEN'S ORGANIZATIONS • INCREASING THE REPRESENTATION OF WOMEN'S INITIATIVE GROUPS AND NON-GOVERNMENTAL ORGANIZATIONS IN THE GENDER COUNCIL • ENSURING THE MEANINGFUL INVOLVEMENT OF WOMEN IN THE DECISION-MAKING PROCESS • THE GENDER EQUALITY ACTION PLAN FOR THE COMING YEARS TO REFLECT THE NEEDS OF WOMEN FOR WOMEN'S EMPOWERMENT, INCLUDING ECONOMIC EMPOWERMENT. • RAISING AWARENESS OF DECISION-MAKERS ABOUT WOMEN'S RIGHTS AND GENDER EQUALITY AND INTERNATIONAL AND LOCAL OBLIGATIONS • CONDUCTING EDUCATIONAL ACTIVITIES THAT INCREASE MEN'S GENDER SENSITIVITY, INCLUDING DECISION-MAKERS • INVOLVING WOMEN IN THE BUDGET DEVELOPMENT PROCESS OF THE MUNICIPALITY • IMPROVING MUNICIPAL TRANSPORT SERVICES AND WATER SUPPLY • STRENGTHENING THE CAPACITY OF THE MUNICIPAL SERVICE WOMEN'S ROOM TO SUPPORT WOMEN AND THEIR ECONOMIC EMPOWERMENT

P2 - Problem Tree (Gender Dimension of Local Society)

Results	Low Level of Economic Development	Women's vulnerability and poverty	Women's migration
	Women are not able to influence economic	Low quality of life of women	Low number of women's initiatives, including in economic processes
	Increases women's time and costs to participate in public, political and economic life	The priorities and needs of women are not reflected in policy documents	Low self-esteem and motivation
	Women are not engaged in decision-making process		

Core Problem:
Lack of conditions for engagement and empowerment of women



Cross cutting –

P2 - Proposed Intervention Actions (Gender Dimension of Local Society)

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 – society, 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"> • P2-GE02.- Gender Mainstreaming in Municipal Programs • P2-GE05 - Strengthen the Capacity of Women's Rooms 	<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. The situation in the municipality of Khulo is the same</p>		<ul style="list-style-type: none"> • Mainstreaming gender in development 	Social, health Economy and infrastructure
<p>(Engagement in Socio-economic Life)</p> <ul style="list-style-type: none"> • P2-GE04 - Awareness-Raising Campaign on Gender Sensitivity • P2-GE07 - Supporting Women's Initiative Sand Community Groups 	<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"> • Mainstreaming gender in development 	
<p>(Education and Training)</p> <ul style="list-style-type: none"> • P2-GE03. Training to Support Women's Economic Activity • P2-GE06. Awareness-Raising Campaign on Gender Sensitivity of Men • P2-GE08. Increasing Gender Sensitivity of Religious Leaders • P2-GE01. Promoting Education of Women and Girls 	<p>Women face double workload and social norms, limited time hinder their personal development. Unrecognized work of women is mainly based on the stereotypes coming from men, Therefore, they have low self-esteem, self-efficacy and outlook. In order to address this stereotype, only training women would not be enough, as it could create friction. Having gender sensitive men and society is integral to creating a healthy dynamic where both parties fully understand rights and responsibilities of one another.</p>		<ul style="list-style-type: none"> • Mainstreaming gender in development 	
<p>(Gender-Sensitive Approach by Local Authorities)</p> <ul style="list-style-type: none"> • Gender-sensitive Infrastructure and Programs/services by Local Authorities 	<p>Gender policy implementation and mainstreaming are the obligations of the municipality. However, often Municipality does not see the infrastructure projects during their planning with gender lenses, therefore as infrastructure is not well organized, there is no municipal transport etc., women need more time and incur more costs in order to access different services. Moreover, women have lower incomes and limited access to private cars. Therefore, they have less time and motivation for development and engagements in the socio-economic life.</p>		<ul style="list-style-type: none"> • Mainstreaming gender in development 	

5 PRIORITY 3 (P3)

– ENVIRONMENT

GEOGRAPHY AND NATURAL ASSETS

Environmental Infrastructure and Services

Environmental pressures, impacts and key issues

5. PRIORITY 3 (P3) – ENVIRONMENT

Environment of a municipality affects overall quality of the living of the residents and adds to the appeal of it as a place to live. This Chapter addresses key aspects of the environment of the municipality.

GEOGRAPHY AND NATURAL ASSETS

Location, Geomorphology and Geology. Khulo municipality is located in upstream area of the Adjariskali River Basin, on the slopes of Arsiani and Meskheti ridges, at 400-3,007 m ASL. The highest point is the mount Khanli (3,007 m ASL). Total area of the municipality is 710 km² and population size by 2020 Geostat data – 26,258, of which 25,319 is rural population and 939 urban population, living in Khulo town (same as borough). Population density makes up around 37 people per km². Khulo municipality is bordered with Turkey, Chokhatauri municipality (Guria), Ozurgeti municipality (Guria) and Adigeni municipality (Samtskhe-Javakheti).

Khulo municipality is known for its diverse and complex relief represented by foothills, hills, deep erosive gorges of the Adjaristskali River and its tributaries and, middle to high mountains. Apart from the mount Khanli, there are a number of water dividing ridges, with highest peaks varying from 1,560 m ASL (Phurtio mount) to 2,403 m ASL (Chanchakhi mount). Mountain relief is split by a number of deep gorges, slopes of which are represented by fragments of terraces of various ages. Goderdzi pass is located in the north-east of the municipality at 2,025 m ASL.

Geologically, the relief of the municipality is made of Middle Eocene andesite and hydro-clastic rocks, tuff-breccia of volcanoclastic facies, tuff-sand-gravel and argillites. There are also Upper and Middle Eocene Syenite-Diorites.⁹¹

Climate.⁹² Khulo municipality is characterized by humid Black Sea sub-tropical climate with moderately cold longer and snowy winters and brief and warm dry summers. At lower altitudes, average annual temperature is 10.10C, January temperature – minus 0.90C and in June – plus 18.60C; absolute maximum is 39.0C. Annual average precipitation varies from 1,300 to 2,500 mm (Goderdzi pass).

Soils and Landscapes.⁹³ There are following soil types and landscapes in Khulo municipality: i) forest and sandy soils with middle mountains and pine-birch forests; ii) alluvium soils with forest-meadow vegetation; iii) mountain-meadow soils with subalpine meadow-shrubbery; iv) alpine meadow soils with alpine meadow vegetation; v) subnival and nival landscapes.

Water Resources.^{94,95} Hydrological network of Khulo municipality is pretty dense and is represented by the Adjaristskali River (the largest river in Adjara A.R. after the Chorokhi River) and its smaller fast-flowing tributaries with V-shape deep gorges and steep slopes (e.g. Skhalta, Satsikuri, Gorjomi, Diakonidzeebi, etc.).⁹⁶ These surface water bodies belong to the Black Sea basin rivers and are fed by rain, snow melt and groundwaters.

In target municipality, total catchment of the Adjaristskali River is 251 km² (in total, 1,540 km²), total length - 25.5 km (in total, 90 km), average altitude – 1,400 m, multi-year average flow at Khulo gauging site – 8.73 m³/sec, maximum flow - 189 m³/sec (30 October, 1947) and minimum flow - 0.25 m³/sec (20 August, 1949). The maximum of sediment flow was recorded in April 1968 and amounted to 460 kg/sec; minimum flow – in July 1979 and amounted to 0.086 kg/sec. The largest contributor to the formation of the water flow is the snow melting, whose share increases towards the river head. The river regime is characterized by spring floods, fall flash floods and summer and winter unstable low waters. Spring's flow contributes about 50% to the annual water flow, summer's flow – 17%, fall's flow- 19% and winter's flow – 14%. The river is clean and transparent is potable during low flows. Ice is only formed in the upstream areas and only during very cold winters. The river is used for power generation and irrigation purposes.

The Skhalta River originates on the west slope of the Arsiani ridge, from the source located at the altitude of 2,220 m

91. Source: Khulo municipality spatial development plan. Ministry of Finance and Economy of Adjara A.R.

92. Source: Khulo municipality spatial development plan. Ministry of Finance and Economy of Adjara A.R.

93. Source: Khulo municipality spatial development plan. Ministry of Finance and Economy of Adjara A.R.

94. Source: Khulo municipality spatial development plan. Ministry of Finance and Economy of Adjara A.R.

95. Source: River Basin Analysis in The Chorokhi - Adjaristskali pilot basin, Georgia. EU Environmental Protection of International River Basins. (EPIRB) Contract No 2011/279-666. a Consortium led by Hulla and Co. Human Dynamics KG

96. The Chorokhi River is the largest river in Chorokhi-Adjaristskali basin. However, its major part flows in Turkey.

ASL and flows into the Adjaristskali River from the left side near village Buturauli. Total length of the river is 29 km, average slope - 590, total catchment – 220.1 km², average altitude – 1,590 m, multi-year average flow – 7.54 m³/sec. The hydrographic network of the the river basin is composed of 142 small tributaries with a total length of 192 km. Geologically, the basin is composed of sandstones, mergels, adnesites, basalts, tuffs and porphyries covered with gray podsolised clayly soils. The vegetation cover is characterized by vertical zoning. The river is fed from snow, rain and ground water. Of these, the largest source is snow melting and rain water. The water regime is characterized by spring floods, summer-fall flash floods and winter instable low waters. The river is clean and transparent and is potable during low waters. Ice is only formed during very cold winters. The river is used for hydropower generation and irrigation purposes.

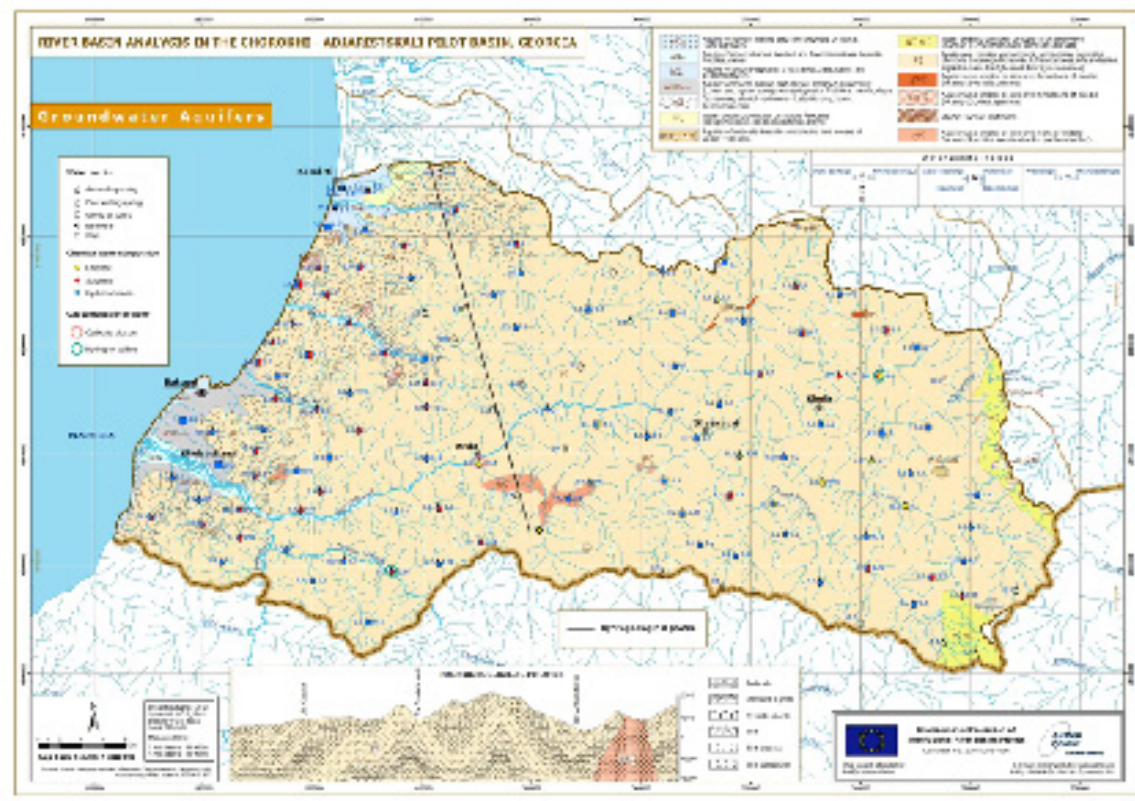
The Satsikhu River flows into Adjaristskali river, total area is 96 km², average altitude – 1,650 m, total length – 17 km and multi-year average flow – 3.32 m³/sec.

In addition to the Black Sea basin rivers, the rivers of the Caspian Sea basin (same as Kura-Aras river basin) flow in the municipality, including the Quabliani and Beshumistskali rivers.

Concerning lakes, there are two relatively larger lakes – Shavi lake with 21,648 m² surface area and Mtsvane lake 46,986 m² surface area. The latter is located at the altitude of 2,040 m ASL. Its max. depth is 17 m.

Khulo municipality is rich in groundwaters, met as multiple springs and used for agriculture and drinking water purposes. Aquifers are met in Middle and Upper Eocene volcanogenic sedimentary rocks and veins and are of high quality. Discharge rate of total available resource 5.26 m³/sec and that of economically and techically feasible resource – 2.63 m³/sec. Below is a map of groundwater aquifers nd water-bearing horizons of Adjara A.R.

GROUNDWATERS OF ADJARA A.R ⁹⁷



Source: Consortium led by Hulla and Co. Human Dynamics KG.

The municipality is also rich in mineral and thermal hot waters, including Tsalana, Khikhaziri, Danisparauli, Dioknisi, Abanoskheli, Khinchauri, Bughuai. Below is a table of mineral resources and their characteristics.

97. Source: River Basin Analysis in The Chorokhi - Adjaristskali pilot basin, Georgia. EU Environmental Protection of International River Basins. (EPIRB) Contract No 2011/279-666. a Consortium led by Hulla and Co. Human Dynamics KG

MINERAL AND THERMAL WATER SOURCES OF KHULO MUNICIPALITY⁹⁸

LOCATION	TYPE BY SALT CONTENT	DISCHARGE RATE, L/DAY	TEMPERATURE, OC	PH
TSABLANA	Sulfate iron-sodium	12,000	10	4.2
KHIKHADZIRI	Hydro-carbonate-chloride-sulfate-sodium-calcium	4,500	11	6.4
DANISPARAULI	Hydro-carbonate sodium-magnesium	2,000	10	6.7
DIOKNISI	Sulfate-hydro-carbonate sodium-calcium-magnesium	2,500	11	7.7
ABANOSKHELI	Sulfate-hydro-carbonate iron-calcium	45,000	11	6.0
KHINCHAURI	Hydro-carbonate-sulfate-calcium-iron	8,000	5.5	7.5
BUGHUARI	Thermal, hydrogen hydrogen sulfide, chloride-hydro-carbonate-sodium-calcium	3,500	24	6.0

Source: Ministry of Finance and Economy of Adjara A.R.

Forests.⁹⁹ Forests occupy 33,304 ha, of which 32,959 ha represent state forests located on 36,744 state forest land, managed by LEPL Adjara Forest Agency and, 345 ha – local (municipal) forests. Total forest cover is 47%; timber resource is 6,207,000 m³, of which 1,693,800 m³ is made of mature and over-mature trees. Forests are met at an altitude of 400-2,200 m. ASL, with densely wooded areas located on Adjara-Imereti, Shavsheti and Arsiani ridges. Following wood species are found within the forests of the municipality:

- Oak (Hartwiss’s oak -*Quercus dshorochensis*; Dschorochi’s /sessile/ oak- *Q. hartwissiana*) – 300 -800 m ASL, south and south-east slopes;
- Mixes evergreen coniferous and broadleaf forests (Oriental Spruce -*Picea orientalis*, Sosnowsky’s pine -*Pinus sosnovskyi*; Oriental beech - *Fagus orientalis*, Oriental Hornbeam- *Carpinus orientalis*, Field maple -*Acer campestre*, Norway maple -*A. platanoides*) – 300-1600 m ASL, northern slopes and 800-1,600 m ALS, southern slopes; Beech (Oriental beech -*Fagus orientalis*) – 1,100 – 1950 m, foothills and hills;
- Spruce and fir (Oriental Spruce -*Picea orientalis*, Caucasian fir -*Abies nordmanniana*) – 1,500 – 2,100 m ASL.

The State Forest fund is divided in 3 districts, 26 rangers’ sections and 214 blocks (quarters). The three districts are:

1. Ghorjomi forest district – 13,854 ha, with 9 rangers’ sections;
2. Zegni forest district – 9,356 ha, with 7 rangers’ sections;
3. Khikhadziri forest district – 13,534 ha, with 6 rangers’ sections.

According to the # 242 Government Resolution of 20/08/2010 on forest use rules, following functional use districts were outlined for Khulo municipality:

- Commercial forests – 10,386 ha
- Recreational and green zone forests – 428 ha
- Forests between un-forested lands – 1,292 ha
- Floodplain forests along mudflow gorges – 1 ha
- Forests with relic and endemic species (oak, maple, lime, walnut, etc.) – 1,496 ha
- Forests located on steep slope (350 and more) – 10,257 ha
- Subalpine forests -11,499 ha
- Floodplain forests (300 m radius) – 201 ha

In addition to above, there is 22,572 ha (excluded from forest cutting calculations), representing low density evergreen forest sections, low density forests with weak regeneration rate, ecological corridor between alpine pastures, shrubs and bushes, honey producing forests, light forests and forests adjacent to settlements.

Biodiversity. According to the modern vegetation-geographical classification, Khulo municipality belongs to the Adjara-Shavsheti district of the Sub-Mediterranean floristic sub-region, with its plants originated from Mediterranean flora of Tertiary period.¹⁰⁰ Forests belong to the Western Transcaucasia region, which is a part of Caucasus-Anatolian-Hyrcanian temperate forests.¹⁰¹

98. Source: Khulo municipality spatial development plan. Ministry of Fiance and Economy of Adjara A.R.

99. Source: Khulo municipality spatial development plan. Ministry of Fiance and Economy of Adjara A.R.

100. Source: Khulo municipality spatial development plan. Ministry of Fiance and Economy of Adjara A.R.

101. Source: Feasibility assessment for a World Heritage nomination of the Colchic Forests and Wetlands under the natural criteria Scoping and Feasibility Study. Greifswald, 20 June 2017. Michael Succow Foundation for the Protection of Nature; WWF – Caucasus – regional programm office of the WWF Network.

In general, the municipality is abundant with the tertiary relict Colchis and endemic plant species. Tertiary relict floras contain glaciation survivors from plant communities that were distributed in the Northern Hemisphere in the Tertiary, the first period of the Cenozoic era, now mainly restricted to warm humid areas (refugia) in southeastern and western North America, East Asia and southwest Eurasia.¹⁰²

The ecosystems/biomes that are represented in the municipality is provided in the annex of this report.

There is no protected area in Khulo municipality, but an alpine botanical garden - Goderdzi Alpine Garden, located on the Southern slope of Ajara-Trialeti mountain range, at 1,960 m ASL close to Goderdzi pass. Total area of the garden is 10 ha. Many years ago, a large portion of the area was covered with sub-alpine forest. Goderdzi Alpine Garden is distinguished with habitat and plant diversity, represented by forest, meadow, wetland and stony landscapes and vegetation, specific to these landscapes. Currently, there are six types of woody and up to hundred grassy plants. The purpose of Goderdzi Alpine Garden is to support accumulation of the local plant collection of high mountainous, sub-alpine and alpine ecosystems, its documentation and application for scientific, educational and cognitive purposes, as well as to protect for future generations. Goderdzi Alpine Garden includes 15 zones, including lake and swamp zones, spring, picnic and beekeeping demonstration zones. The garden has become operational since July 2020.

Khulo municipality is rich in wildlife. There are 62 mammals, including several red list species in Khulo municipality. High conservation value (red list) species are: Eurasian Otter (*Lutra lutra*) and Mehely's horseshoe (*Rhinolophus mehelyi*), Eurasian lynx (*Lynx lynx*), Brown bear (*Ursus arctos*), chamois (*Picapra rupicapra*), The long-clawed mole vole (*Prometheomys schaposchnikowi*), Grey dwarf hamster (*Cricetulus migratorius*), Caucasus squirrel (*Sciurus anomalus*). Concerning avifauna, total of 161 bird species are registered in Khulo municipality, including 1 Caucasian endemic species (e.g. Caucasian grouse - *Lyrurus mlkosiewiczzi*), 157 internationally important species, 3 IUCN list species (e.g. Eagle - Imperial eagle (*Aquila clanga*) and Easter imperial eagle - (*Aquila heliaca*); Egyptian vulture - *Neophron percnopterus*) and 14 local red list species (e.g. Falcon - *Falco naumanni* and *Falco vespertinus*, golden eagle - *Aquila chrysaetos*, ong-legged buzzard - *Buteo rufinus*). Other important birds are Levant sparrowhawk (*Accipiter brevipes*), white stork (*Ciconia ciconia*), black stork (*Ciconia nigra*), Griffon vulture (*Gyps fulvus*), etc.

In terms of ichthyofauna, total of 16 species freshwater fish and 11 species of amphibians are registered in the municipality. Among fish species following is met: Angora loach (*Oxynoemacheilus angorae*), Colchis gudgeon (*Gobio caucasicus*), Ankara barbel (*Luciobarbus escherichii*), Anatolian khramulya (*Capoeta tinca*), Cholchis khramulya (*Capoeta sieboldii*), Colchis barbell (*Barbus tauricus escherichii*), trout (*Salmo trutta* Linnaeus), European perch (*Perca fluviatilis*), Common dace (*Leuciscus leuciscus*), Black Sea salmon (*Salmo labrax*), etc. Of all fish, 2 and endemic species for Black sea, 6 for Colchis, 2 for Anatolian-Colchis regions and 2 - for Caucasus. 3 species are listed in Georgian red list and 6 - in IUCN red list.

Among amphibians following species are met: Caucasus salamander (*Mertensiella caucasica*), Caucasian toad (*Bufo verrucosissimus*), *Anguis colchica*, European glass lizard (*Pseudopus apodus*), Darevsika lizard (*Darevskia rudis*), grass snake (*Natrix natrix*), Dahl's whip snake (*Coluber najadum*), etc.

Land resources. Khulo municipality is poor in land resources. The majority of land area is represented by mountains and steep slopes. Agricultural lands make up 21,696 ha, which is around 31% of total municipal territory. Pastures account for 69% of agriculture lands. Agriculture land structure by administrative-territorial units are presented in the table below.¹⁰³

102. Source: Feasibility assessment for a World Heritage nomination of the Colchic Forests and Wetlands under the natural criteria Scoping and Feasibility Study. Greifswald, 20 June 2017. Michael Succow Foundation for the Protection of Nature; WWF - Caucasus - regional program office of the WWF Network.

103. Source: Khulo Local Development Strategy, 2018 - 2022, June 5, 2018. The European Union for Georgia. "Rural Development and Diversification in Khulo Municipality". This project. Caritas Czech Republic in Georgia (CCRG) in partnership with Croatian rural development network - HMRR and PMC Research Center.

AGRICULTURE LAND BY TYPE, ADMINISTRATIVE UNITS AND POPULATION¹⁰⁴

ADMINISTRATIVE-TERRITORIAL UNIT	NUMBER OF HOUSEHOLDS	POPULATION	AGRICULTURAL LAND, TOTAL, HA	ARABLE LAND, HA	PERENNIAL PLANTATIONS, HA	HEY FIELDS, HA	PASTURES, HA
TOWN KHULO	401	1250	7	6.8	0.2	0	0
PUSHRUKAULI	290	1,454	805	107	2	213	483
AGARA	232	962	874	78.5	0.5	219	576
SATSIKHURI	331	1,397	953	101	1	224	627
SKHALTA	627	3,265	1,042	255.5	4.5	118	664
VASHLOVANI	946	3,143	1,206	218	16	144	828
KHIKHADZIRI	462	1,754	1,217	141.5	5.5	311	759
RIKETI	567	2,462	1,439	231.2	5.8	239	963
TKHILVANA	439	1,873	1,527	116.5	0.5	213	1,198
DIDACHARA	605	2,528	2,061	180	3	406	1,471
DIOKNISI	1,229	4,255	2,267	375	12	621	1,259
DEKANASHVILEBI	1,797	6,458	2,879	340.2	13.3	571.5	1,954
GHORJOMI	827	3,714	5,414	294.5	5.5	891	4,223
TOTAL	8,753	34,515	21,691	2,445.7	69.8	4,171	15,005

Source: Khulo Local Development Strategy.

Mineral Resources.¹⁰⁵ Khulo is rich in various mineral resources (construction and paving stones, petrified wood stock) and mineral waters (Khikhadziri, Danisparauli, Saani, Dioknisi, etc.). Following mineral deposits are found within the municipality:

- Ferrous disulfide, used in production of sulfuric acid as well as in petrochemical industry;
- Alunite (a hydroxylated aluminum potassium sulfate mineral), associated with deposits of ferrous disulfides
- Volcanic rocks used as construction materials
- Limestone deposits met in surroundings of Gorjomi community
- Precious and ornamental stones, including jasper, opal, chalcedony, basalt, etc.
- Danispirauli andesite-dacite deposit with 2,289,000 m3 fully explored reserve. The mine is partly licensed, but mining is not going-on
- Mineral waters of which, Khikhadziri deposit is licensed

Renewable Energy Resources.¹⁰⁶ According to “Hydro Energy Technical Potential Cadastre of Rivers of Georgia” total technical hydropower potential of the rivers of Khulo municipality is 43.3 MW installed capacity.

HYDROPOWER ENERGY POTENTIAL OF THE RIVERS OF KHULO MUNICIPALITY

#	RIVER	P, MW
1	ADJARISTSKALI	15.2
2	GORJOMISTSKALI	3.1
3	SKHALTA	15.8
4	SATSIKHURI	6.9
5	KVABLIANI	2.3

Source: Hydro Energy Technical Potential Cadaster of Rivers of Georgia.

Wind power potential of Khulo municipality is negligible (mostly less than 100 w/m²). Only on the Goderdzi pass (near the source of the Adjaristskali River), it reaches 800-1,200 w/m² that allows for construction and operations of 60 MW and 170 GWh annual power output wind power plant. On the entire municipal territory, average annual wind velocity varies between 2-4 m/sec and 4-6 m/sec.

Concerning solar power potential, average annual radiation is 3.8 kwh/m² during 24-hour period, which equals to 1,387 kwh/m² annually. This is below the medium solar power potential across the country, but still allows for the development of small-scale (household and community level) solar power (heating and electricity production projects).

104. Source: Agriculture sector development study of Khulo municipality, draft report. 2 May, 2018. European Neighborhood Programme for Agriculture and Rural Development in Georgia (ENPARD II) Pilot Rural Development measures (phase II).

105. Source: Data on mineral resources and licenses. NAM, Ministry of Economy and Sustainable Development of Georgia

106. Source: 1) <http://energy.gov.ge>; 2) Technical Report Number 2 Rapid Assessment of the Rioni and Alazani -Iori River Basins, Republic of Georgia. USAID/GLOWS project: Integrated Natural Resources Management for the Republic of Georgia Program. Global Water for Sustainability Program – Florida International University.

Khulo municipality has the highest number of cattle heads (27,907) among all municipalities of Adjara A.R., which is around 37% of total number of cattle heads of the region. Thus, there is a potential to produce biogas through application of household and larger farm biogas digesters. Moreover, the municipality has significant timber resources and biomass fuel (e.g. wood chips, briquettes and pellets) can be produced as an alternative of firewood, which is a sole source of heating within the municipality, since the population is not supplied with piped natural gas.

ENVIRONMENTAL INFRASTRUCTURE AND SERVICES

Drinking Water Supply Systems.¹⁰⁷ In Khulo municipality, centralized drinking water supply systems (DWSS) provide water to only a part of the settlements. Source water is abstracted by 36 intake facilities/headworks and provided to over 3,465 inhabitants (14.3%) through Khulo town and 28 village DWSSs. Total length of DWSSs is 296.9 km. Water supply is round-the-clock in the vast majority of settlements. However, in Khulo town and nearby villages during high tourist and dry seasons (summer) Khulo town and many villages receive drinking water intermittently. Existing centralized systems, including Khulo town system, with almost 100% service connection rate is managed by LEPL Khulo Tskalkanali (Khulo water supply and sewerage system) under the subordination of Khulo municipality. The length of the Khulo town DWSS pressure pipe is 11 km and that of the distribution network – 2.8 km. The system also has 1,000 m³ storage/regulation reservoir, which is not sufficient to provide water to customers during high tourist and dry seasons. Therefore, it is planned to construct several thousand m³ storage tank to provide drinking and bathing water to customers during water shortages. Water is treated by chlorine in the town, while in villages it is untreated. Drinking water is not metered in any of village and households do not pay any fee.

Apart from centralized rural DWSSs, in the majority of village households have their own systems supplied from spring waters and streams. Some villages due to water shortages do not have drinking water supply. These are: Dzmagula, Gurdzauli, Kinchauri, Kvemo Vashlovani and parts of Kedlebi and Tkhladziri. Currently, rural water supply and sewerage system improvement programme is ongoing, under which drinking water and sanitation systems in Khulo town and villages will be rehabilitated/constructed.

Sewerage Systems.¹⁰⁸ Sewerage system exists only in Khulo town, 70% of Beshumi resort and small parts of Didadjara and Riketi villages. The total length of the sewerage system is 19 km. Wastewater treatment facilities have 120 m³ (644 m³/d) rated capacity. However, actual capacity is low and the plant conducts only mechanical treatment. In the near future, it is planned to construct small-scale sewerage system and household and communal septic tanks in the village of Dioknisi.

Stormwater Drainage Systems. Each year through public financing drainage system are rehabilitated in villages. This year new system was put in Ganakhleba village, while in the nearest future it is planned to construct stormwater drainage systems in 7 new locations.

Irrigation-Drainage Systems.¹⁰⁹ There are no centralized irrigation-drainage systems in Khulo municipality. Local population irrigates their household and farm holds through decentralized individual schemes arranged on the tributaries and small streams of the Adjaristskali River. Headworks are made of soil and stone small embankments, which are damaged during spring floods and are repaired almost every year.

Energy infrastructure. All settlements of Khulo municipality have 24-hour electricity supply. Piped natural gas supply system does not exist in both urban and rural areas. Currently, main pipe is under construction and will be commissioned in 2021.

In 2013, the Government of Georgia issued a construction permit for Adjaristskali HPP cascading system, with 187 MW rated capacity. The project consists of two HPPs: the 178 MW Shuakhevi HPP and 9.8 MW Skhalta HPP with respective dams and reservoirs on the Adjaristskali (Didadjara) and Skhalta Rivers and one five-meter weir on the Chirukhistskali River. The Shuakhevi scheme consists of two dams with reservoirs and one weir on the Adjaristskali, Skhalta and Chirukhistskali Rivers. The water is diverted from the Chirukhistskali River to the Skhalta valley via a transfer tunnel. A

107. Source: 1) Khulo municipality; 2) Management Plan of the River Chorokhi-Acharsitskali Basin (DRAFT). Contract No. 2011/279-666 "Hulla & CoHuman Dynamics KG. The Chorokhi-Ajaristskali River Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016. 3) Khulo municipality spatial development plan.

108. Source: 1) Khulo municipality; 2) Management Plan of the River Chorokhi-Acharsitskali Basin (DRAFT). Contract No. 2011/279-666 "Hulla & CoHuman Dynamics KG. The Chorokhi-Ajaristskali River Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016. 3) Khulo municipality spatial development plan.

109. Source: Khulo municipality spatial development plan.

small reservoir with an approximate maximum capacity of 748,000 m³, surface area of 117,000 m² and an 18m high rock-fill barrage has been constructed on the Skhalta River. In order to transfer water from Skhalta Valley to the Adjaristskali River, a 9.3 km long x 5.2 m diameter transfer tunnel has been constructed from between Skhalta and Didadjara. Didachara dam and a reservoir are located downstream of the confluence of the Adjaristskali and Ghorjomi rivers. The dam is a 52-m high concrete dam with maximum reservoir capacity of 998,000 m³ and a surface area of 152,500 m². The intake structure is on the right bank. Water from Shuakhevi powerhouse is transferred via 17.8 km long x 6.2 m diameter main headrace tunnel. In total, the Shuakhevi Hydropower Project consists of about 37.7 km of tunnels and 11 tunnel Construction Adits. Two Generator units with Francis type turbines have been installed, with an installed capacity of 89.3 MW each. On the right side of the power plant, a 220 KV voltage substation has been constructed, through which the power generation from Shuakhevi HPP is fed into the Georgian National Electricity grid using 220 KV Batumi-Akhaltsikhe transmission lines.

In March 2020, Shuakhevi HPP started power generation. Skhalta HPP (9 MW), which is also part of the overall scheme of the project is expected to start operation by the end of summer of 2020. The hydropower scheme is operated by Adjaristskali Georgia LLC (AGL), a joint venture between Norway's Clean Energy Invest and India's Tata Power.¹¹⁰

Municipal Solid Waste Management and Street Cleaning. In Khulo municipality, collection, transportation and disposal of municipal solid waste (MSW) as well as street cleaning is carried out by the Khulo Municipal Service, a Legal Entity of Public Law (LEPL). In 2019, the Service collected 1,215 tons of MSW from Khulo town and 72 villages¹¹¹. Population of remaining 11 villages was not connected to MSW collection service at all. In total, last year Khulo Municipal Service operated up to 350 pieces of 1,100 L containers, which were not sufficient to fully collect generated waste from 72 villages with centralized MSW collection service.¹¹² Moreover, containers in villages are located within 300 m or longer distance, which is a violation of 150-m container location distance, a technical standard set out in the technical regulation on MSW collection. Annually, the local government purchases around 80-90 containers in order to cover all settlements and collect at least of 90% MSW generated within the municipality by the year of 2022.¹¹³

Concerning MSW collection practice, MSW is collected by two closed compaction vehicles on a daily basis in Khulo town and 3-4 times a week in villages. Currently, only mixed MSW is collected through communal/public containers. So far, separate collection of dry recyclables, required by Waste Management Code of Georgia has not started. Moreover, there is no practice of bio-waste, including green waste composting within the municipality.

Concerning street cleaning, this service is provided to only Khulo population on a daily basis. Every day, over 37,000 m² of public space is cleaned.¹¹⁴ Maintaining of green areas is a responsibility of individual entrepreneur, who is also responsible for collection and disposal of park/garden waste.

Regarding waste disposal, collected MSW is transported and disposed in Batumi non-sanitary landfill, which will be soon replaced with new regional sanitary landfill. Given existing containers and trucks are insufficient to cover entire population, there are a number of illegal dumpsites in almost each village of Khulo municipality. Usually such landfills are located either close to roads, in the beginning or end of villages, or near streams/rivers. By 2017, there were 10 illegal dumps in rural areas of Khulo municipality with around of 4,660 m² area and approx. 1,000 m³ accumulated waste. Recently, 3 illegal landfills were cleaned-up.¹¹⁵

Concerning tariff system, based on municipal council resolution, MSW collection/cleaning fee for local population is 0.2 GEL per month per person, provided 1 family consists of maximum 4 persons. For organizations, tariff is categorized according to economic activities. Theoretical WGI (Waste Generation Index) is assigned to each category of company/organization per space in square metres, per seat (restaurants, bars, cafes, theatres, movie theatres), per bed (hospitals, hotels, etc.), per student (academic institutions) varying from 0.08 m³/y to 2 m³/y. Fee base level is 6 GEL/m³. Fee collection from population is not implemented. From companies, it was 80% in 2017-2018.

Environmental Governance

In Khulo municipality, central (Adjara A.R.) authorities, engaged in environmental management and DRR are represented by Khulo Division of Adjara Forestry Agency under the Ministry of Agriculture of Adjara A.R., Khulo firefighting and

110. Source: <http://agl.com.ge/new/about/>

111. Source: Khulo municipal service. Phone interview

112. Source: <https://batumelebi.netgazeti.ge/news/240910/>

113. Source: Study of environment protection and Disaster Risk Reduction (DRR) and mitigation in Khulo municipality (Draft Report) European Neighborhood Programme for Agriculture and Rural Development in Georgia (ENPARD II) Pilot Rural Development measures (phase II) May 2, 2018

114. Source: # 20, 25/12/2019 resolution of Khulo municipal council on the approval of 2020 local municipality budget

115. Source: Khulo municipality. Filled in questionnaire

rescue team of Main Division of Emergency Management of Adjara A.R. under the Emergency Management Service of Georgia and administration of Goderdzi alpine garden. Local municipality through its Economic Policy Development and Infrastructure structural department is responsible for planning of infrastructure, including environmental infrastructure projects, study of key environmental issues and preparation of recommendations and proposals to tackle these issues. LEPL Khulo municipal service is responsible for managing municipal amenities and providing municipal services, including MSW collection and street cleaning. LLC Khulo Tskalkanali is responsible for O/M of drinking water supply and sanitation systems.

Local LAG, a multi-stakeholder forum is established in support of rural development. It was established and being strengthened by Caritas Czech Republic in Georgia (CCRG) in a partnership with Croatian non-governmental organization HMRR and PMC Research Center under EU project: "Rural Development and Diversification in Khulo Municipality." Active local NGOs, working established in support of rural development, assisted by Caritas Czech Republic in Georgia (CCRG) in a partnership with on environmental issues at grass-root level are Black Sea Ecoacademy and Association Mta-Bari. There is legally registered Community-based organization Khulo which works on community development issues. National-wide environmental NGOs active in Khulo municipality are CENN, which has recently completed II phase of USAID project: Waste Management Technologies in municipalities of Georgia, RECC, Ecovision and WWF Caucasus. CENN and Ecovision among various environmental issues work on youth environmental awareness and education through establishing and strengthening informal ecoclubs in public schools. Ecoclubs are established in Khulo and over 10 villages of the municipality.

ENVIRONMENTAL PRESSURES, IMPACTS AND KEY ISSUES

Water Resources

Pressures. According to the Chorokhi-Adjaristkali draft river basin plan elaborated in 2016 with EU support, major anthropogenic pressures on water quantity (hydrology and hydrogeomorphology) of Khulo municipality are imposed by:

- Water abstractions for drinking and basing consumption as well as for irrigation water use purposes;
- Water abstractions by HPPs;
- Deforestation causing reduction of water resources;
- Inefficient water consumption – losses in distribution network, absent water metering and effective and efficient water use fees, low/no application of efficient water use technologies;
- Interruption of river continuity and fish migration routes, river diversion, impoundment, damming due to the construction and operations of Ajaristkali HPP cascade (small-size Shalta (Kinchauri) HPP, Didachara dam and tunnel and, reservoir at the confluence of Gorjomi and Adjaristkali rivers).

Concerning natural pressures on hydrological and hydro-morphological quality parameters, on-going climate change (increased temperature and change in precipitation regime) imposes significant stress on surface and ground water resources and will continue to negatively impact water resources and the sector in the next 100-year period. Based on 1961-2010 temperate observation data, average annual temperature increased by 0.30C, with highest increments reported in fall and summer seasons. During the same period, annual average precipitation increased by 11% in Khulo municipality, except for Goderdzi pass, where precipitation decrease by 15% was noted.¹¹⁶ Temperature forecasts conducted in Georgia under the Third National Communication (TNC) to UNFCCC show that by 2050, as compared to 1986-2010, one of the largest temperate increases (up to 20C) will occur in mountainous Adjara (e.g. Goderdzi pass). By 2100, temperature increment will exceed 30C and at meteorological station located on Goderdzi pass, annual temperature of 2.60C will increase to 7.50C. Concerning annual precipitations, 2050 a steady increase in annual sums of precipitation is anticipated in West Georgia, including mountainous Adjara (e.g. +6% on Goderdzi pass), while between 2050 and 2100, 10-20% decline of this value is expected. As for seasonal precipitations, it will increase steadily and after 2050s until the end of the century spring-summer precipitation will decline by 6-8% and fall-winter precipitation will increase by 9-10%. Temperature and precipitation extremes will also change, which will have negative impacts on the Adjaristkali river runoff (flow), including flood regime.¹¹⁷

It is noteworthy to mention that in recent decades, the occurrence and intensity of climate-induced landslides and mudflows have been significantly enhanced in comparison with 1967-1987 period, with the number of landslides increased by 62% and that of mudflows – by 162%. Landslides are frequently accompanied by the loss of source water

116. Source: *Scaling-up Multi-Hazard Early Warning System and the Use of Climate Information in Georgia, Annex II – Feasibility Study*. GREEN CLIMATE FUND FUNDING PROPOSAL. June 2017

117. *Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016*

springs that lead to drinking and bathing water shortages. Under CC scenarios geodynamic processes will be intensified that will enhance pressures on source water resources.¹¹⁸

Concerning anthropogenic pressures on surface and ground water quality, they are imposed by point and non-point pollution sources and include the following:

- Illegal MSW dumping due to insufficient service coverage, absent waste prevention and recycling practices, lax/absent law enforcement and non-payment of MSW management/cleaning fees; leachates and surface run-off;
- Livestock farming/pasturing – nutrient loads from livestock;
- Effluent discharges from sewerage system due to untreated wastewater discharges.

As for natural pressures, CC and climate-induced hydrological and geological hazards (floods, flashfloods, mudflows, landslides) can be considered as significant stressors on water quality. More specifically, they may increase amount of surface and agriculture run-off, damage drinking water headworks and sewerage systems and thus, increase sediment and effluent discharges into surface water bodies as well as contamination of drinking water at source and in the network. Moreover, expected reduction of summer flow, may diminish self-purification (dilution) capacity of the river that may ultimately lead to elevated

2017-2018 MAJOR WATER USE INDICATORS¹¹⁹

# OF WATER USERS	3
QUANTITY OF WATER ABSTRACTED FROM WATER SOURCE, MILLION M3/Y	<ul style="list-style-type: none"> • Total: 3.4 • Groundwater abstraction: 0.1 • Surface water abstraction: 3.3
QUANTITY OF WATER CONSUMED, MILLION M3/Y	3.39
QUANTITY OF WATER CONSUMED BY MUNICIPAL SECTOR (HOUSEHOLDS, ORGANIZATIONS – WATER CONSUMPTION FOR DRINKING, BATHING AND WASHING), MILLION M3/Y	1
QUANTITY OF WATER CONSUMED BY INDUSTRY, MILLION M3/Y	1.4
QUANTITY OF WATER CONSUMED BY AGRICULTURE SECTOR, MILLION M3/Y	0.9
QUANTITY OF WASTEWATER DISCHARGES (MECHANICALLY TREATED WATER), MILLION M3/Y	2.37 (2017)

Source: MEPA.

Impacts. Current water quantity impacts of anthropogenic pressures are as follows:

- Shortage of source water due to underdeveloped/absent centralized drinking water supply systems.
- Destruction of river hydrology and hydromorphology (change in morphology and riparian zone, bank erosion, changes in overall nature-like morphological condition of rivers impacting fish habitats) - according to Chorokhi-Adjaristskali river basin plan, the Adjaristskali River surface water bodies at Didachara dam and tunnel site and downstream Khulo settlement to the confluence with the Shkhalta River (HPP construction site and downstream its vicinity) as well as the Shkhalta River surface water bodies upstream and downstream of Kinchauri are considered at risk.

CC has significant negative impacts on the Adjaristskali River flow. 1976-1990 hydrometric data indicate at notable increase in annual and seasonal water flow in comparison with 1961-1975 period. The largest increment is observed for fall (30%) and winter (20%) seasons and smallest – for spring season (10%). Projections of possible CC impacts for the periods until 2050 and 2100, applying the assemblage of UNFCCC panel CC and WEAP (Water Evaluation and Planning System) models show slight decrease (minus 0.3%) in water flow for 2021-2050. However, there will be notable changes in seasonal flow distribution. It is expected that winter and fall flows will increase by 31% and 4% respectively, while elevated atmospheric temperature levels and reduced precipitation will cause the reduction of summer and spring flows by 17% and 9% respectively. Under increased hospitality sector water demand this will further exasperate drinking, bathing and irrigation water shortage. Moreover, CC induced extreme hydrological and geological processes may negatively affect source water causing loss of groundwater springs, being source for drinking and bathing water use.¹²⁰

Concerning water quality impacts from anthropogenic pressures, pressure-impact and risk analysis of surface and ground water bodies conducted as part of the Chorokhi-Adjaristskali river basin plan under EU International River

118. Source: Management Plan of the River Chorokhi-Acharsitskali Basin (DRAFT). Contract No. 2011/279-666 "Hulla & CoHuman Dynamics KG. The Chorokhi-Ajaristskali River Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016

119. 2017 and 2018 Yearbooks of Major Water Use Indicators, Integrated Management Department, MEPA

120. Source: Management Plan of the River Chorokhi-Acharsitskali Basin (DRAFT). Contract No. 2011/279-666 "Hulla & CoHuman Dynamics KG. The Chorokhi-Ajaristskali River Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016

Basins Protection project, has identified the section of the Adjaristskali River downstream Khulo settlement to the confluence with the Kedlebi River (Kedlebi village) as surface water body “at risk” due to the discharges of untreated and/or insufficiently treated wastewater from Khulo town and nearby villages. Field study observations indicated on extensive amount of the filamentous bacteria and other growths (thick layer of biofilm) on the substrates in this section. Regardless, several assessments of biological quality parameters of the rives didn’t show any disruption of ecological status of the water body in this section. All rivers in Khulo municipality were assessed at good to high ecological status.¹²¹

CC and climate-induced floods, flashfloods, landslides and mudflows have and will continue to have negative impacts on surface and drinking water quality in terms of increased effluent and suspended solid concentrations during and after extreme events.

Key Water Management Challenges/Issues. Based on current pressures and impacts and EU river basin assessments carried out under EU Environmental Protection of International River Basins Project. 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 quanti	Poor availability of drinking and irrigation water	shortage of source water; inefficient and outdated centralized water supply systems; absence of centralized rural water systems in many villages;	deforestation; climate change impacts; intensified geodynamic processes; lack of funds, technical and human resources for rehabilitating existing systems and/or building new efficient systems; absence of effective water usage tariffs and implementation systems (appropriate institutions, billing and bill collection systems and penalties).	<ul style="list-style-type: none"> Adoption of new water code and policy based on EU water framework directive and policies; Rehabilitation of existing water supply systems/construction of new systems, including water intakes/headworks, storage/regulation reservoirs; Implementation of water metering measures; Protection of headworks and storage/regulation reservoirs through fencing and better coverage; Setting of efficient water use tariffs to allow for service cost recovery as well as promote water saving and conservation measures; Calculation and implementation of proper water use allocations taking into account environmental flow; Implementation of river bank and bed erosion control measures; Implementation of floodplain zones’ protection and restoration measures; Implementation of forest regeneration and reforestation activities; Construction/rehabilitation of fish migration routes; Detailed inventory and clean-up of dump-sites Expansion of MSW collection system and thus, service coverage; Promotion of MSW prevention and recycling measures, including bio-waste composting and mulching Rehabilitation/modification of Khulo town WWTP in line with EU standards; Introduction of on-site modular wastewater treatment facilities at rural community, hotels and municipal buildings level; Prevention of grazing in floodplain areas and organizing alternate livestock sheltering and drinking water supply infrastructure; Implementation of stormwater rehabilitation/construction activities; Improvement of water and waste management law enforcement; Improvement of hydrometric and water quality monitoring systems; Carrying out environmental information campaigns.
	Change in hydromorphology and riparian zone, bank erosion, changes in overall nature-like morphological condition of rivers impacting fish habitats.	River damming, operations of HPP and tunnels; absent fish migration routes and river bank protection structures.	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 parametres.	
Water quality	Pollution of surface and ground waters	Discharge of untreated wastewaters from point sources of pollution (e.g., sewerage system of Keda town and villages) into surface waters; urban and agricultural runoff (; drainage of storm waters and seepage of leachates from uncontrolled waste disposal sites, dry pit latrines.	Deteriorated and/or absent sewerage and stormwater drainage systems; absence of biological wastewater treatment facilities in Khulo town and in villages; poor MSW collection coverage and enforcement of waste management code; 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 water management; poor law enforcement; low environmental consciousness of local communities.	
	Pollution of tap water	Underdeveloped drinking water supply infrastructure or no infrastructure in the majority of villages; absence of sanitary zones/lack of protection for existing zones surrounding water sources; absence of tap water treatment in virtually all 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.	

121. Source: Management Plan of the River Chorokhi-Acharsitskali Basin (DRAFT). Contract No. 2011/279-666 “Hulla & CoHuman Dynamics KG. The Chorokhi-Ajaristskali River Basin Management Plan. EU Environmental Protection of International River Basins Project. Contract No. 2011/279-666. Human Dynamics/RECC. Tbilisi, February 2016

Land resources

Pressures. Major anthropogenic pressures imposed on land resources of Khulo municipality are as follows:

- Unsustainable pasture management practices - uncontrolled grazing/overgrazing, grazing forests and floodplain zones; absent zoning and pasture rotation, ploughing of pastures, causing weed distribution, a and so forth;
- Unsustainable, including illegal logging;
- Uncontrolled/illegal waste dumping;
- Unsustainable irrigation of arable and pasture lands.

Concerning natural pressures, CC and climate-induced natural hazards (landslides, mudflows, avalanches, flashfloods, rockfalls) impose significant stress on land resources of the municipality in particular, on agricultural lands. About 400 landslides were registered in Khulo municipality by 2017. Number of avalanche prone settlements in Khulo is 4,546 with medium and high-hazard zones. Below is a list of typical natural hazards and high-risk areas.¹²²

MAJOR NATURAL HAZARDS AND HIGH-RISK AREAS¹²³

TYPE OF NATURAL HAZARD	LOCATION
LANDSLIDES	Chakhauri, Gorgadzeebi, Tsablana, Pushukauli, Makhalakuri, Danisparauli, Bodzauri, Didajara, Vashlovani, Zemo Vashlovani, Uchkho, Dzirkvadzeebi, Zeda Dekanashvilebi, Qedlebi, Elelidzeebi, Gelaura, Skvana, Khikhadziri, Qveda Tkhillvana, Bako, Didi Riketi, Jvarikedi, Bogauri, Pantnari
AVALANCHES	Agara, Kinchauri, Avazisgele, Oshanakhevi, Iremadzeebi, Skhandara, Dekanashvilebi, Khikhani, Bako
FLASHFLOOD	Gorjomi, Labadzeebi, Makhalakuri, Dioknisi, Uchkho, Satsikhuri, Khikhani, Skhaltistskali
MUDFLOW	Kinchauri, Maniaketi, Tabakhmela, Jvarikedi, Sandara
ROCKFALL	Analeki, Didajara

Source: Khulo Local Development Strategy 2018 – 2022.

Impacts. Negative impacts on land resources of Khulo municipality are as follows:

- Land erosion and loss of fertile soil (exceptionally high-risk areas are Gorjomeladzeebi, Gurta, Satsikhuri);
- degradation of high ecological value natural landscapes, including rangelands/pastures;
- Soil contamination.

Total area of strongly eroded lands in Khulo municipality is 215 ha. Around 30-35% of arable lands are degraded due to the water erosion. Sub-alpine meadows are eroded and degraded (compacted) due to the intensive cattle grazing. Moreover, slopes of forested areas are also eroded and degraded due to the deforestation and enhanced precipitation and landslides.¹²⁴

Illegal dumping and littering which is a wide-spread phenomenon in the municipality, cause soil contamination with leachates.

Key Sustainable Land Management Challenges/Issues. Key sustainable land management (SLM) challenges/issues and their underlying/immediate and root cause as summarized in the table below.

122. Source: Khulo Local Development Strategy 2018 – 2022

123. Source: Khulo Local Development Strategy 2018 – 2022

124. Source: Khulo Local Development Strategy 2018 – 2022

KEY LAND MANAGEMENT CHALLENGES OF KHULO MUNICIPALITY

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Soil erosion and loss of productive layer	Pasture degradation	Uncontrolled grazing/overgrazing, absent zoning and pasture rotation, ploughing of pastures, causing weed distribution; climate induced natural hazards	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; CC; lack of scientific knowledge on human and CC impacts on land erosion; absence of agrometeorological and geo-hazard monitoring and early warning system.	<ul style="list-style-type: none"> Carrying out of inventory of eroded and degraded agriculture lands; 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; Study of soil quality and mapping; Support to organic farming; promotion and revival of traditional farming and herding practices; Strengthening law enforcement capacity and raising awareness and capacities of farmers; Implementation of agriculture land reclamation/erosion control measures; Development of agrometeorological and hydrometric monitoring network; hazard mapping; establishment of early warning system for climate-induced natural hazards (doplers, inclinometers, video surveillance systems, etc.); establishment of community-based early warning systems. development of climate advisories for farmers; awareness raising and capacity building of farmers on climate-smart agriculture; Improvement of municipal, household hazardous and C&DW waste management including waste collection and disposal; introduction of source separation system, promotion of waste reuse and recycling including biowaste composting and mulching. Implementation of floodplains and river bank protection measures (gabions, bio-engineering structures, etc.) Implementation of slope stabilization measure (tree planting, slope terracing).
	Erosion of ploughed lands and loss of productive soils	River damming, operations of HPP and tunnels; absent fish migration routes and river bank protection structures.	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.	
Soil pollution	Forest and floodplains degradation	Grazing, unsustainable and illegal logging, natural hazards	Absence of effective agricultural land management policy, including land use planning and implementation mechanisms (e.g., land use zoning, land inventory and monitoring, land usage fees, land allocation); lack of local knowledge of proper agricultural practices; climate change; CC; lack of scientific knowledge on human and CC impacts on land erosion; absence of agrometeorological and geo-hazard monitoring and early warning system/	<ul style="list-style-type: none"> Improvement of municipal, household hazardous and C&DW waste management including waste collection and disposal; introduction of source separation system, promotion of waste reuse and recycling including biowaste composting and mulching. Implementation of floodplains and river bank protection measures (gabions, bio-engineering structures, etc.) Implementation of slope stabilization measure (tree planting, slope terracing).
	Contamination of agriculture and non-agriculture land	Leaching of pollutants from waste dumps and burial sites, pit latrines; urban and agriculture runoff; discharge of untreated wastewaters onto the earth's surface.	Absence of proper MSW management system, including capacities and infrastructure (containers, trucks), 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.	

Forest Resources

Pressures. Major anthropogenic pressures on forest resources are imposed by:

- Unsustainable wood cutting, with young healthy trees cut in easily accessible areas; absent/insufficient sanitary cutting; absent cleaning of forests from fallen trees, inadequate pest control, etc.;
- Illegal wood cutting for firewood provision and production of construction material, with around 220 m3 of timber cut illegally in Khulo every year;
- Land use change – clearcutting of woods in sub-alpine areas for pasturing. This is particularly valid for Katriani section near Beshumi (village Tkhilvani neighborhood area);
- Livestock grazing in high mountain and sub-alpine forest areas and floodplain zones.

As for natural pressures, various pests, including insects and fungi pose threats to high mountain deciduous and sub-alpine coniferous forests of the municipality. Such insects as the Great Spruce Bark Beetle (*Dendroctonus micans*), European Spruce Bark Beetle (*Ips typographus*) and *Ips acuminates* Eichh damage spruce, fir and pine trees by tunneling into the bark of living trees to lay their eggs under the bark.¹²⁵ The larvae which emerge from the eggs feed on the inner woody layers. This weakens, and in some cases, kills, the tree. Trees are killed by being girdled at one or more points along the stem, although this might take several years of sustained attack. However, large breeding populations can be building up long before individual trees are killed, creating a risk of spread to nearby trees. Hoof fungus (*Fomes fomentarius*), white trunk rot of conifers (*Phellinus Hartigii*), oak fungus (*Phellinus robustus*), oak mildew (*Microsphaera alphitoides* Griff. et Maubl.), alder white rot (*Inonotus radiatus* (Sow. Et Fr. Karst) are also widespread in deciduous forests.¹²⁶

125. Source: Khulo Local Development Strategy 2018 – 2022

126. Source: Khulo Forest Management Plan, 2016

Elevated temperatures due to ongoing CC also cause spread of pests in high-mountainous (chestnut, hornbeam and oak) and sub-alpine forest groves of Khulo municipality, while enhanced landslides, mudflows and avalanches cause slope destabilization and loss of significant land massifs together with trees grown there. More than that, forest fires under ongoing CC are intensified which also cause destruction of significant forest areas.

Impacts. Impacts from existing pressures are as follows:

- Reduced forested areas and timber resources;
- Deteriorated forest quality - loss of young and mature healthy wood trees and predominance of
- Overmatured and old trees, presence of low-density groves (over 45% of municipal forests are characterized by low density (188 m3/ha average stock) and overmature and old trees); increased number of infested, dried trees in pine (17.19%) and beech (11.45%) groves.¹²⁷

Key Forest Management Challenges/Issues. Based on forest management concept, Khulo forest management plan, 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 the table below.

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Quantity of timber resources	Deforestation/reduction of forest area and timber resources	unsustainable use of timber resources, including uncontrolled cutting of trees for firewood; overgrazing in forest ecosystems;	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; low socioeconomic level of local population with limited/no access to secure energy sources (e.g. gas); poor forest inventory and monitoring systems; poor effective law-enforcement system; climate change.	<ul style="list-style-type: none"> • Carrying out of all types of cutting based on annual average wood stock increment; • Leaving around 4-5 over-mature, old and dried trees during all types of cutting, since dead trees and down wood play an important role in ecosystems by providing wildlife habitat, cycling nutrients, aiding plant regeneration, decreasing erosion, and influencing drainage and soil moisture and carbon storage, etc.; • Identification and delineation of high ecological value sections for biodiversity conservation (22,568 ha), with red list, relict and endemic species and carrying out biodiversity monitoring, conservation and protection measures there; • Improvement of forest monitoring system and conducting of continuous observation over state of the forests, implemented forestry measures, impacts of natural hazards, etc.; • Implementation of erosion control measures; • Construction/rehabilitation of forest access roads taking into account environmental safeguards; • Setting of livestock grazing norms and rules; • Provision of piped gas supply to local communities; • 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; • Calculation of exact demand for firewood and sustainable logging norms • Carrying out of pest assessment, monitoring and control measure (e.g. installation of pheromone traps); • Implementation of selective sanitary cutting in slightly degraded sections and clearcutting in sections with over 30% of dried and dying trees; • Implementation of reforestation/afforestation measures; • Implementation natural regeneration support measures, including soil cultivation, seeding, fencing, etc. • Awareness raising of local communities on forest resources; • Promotion and revival of traditional herding practices; • Strengthening law enforcement and firefighting capacities of relevant authorities for state fund forests.
Forest quality	Deterioration of overall quality of high mountainous deciduous and sub-alpine coniferous forests (pine groves)	absence of forest maintenance and restoration measures; clearcutting for pasture development; climate-induced natural hazards, proliferation of pest diseases.		

Biodiversity

Pressures. Major anthropogenic pressures on the biodiversity on the territory of Khulo municipality are as follows:

- Unsustainable hunting and fishing in forests;
- River regulation and damming (Adjaristskali HPP cascade); - is discussed in detail in previous sections;
- Unsustainable pasture management – is discussed in detail in previous sections;
- Land-use change – clearcutting of forest trees for pasturing;
- Unsustainable forestry - timber harvesting, illegal logging, construction of forest access roads – is discussed in detail in previous sections;
- Artificial fires;
- Introduction of invasive species;

- Pollution of surface waters and soil with nutrients/agricultural runoff, untreated municipal, household and industrial wastewaters, illegal waste dumping littering in particular, in tourist attraction spots.

Concerning natural pressures, wild fires and climate-induced natural hazards (landslides, mudflows, avalanches, flash-floods), which are accelerated by ongoing CC, pose high threat to natural ecosystems, including floodplains, mountain and sub-alpine forests and alpine meadows.

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

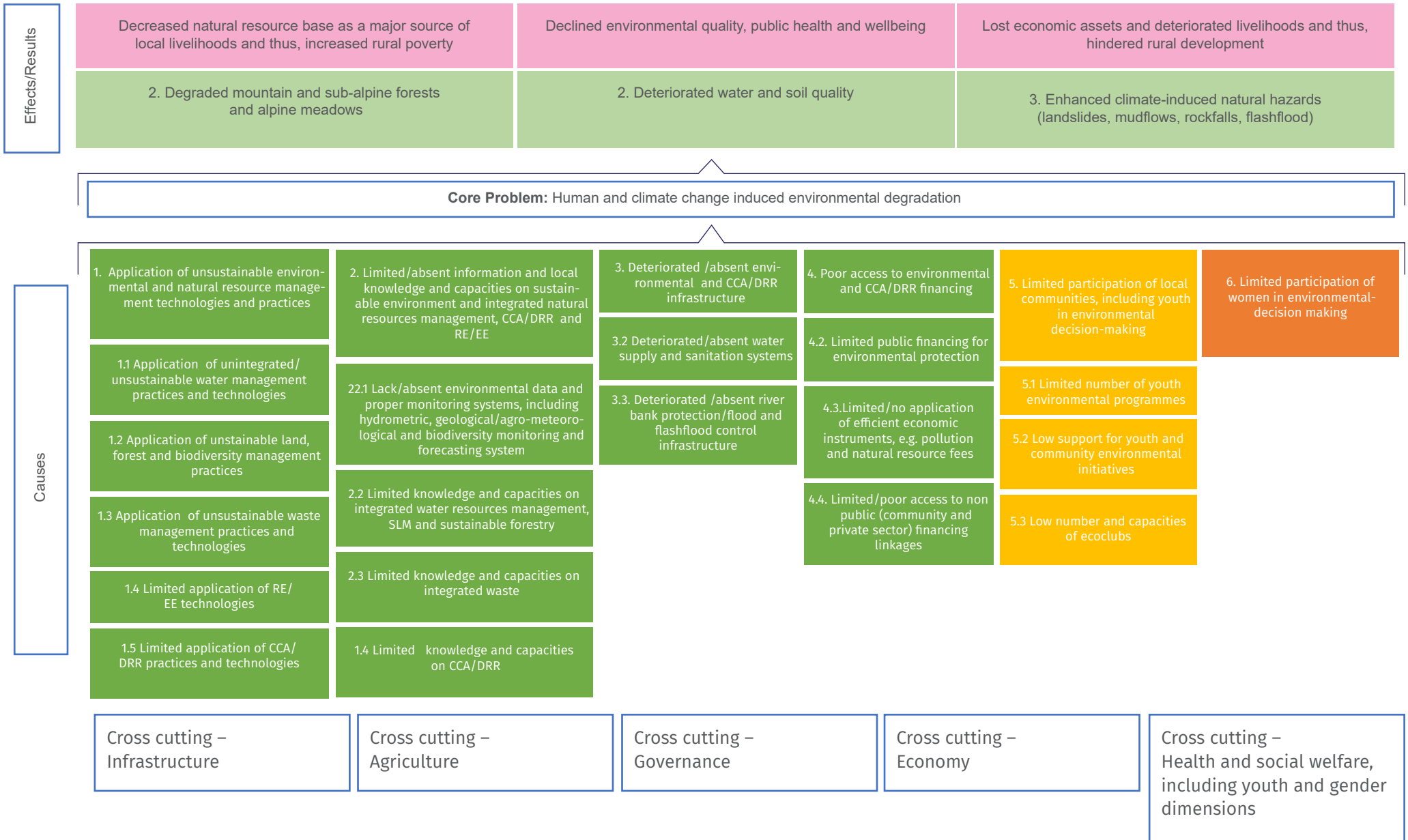
- Degradation, fragmentation and loss of habitats/ecosystems, including floodplain vegetation, mountain and sub-alpine forests, alpine meadows;
- Loss of native terrestrial and aquatic species and transformation of local ecosystems due multiple pressures including to introduction of invasive species, river regulation, impoundment/damming.

Key Biodiversity Management Challenges/Issues. Key biodiversity management challenges/issues, their underlying and root causes and needs, based on current pressure-impact analysis, National Forest Concept, Khulo local development strategy, Khulo forest management plan and Chorokhi-Ajaristskali river basin plan, are listed in the table below.

KEY FOREST MANAGEMENT CHALLENGES FOR THE MUNICIPALITY


TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Forest ecosystems	Degradation (destruction, modification and reduction) of municipal, mountain and sub-alpine forests	Overgrazing; intensive logging; distribution of invasive species; poaching and unsustainable tourism; man-made and wild fires; clearing for agricultural development; MSW dumping and littering; pest distribution; climate-induced natural hazards.	Absent proper regulations for pasturing; poor forest and biodiversity monitoring and law enforcement capacity; lack/absent biodiversity and forest data; lack of technical and financial resources and qualified staff for biodiversity and forestry, including firefighting and forest protection (pest control); poor MSW management system and lax enforcement related to MSW management; absent/poor knowledge on CC impacts on ecosystems and species, absent natural hazard assessment and monitoring as well as early warning systems; high poverty level and low environmental awareness in the local population.	<ul style="list-style-type: none"> • Improvement of forest and biodiversity monitoring system, including establishment of electronic databases; • Development and implementation of programs for monitoring and controlling invasive species; • Leaving around 4-5 over-mature, old and dried trees during all types of cutting; • Identification and delineation of high ecological value sections for biodiversity conservation (22,568 ha), with red list, relict and endemic species and carrying out biodiversity monitoring, conservation and protection measures there, e.g. Support inclusion of around 5,145.00 ha of area at Goderzi pass in emerald network, development and implementation of site management plan; • Development and implementation of programs for monitoring and controlling invasive species; • Development and implementation of Adjaristskali and Shkalta river biomonitoring; • Building of fish passages in Didachara reservoir; • Improvement of law enforcement mechanisms and enhancing capacities of law enforcement agencies to protect biodiversity against poachers and illegal forest loggers; • Improvement of law enforcement mechanisms against illegal waste dumping and littering; • Establishment of sustainable rules to control hunting and fishing; • Proper pasture regulation and pasture rehabilitation; • Implementation of slope stabilization and erosion control measures in mountain and sub-alpine forests, sub-alpine and alpine meadow; • Rehabilitation of floodplain zones and organizing alternative livestock sheltering and drinking water supply systems; • Raising public awareness on the importance of local biodiversity and sustainable management practices; • Promotion of extra-curricular environmental educational activities and introduce biodiversity conservation in the school curricula; • Implementation of non-structural and structural measures to reduce/avoid forest and land degradation! • Promotion of nature based sustainable tourism; • Application of alternative energy sources and energy efficient technologies.
Sub-alpine and alpine meadows	Pasture degradation	Land erosion and compaction due to overgrazing, unsustainable tourism.	Absent regulations and policy frameworks for pasturing; absent up-to-date data on the state of pastures; lack of resources for implementation of pasture reclamation/improvement measures; low awareness of rural communities about sustainable pasturing and the value of ecosystems.	<ul style="list-style-type: none"> • Building of fish passages in Didachara reservoir; • Improvement of law enforcement mechanisms and enhancing capacities of law enforcement agencies to protect biodiversity against poachers and illegal forest loggers; • Improvement of law enforcement mechanisms against illegal waste dumping and littering; • Establishment of sustainable rules to control hunting and fishing; • Proper pasture regulation and pasture rehabilitation; • Implementation of slope stabilization and erosion control measures in mountain and sub-alpine forests, sub-alpine and alpine meadow; • Rehabilitation of floodplain zones and organizing alternative livestock sheltering and drinking water supply systems; • Raising public awareness on the importance of local biodiversity and sustainable management practices; • Promotion of extra-curricular environmental educational activities and introduce biodiversity conservation in the school curricula; • Implementation of non-structural and structural measures to reduce/avoid forest and land degradation! • Promotion of nature based sustainable tourism; • Application of alternative energy sources and energy efficient technologies.
Floodplain zone	Fragmentation and modification of floodplain zones, loss of native species.	River bank and terrace erosion; cattle grazing.	River regulation (Damming, Adjaristskali HPP operations), absent grazing norms and floodplain zone regulation mechanisms; lack of resources for building livestock alternative sheltering and drinking water supply systems as well as construct river bank protection structures and restore floodplain vegetation; low awareness of rural communities.	<ul style="list-style-type: none"> • Building of fish passages in Didachara reservoir; • Improvement of law enforcement mechanisms and enhancing capacities of law enforcement agencies to protect biodiversity against poachers and illegal forest loggers; • Improvement of law enforcement mechanisms against illegal waste dumping and littering; • Establishment of sustainable rules to control hunting and fishing; • Proper pasture regulation and pasture rehabilitation; • Implementation of slope stabilization and erosion control measures in mountain and sub-alpine forests, sub-alpine and alpine meadow; • Rehabilitation of floodplain zones and organizing alternative livestock sheltering and drinking water supply systems; • Raising public awareness on the importance of local biodiversity and sustainable management practices; • Promotion of extra-curricular environmental educational activities and introduce biodiversity conservation in the school curricula; • Implementation of non-structural and structural measures to reduce/avoid forest and land degradation! • Promotion of nature based sustainable tourism; • Application of alternative energy sources and energy efficient technologies.
Species (aquatic and terrestrial)	Fragmentation and degradation of habitats and loss of native and important species, thus, deterioration of biological quality parameters of the Adjaristskali and Shkalta river	Water and soil pollution with suspended solids, nutrients and other chemicals from effluent discharges, leachates and drainage water from dumpsites, surface and agriculture (livestock) runoff; setting of artificial barrages in habitats and important corridors; destruction of fish migration routes and spawning areas; water abstractions; poaching.	River regulation, absent data and knowledge on Adjaristskali environmental flow and absent regulatory mechanism to set and implement requirements for environmental flows; absent data and biomonitoring of aquatic species; Weak law enforcement system	<ul style="list-style-type: none"> • Building of fish passages in Didachara reservoir; • Improvement of law enforcement mechanisms and enhancing capacities of law enforcement agencies to protect biodiversity against poachers and illegal forest loggers; • Improvement of law enforcement mechanisms against illegal waste dumping and littering; • Establishment of sustainable rules to control hunting and fishing; • Proper pasture regulation and pasture rehabilitation; • Implementation of slope stabilization and erosion control measures in mountain and sub-alpine forests, sub-alpine and alpine meadow; • Rehabilitation of floodplain zones and organizing alternative livestock sheltering and drinking water supply systems; • Raising public awareness on the importance of local biodiversity and sustainable management practices; • Promotion of extra-curricular environmental educational activities and introduce biodiversity conservation in the school curricula; • Implementation of non-structural and structural measures to reduce/avoid forest and land degradation! • Promotion of nature based sustainable tourism; • Application of alternative energy sources and energy efficient technologies.

P3 - Problem Tree Analysis (Environment)



P3 - Summary of Potential Intervention Actions (Environment)

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, relevant to environmental 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"> P3-EN01-02. Integrated Natural Resources Management 	<p>The intervention aims at increasing the knowledge, capacities and application of sustainable environmental and natural resource management policies, practices and technologies in Khulo municipality. In the area of environmental protection, the special focus will be on MSW, since municipal waste is one of the major pressures on all natural resources and also, 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 resources and important ecosystems (mountain and sub-alpine forests, alpine meadows, floodplain zones) resources and important plant and animal species). The intervention will address key environmental (in particular, waste management) 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, Regional Development Strategy, Tourism Development Strategy, Adjara Rural Development Strategy, Adjara Regional Development Strategy, Khulo Local Development Strategy, Khulo forest section management plan, draft Chorokhi-Adjaristskali 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 1 and ENPARD 2.</p>		<ul style="list-style-type: none"> Ensuring environmental sustainability 	<ul style="list-style-type: none"> Infrastructure, off-farm economy, public health
<ul style="list-style-type: none"> P3-EN02 - 2. Support to Enhancement of Community Resilience to Climate-Induced Natural Hazards 	<p>The intervention aims at enhancing local resilience to climate-induced natural hazards –mudflows, landslides, flashfloods, avalanches, 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 target municipality (forest 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, 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 (e.g. planting of deep root trees, terracing, etc.). The intervention will address key CCA/DRR issues that are one of the key underline 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, Adjara development strategy, Adjara rural development strategy, Khulo local development strategy, Khulo section forest management plan, 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.</p>		<ul style="list-style-type: none"> Resilience to CC 	

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 population of the municipality with the general condition of it, 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 Infrastructure¹²⁹

General infrastructure is utmost important for development of local business. The odds of starting business is 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 such problems as poor road infrastructure the odds of household participation in non-agricultural business reduces substantially (0.552 times). In compliance with these findings, when the conditions local infrastructure is better, the odds of household's 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 are, 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 Khulo population, the most burning problem is the poor conditions of roads.

THE MOST IMPORTANT PROBLEMS IN THE SETTLEMENT¹³⁰

	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%
KAZBEGI	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.

The most satisfactory performance of infrastructure/services across municipalities is shown by electricity supply (4.48), natural gas supply (4.28), education services (4.2) and kindergartens (4.07). The same time such infrastructure/services as irrigation system (2.59), sewage (2.75) and women's organization (2.75) show the lowest performance rates across municipalities.

129. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

130. Comparison and conditional formatting works vertically across municipalities for each parameter.

Compared to other municipalities, Khulo scores considerably low on most parameters, especially on sewage (1.98), natural gas supply (1.65), waste disposal (2.47), internet (2.28) and women organizations (1.88).

EVALUATION OF THE ENVIRONMENT - INFRASTRUCTURE AND SERVICES - ACROSS MUNICIPALITIES¹³¹

	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
KAZBEGI	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 MUNICIPALITIES¹³²

	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
KAZBEGI	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 total length of internal rural roads in Khulo municipality is 960 kilometers. Of this, 763 kilometers of internal roads are operated by the Department of Roads of the Ministry of Finance and Economy of the Autonomous Republic of Adjara. 43.4 kilometers of roads are asphalted, and 124 kilometers are paved with concrete. 197 kilometers of internal roads are under municipal responsibility, and 60 kilometers of these roads are paved with concrete. Accordingly, 733 kilometers (76%) of the internal roads need either asphalt or concrete pavement rehabilitation. The population is suffering from poor road conditions in Khulo is 22.5%.¹³³

Water Supply. Only part of the municipality's inhabited area is supplied with drinking water through 29 municipal water pipes. The total length of the water pipes is 296.9 km. The number of water reservoirs is 36. In most villages, water is supplied to the population through individual water supply systems, which are mainly supplied by springs. There are villages in the municipality whose water supply is problematic due to the lack of water resources. These villages are: - Dzmagula, Gurdzauli, Kinchauri, Kvemo Vashlovani, part of the villages Kedlebi and Tkhlidziri. At this stage, the Joint Stock Company "Adjaristskali Alliance" has started working on the project of water supply in Khulo and nearby villages. Under this program, 7 million euros will be invested in the municipality in the coming years.

Sewage System. The sewerage network covers almost the entire town of Khulo, 70% of the territory of the resort Beshumi and a small part of the villages of Didachari and Riketi. The total length of the municipal sewerage network does not exceed 19 kilometers. The sewerage system is not arranged in the other settlements of the municipality. In order to

131. Comparison and conditional formatting works vertically across municipalities for each parameter.

132. Comparison and conditional formatting works vertically across municipalities for each parameter.

133. Population Survey on Rural Non-Farm Economy Needs in the Target Municipalities, IRDG UNDP, 2019

arrange the sewerage systems, the joint-stock company Adjaristskali Alliance has already started working on the project, which envisages complete rehabilitation/reconstruction of the sewerage system in Khulo and surrounding villages and the arrangement of the sewerage network in the village of Dioknisi. The arrangement of the sewerage network in the other villages of the municipality will be carried out in stages.

Natural Gas and Electricity. Natural gas is not supplied to the residents of the municipality at this stage. Construction of the gas pipeline is currently underway, which should be completed by 2021. Electricity is supplied to 100% of the municipality's residents.

Waste Management. In 2017, the municipal council approved a five-year waste management plan. Previously, waste was collected and moved out in the municipality only from the town of Khulo and nearby villages. Currently the waste management area includes 72 settlements and the resort Beshumi. Three illegal garbage dumps were closed recently. In order to improve the waste management, it is necessary to purchase two units of off-road waste carrier specialized vehicles and 200 units of 1.1 m³ waste collection container at first stage.

Sport Facilities. Number of mini sports fields is 54 that serve 2,000 residents. Rehabilitation of Khulo mini sports stadium and Begleti village mini sport field is needed. Kedlebi skiing facility requires rehabilitation.

Public Schools. There are 49 public schools in the municipality, with 3,700 students and 1,089 teachers. 15 public schools require rehabilitation.

Kindergartens. Number of kindergartens is 23, with 656 children and 70 teachers. Kindergarten infrastructure needs to be upgraded in the following villages: Riketi, Dioknisi Okruashvili, Ghorjomi, Vernebi, Vashlovani and Didachara. There is a need to add a kindergarten in the villages of Tsablana and Agara.

Emergency Service. The Emergency Management Division has four specialized fire trucks (including two new one), one new tanker, one off-road truck, and two vehicles of pickup type. Construction of a new depot is essential for the efficient operation of the service.

Culture. Number of cultural centers is 7, with 96 employees. The outer facade of the Khulo Cultural Center in the town is damaged and needs to be repaired. It requires new musical stage equipment as well. The concert hall of the Vashlovani House of Culture needs renovation, in particular, the stage needs to be upgraded, as well as small-scale rehabilitation works to be carried out in some of the rooms. The roof of the Diknis Culture House has to be replaced and the walls requires reparations. Ghorjomi Culture House needs exterior facade renovation. The stage of the Satsikhuri House of Culture needs to be repaired. Houses of culture need additional equipment with office furniture and computer hardware.

Number of libraries is 8, with 19 employees. Didachari Library requires minor rehabilitation works. Libraries require additional equipment with office furniture and computer hardware. Number of museums is 3, with 10 employees. The Khulo Museum needs partial interior rehabilitation. Museums need additional equipment with office furniture and computer hardware. Khulo has 1 art school with 80 students. The building of the school requires full rehabilitation, as well as new equipment.

RURAL-URBAN LINKAGES

Functional Regions Concept

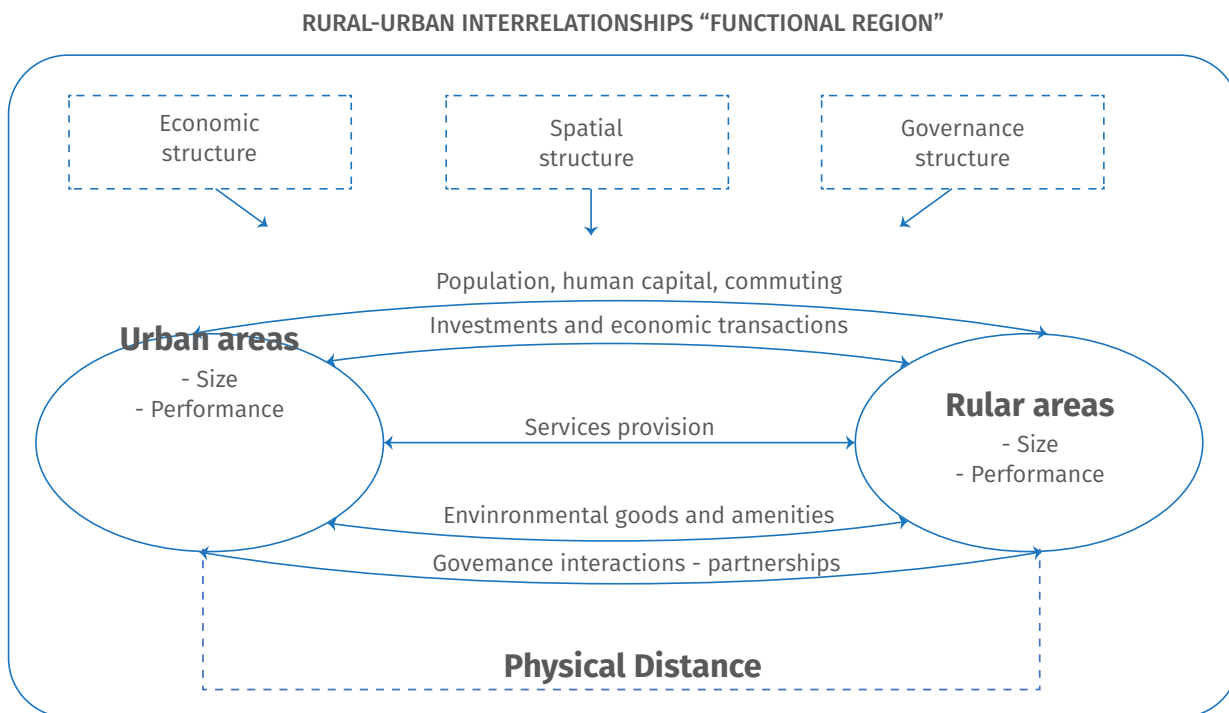
Municipalities are parts of wider geographic and administrative entities, regions and the economic and social life in the municipality does not necessarily coincide with the boundaries of the municipalities. Therefore, it is important to establish to which extent the municipality is related to wider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

118. The review in this section of this approach is based mainly on the OECD (2013) report

119. Identification of Functional Regions and Their Competitive Advantages In Kakheti, Georgia, PMCG, 2019

money (e.g. in the form of remittances), technology, knowledge, information, and waste. Rural-urban partnerships facilitates identification the different drivers of interactions and provides the rationale for possible policy interventions within a functional region.



Source: OECD approach¹³⁴.

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

Demographic Linkages

Based on the Population Census (2014Y) rural population in Khulo municipality reached to 95.7% (22,320) of total population and urban population amounted 4.3% (1,007). Number of internal migrants is not identified.

The key mechanisms that facilitates migration flows to urban areas are social relations and networks. The number of emigrants from Khulo municipality is relatively low and equals 183 (120 Men, 63 Women). Remittances from migration can contribute to enhancement of welfare of rural households and to development of rural settlements.

Economic Transactions and Innovation Activity

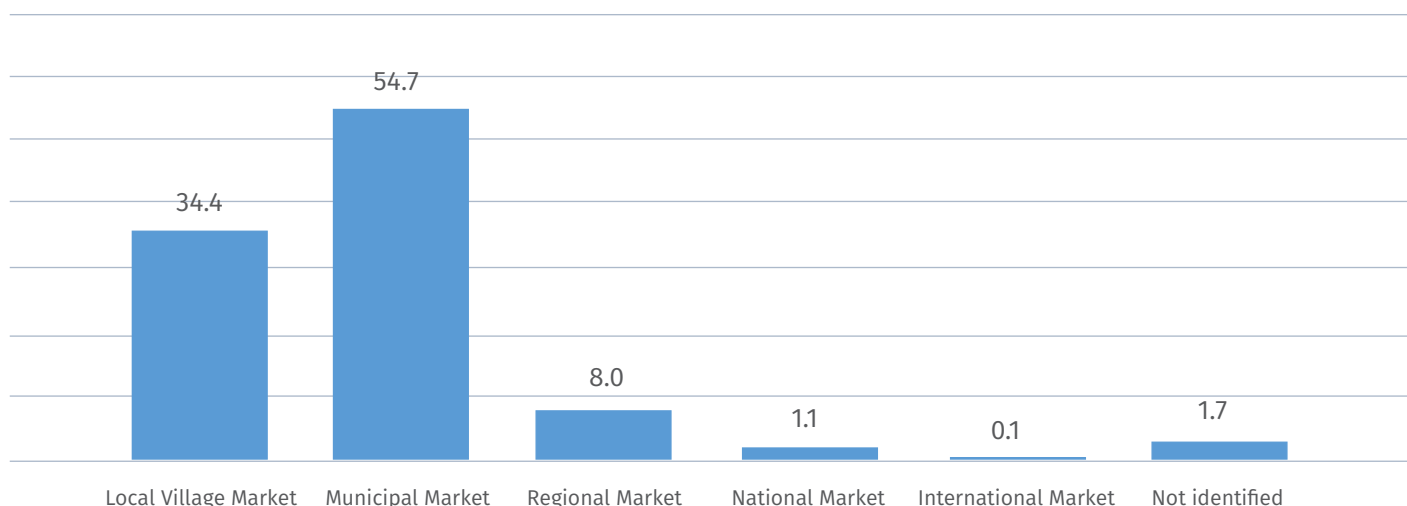
The form of rural urban linkages among others, is the movement of goods from the countryside (Village, Borough) to the city or vice versa as the transfer of agricultural products, industrial products and mining products, the movement of workforce, ideas and information especially from cities to villages, the movement of people in the form of recreation, urbanization, population mobility both in nature 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 local – Khulo municipality rural businesses who has access to the markets, demonstrates that rural entrepreneurs have some strong connections with local village (34.4%) and municipal (54.7%) markets, and very weak access to regional (8%), national (1.1%) and international markets (0.2%). These are flows of agricultural products 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:

134. The review in this section of this approach is based mainly on the OECD (2013) report

AVERAGE PERCENTAGE OF PRODUCTS, PRODUCED BY RURAL BUSINESSES, SOLD IN DIFFERENT MARKETS



Source: Business Survey of Non-farm Business Needs, UNDP, 2019.

The Movement of Workforce. The largest share in rural-urban employment has public sector and self-employment in Agriculture. Seasonal workforce migration is associated with ‘pulling’ migration inflows to urban centers as a result of increased demand for workforce in public, private sector and abroad (mainly in Turkey). Geographical location of the object of employment facilities in terms of rural-urban linkages in Khulo municipality is provided below:

GEOGRAPHICAL LOCATION OF THE EMPLOYMENT FACILITY AND NUMBER OF EMPLOYED PERSONS

SECTOR	LOCATION	FROM MUNICIPAL CENTER	FROM VILLAGE	TOTAL	
EMPLOYED IN THE PUBLIC SECTOR	TO VILLAGE/ BOROUGH	211 72.3%	2094 70.0%	2305 70.2%	
	TO MUNICIPAL CENTER	81 27.7%	763 25.5%	844 25.7%	
	TO CITY	0 0.0%	136 4.5%	136 4.1%	
	TOTAL	292 100.0%	2993 100.0%	3285 100.0%	
	EMPLOYED IN THE PRIVATE SECTOR	77 81.9%	203 24.9%	280 30.8%	
EMPLOYED IN THE PRIVATE SECTOR	TO MUNICIPAL CENTER	17 18.1%	428 52.5%	445 49.0%	
	TO CITY	0 0.0%	184 22.6%	184 20.2%	
	TOTAL	94 100.0%	815 100.0%	909 100.0%	
	SELF-EMPLOYED	TO VILLAGE/ BOROUGH	89 47.8%	338 61.5%	427 58.0%
		TO MUNICIPAL CENTER	72 38.7%	103 18.7%	175 23.8%
TO CITY		25 13.4%	81 14.7%	106 14.4%	
TURKEY		0 0.0%	28 5.1%	28 3.8%	
TOTAL		186 100.0%	550 100.0%	736 100.0%	
EMPLOYED IN THE FAMILY BUSINESS	TO VILLAGE/ BOROUGH	0 0.0%	66 66.7%	66 66.7%	
	TO MUNICIPAL CENTER	0 0.0%	33 33.3%	33 33.3%	
	TOTAL	0	99 100.0%	99 100.0%	

Source: UNDP, 2019.

Spatial and Settlement Considerations

Geographic disposition and connectivity of the region with the rest of the county and economy, has a strong influence the development of the region. Khulo municipality belongs to the number of so-called depressed municipalities, where the old socio-economic base was destroyed. This circumstance especially affects the socio-economic situation of the southern regions of Georgia and their spatial-territorial development. This inheritance - geographical, political, and social disconnection - seriously hinders the processes of state-building and national integration in the country, including mountainous region of Adjara.

In this context, it would be very important to form an auxiliary axis or a corridor (considered as Southern Axis) of the main settlements of Georgia that will connect the following settlements: Tbilisi - Marneuli - Bolnisi - Tsalka - Ninotsminda - Akhalkalaki - Aspindza - Akhaltsikhe - Adigeni - Khulo - Shuakhevi – Keda-Khelvachauri - Batumi. Triggering of the Southern Axis settlement will naturally lead to the urbanization of the depressed areas of mountainous Adjara, their involvement in the unified national economic space, the potential demographic resources of these regions, will contribute to a proper settlement. In this respect, assigning the construction contract for the Khulo – Adigeni road sections has been a the positive news for realization of the potential of the region.

Market Potential and Role of Intermediary Cities

Cities play important role in raising rural areas out of poverty. Therefore, it is important to evaluate how the municipalities relate to 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 access a city possesses to a 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.¹³⁷ Similar approach could be used to evaluate the potential of the municipality.

According to the methodology, Khulo municipality is the most economically disadvantaged municipality of the target group, considering its distance both to Batumi and other large cities. The municipality ranks 8th among the target 8 municipalities and it can be categorized as Remote Rural Region.¹³⁸

MARKET POTENTIAL INDEX FOR THE MUNICIPALITY

DISTANCES TO MAJOR CITIES (KM)	MAJOR CITIES / POPULATION			WEIGHTED INDICATOR	MARKET POTENTIAL	
	BATUMI 116000	TBILISI 1140700	KUTAISI 138200		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
KAZBEGI	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 at the lowest end 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.¹³⁹ The municipality puts high stakes on the rehabilitation of the Batumi – Akhalkalaki road, which is already contracted, which is supposed to increase the linkages of the municipality with other regions.

135. Spatial Development Plan of Khulo Municipality, 2019

136. Information Source: Local Government 137. South Caucasus in Motion, The World Bank, 2019

138. Policy Note – Rural Policy 3.0. – A Framework For Rural Development, OECD, 2018

139. Policy Note – Rural Policy 3.0. – A Framework For Rural Development, OECD, 2018

7 Annex

Interventions

Potential Skills Demand-Supply Balance

Social Programs

List of References And Sources Of Information

List of Consulted Key Stakeholders

Team of Experts

Methodology of SSA/Location Quotient

Drinking Water Supply Systems of Lagodekhi Municipality

Detailed Description of Major Landscapes and Related
Vegetation in the Municipality

Irrigation Canals of Lagodekhi Municipality

INTERVENTIONS

P1 - (Economy and Multisector Development) - Interventions

ACTION TITLE	P1-EC01 - TECHNICAL ASSISTANCE PROGRAM
RATIONALE	The objective of this program is to provide targeted and customised technical assistance to the municipality administration, the Government of Autonomous Republic of Ajara and in particular its Tourism Department as well as to the individual enterprises to find ways of inclusion into the national and global value chains. Tourism sector could be the first target of this program and efforts should cover developing new tourism products and experiences, with the international appeal and capable to be included into the national and international value chains.
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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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 discovering new feasible business ideas.
IMPLEMENTATION MODALITIES	The initial stage of the screening ideas could be carried out by IRDG project, which will include commissioning international consultants in the relevant sectors (e.g., Rock-climbing expert).
FACILITATING ARRANGEMENTS	Some synergies could be achieved in connection to GNTA, international and donor organizations (e.g., USAID), who are working in the same sectors and areas in the municipality/region.
SPECIFIC MEASURES FOR COVID-19	The tourism department might need some assistance in purchasing COVID-19 protective equipment (e.g., microphones and headphones) for the local guides.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing the products and assisting to the enterprises coming from the youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Future owners and employees of the tourism enterprises created or involved into the global value chains. Indirect beneficiaries: Local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Pooling and qualifying ideas and enterprises/organizations for the program; 2. Commissioning consultants for technical assistance work Outputs: a) Number of existing companies involved into the national/international value chains 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.							100,000 – 150,000	Municipality local authority, Tourism Department of Adjara AR, in coordination with the responsible parties
2.								

ACTION TITLE	P1-EC02 - E-COMMERCE PERPROGRAM
RATIONALE	Integrating rural areas into the global value chains is a top policy instruments among the best practices of rural development. COVID-19 accelerated shift towards e-commerce. Finding ways to put the individual companies into e-commerce platforms can be a new post-COVID-19 challenge and a huge opportunity to be integrated into the global value chains. Especially DCFTA provides a good foundation for this. The objective is to identify eligible enterprises and provide them individual technical assistance on their journey towards this end – selling their inputs to the global companies or selling in retail through online as well as participate in virtual exhibitions and trade shows.
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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 initial stage of the project should be collecting the applications and ideas from eligible companies who want to commercialize their inputs/final products to the global markets or selling online in 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), who are working in the same area.
SPECIFIC MEASURES FOR COVID-19	Shift and more appeal towards 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 to the enterprises coming from the youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Owners and employees of the enterprises who will start e-commerce and start selling nationally / internationally. Indirect beneficiaries: Local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Pooling and qualifying ideas and enterprises/organizations for the program; 2. Commissioning consultants for technical assistance work Outputs: 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	Municipality local authority, Government of Adjara AR, 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 sector loose 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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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 could be carried out by IRDG project in cooperation 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 showed underperformance in the municipal assessment reports each municipality will be selected. Each municipality will be done at a 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	Direct beneficiaries: The local municipality and selected sectors as a whole as well as enterprises in these sectors, who will be offered some measures as a result of the assessments. Indirect beneficiaries: The local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Developing TORs; 2. Commissioning consultants to do feasibilities; 3. Do actual studies Outputs: 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	Municipality local authority, Government of Adjara AR, 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.
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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 discovering new feasible business ideas.
IMPLEMENTATION MODALITIES	The initial stage of the screening ideas could be carried out by IRDG project. The second stage of the program could be implemented through ARDA, who will recruit and commission consultants to develop the feasibilities.
FACILITATING ARRANGEMENTS	Some synergies could be achieved in cooperation with 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 coming from the youth and women as well as IDPs and other vulnerable groups. Communication of the results of the feasibility studies should be made among these groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: be the existing and future entrepreneurs who are interested to develop new ideas in the municipalities. Indirect beneficiaries: future employees of the businesses to be created and local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Pooling ideas; 2. Commissioning consultants to do feasibilities Outputs: a) A short-list of ideas for feasibilities 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	Municipality local authority, Government of Adjara AR, 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 raise the skills of the workforce, 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. Raising overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 moving resources towards more productive enterprises and sectors.
IMPLEMENTATION MODALITIES	IRDG project could 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 could be implemented through ARDA, who will recruit and commission trainers.
FACILITATING ARRANGEMENTS	When it comes to the workforce development, some synergies could be achieved with the ongoing other 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 youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: The employees of the municipality. Indirect beneficiaries: The employers, who will benefit through better trained staff, as well as local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Select eligible sectors; 2. Develop training program 3. Deliver trainings Outputs: 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	Municipality local authority, Government of Adjara AR, 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 incentives (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 automatically productivity of their employees.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1. Raising overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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 moving resources towards more productive enterprises and sectors.
IMPLEMENTATION MODALITIES	IRDG project could 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 could be implemented through ARDA, who will accept applications and issues grants.
FACILITATING ARRANGEMENTS	When it comes to the technology transfer and upgrade, some synergies could be achieved with the ongoing other 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 enterprises run by youth and women as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: The eligible non-farm enterprises of the municipality. Indirect beneficiaries: The employees, who will benefit from better technology and possibly higher productivity and corresponding wages. Indirect beneficiaries will also be local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Write detailed program 2. Arrange funds 3. Identify and accept applications from eligible sectors and enterprises 4. Launch the program. Outputs: 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	Municipality local authority, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-EC06 - WORKFORCE GROWTH PROGRAM
RATIONALE	<p>Women are less actively involved in the labour force, resulting in unearned output of the economy. The objective of this intervention is to increase qualified supply of local labour force through the means of: a) promotion of participation of women in labour force and alleviating limiting the 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.</p> <p>While all of the approaches are justified to stimulate and empower women to be involved in the economy to a greater extent, component “a” is more of an immediate attention, whereas “b” objective could be addressed through other interventions and “c” also should be further explored and addressed as part of the interventions under the broader Society priority.</p>
RELEVANCE	<p>This program addresses the causes of the main problem from the Problem Tree Causes Group 6. Promoting economic participation of women and raising overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 stimulating more active involvement of women to entrepreneurship and economic activity.</p>
IMPLEMENTATION MODALITIES	<p>IRDG program could specify the design of the campaign program. The execution of the program could be done by ARDA. The creative agency could be used to come up with the message box and the campaign program.</p>
FACILITATING ARRANGEMENTS	<p>When it comes to the workforce development as well as technology transfer, some synergies could be achieved with the ongoing other donor projects as well as the program implemented by Enterprise Georgia and GITA.</p>
SPECIFIC MEASURES FOR COVID-19	<p>None identified</p>
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>Specific focus should be made on developing skills of youth and women as well as IDPs and other vulnerable groups.</p>
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p>Direct beneficiaries: The women employees of the municipality. Indirect beneficiaries: The employers, who will benefit through better trained staff, as well as local population and local community as a result of greater economic diversification.</p>
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs: 1. Design the campaign; 2. Carry out campaign. Outputs: a) Campaign brief and design b) Conducted campaign</p>

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	Municipality local authority, Government of Adjara AR, 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 integrate local economies into regional markets; heavy investments in human capital, including health, education, and public services are also very important. Overall, the case studies show that successful “rural” development strategies are not limited to 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. ¹⁴⁰ Stemming from the logic of eligible policies, fostering rural-urban linkages for the municipality first of all considers understanding the role 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 require an integrated approach and a separate study exploring the municipality and its rural-urban context.
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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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 could be implemented through ARDA, who will recruit and commission consultants to develop the studies. The interventions required in the direction of rural-urban linkages will be revealed 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. Communication of the results of the feasibility studies should be made among these groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: IRDG program, who will have a clear understanding of the rural-urban linkage requirements and potential of the economy of the municipality. Indirect beneficiaries: 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	Inputs: 1. Develop TORs; 2. Commission consultants and do actual studies Outputs: 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	Municipality local authority, Government of Adjara AR, in coordination with the responsible parties
1.2								
1.3								
1.4								
1.5								

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

140. 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-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 contracted/diminished demand and the continuous running costs. In the post COVID-19 period, working capital financing will be needed for many companies to purchase inputs, pay to the workers and restart operations. Such financing products which targets working capital financing does not exist on the market. The program should be aimed at facilitating creation and offering specially designed working capital financing products by financial institutions (banks and MFOs) which considers specifics of the current situation. It is expected that the demand on such working capital will increase during the course of 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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 together with the leading finance institutions. The execution of the program could be carried out by ARDA or Enterprise Georgia and participating finance institutions.
FACILITATING ARRANGEMENTS	Special arrangements should be made within the existing scheme and framework of cooperation between the finance institutions and ARDA to offer such new product. Some synergies could 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 the enterprises run by women and young managers as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Enterprises, potential beneficiaries of the working capital financing. Indirect beneficiaries: The local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Write detailed program 2. Secure funds 3. Identify and accept applications from eligible sectors and enterprises 4. Launching the program. Outputs: a) Program concept document b) Accepted budget c) Loan issuance

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	Municipality local authority, Government of Adjara AR, 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 represent considerable additional burden for most companies in terms of both additional costs (additional equipment and consumable as well as staff responsible for the check-up) as well as decreased capacities (e.g., less guests for the restaurants considering the space limitations). These costs are particularly high for the enterprises from the tourism industry. In the conditions of the overall economic slowdown in the country, these additional expenses might represent 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 to 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 Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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 carried out by ARDA or Enterprise Georgia. 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 adjustments pursuant to the new regulations. Some synergies could be achieved with the ongoing other donor projects aimed at reducing the direct impacts of COVID-19 pandemic for private enterprise.
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	Direct beneficiaries: Enterprises, potential beneficiaries of the compliance grant. Indirect beneficiaries: The local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Write detailed program; 2. Secure funds; 3. Identify and accept applications from eligible sectors and enterprises 4) Launch the program. Outputs: 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	Municipality local authority, Government of Adjara AR, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-EC10 - STRENGTHENING VOCATIONAL EDUCATION
RATIONALE	The project aims to develop flexible vocational education mechanism that would be suitable for labour market requirements. These will provide the development of quality competences for the economically active population of the municipality. Also, the objectives of the project are training of competitive staff for the local labour market and their employment. Hence the national, regional or municipal strategic documents, as well as based on the qualitative research conducted by UNDP project under ENPARD 2, tourism and construction are the most priority sectors in Khulo municipality. Several directions of tourism (sport tourism, agro-ecotourism, rural tourism, medical and 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 a workforce for the tourism sector is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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, Adjara Tourism and Resorts administration and to international 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 FROM SPECIAL GROUPS	Specific focus will be directed from the youth and women as well vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Local population and local community. Indirect beneficiaries: Future owners and employees of the tourism enterprises created or involved into the global value chains.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Creating a learning environment 2. Teachers training in pedagogical and professional skills 3. Implementation of training courses in Tourism vocations 4. Implementation of training courses in Entrepreneurship 5. Implementation of training courses in Construction vocations 6. Implementation of training courses in Env. Protection vocations Outputs: a) Number of trained teachers; b) Number of developed programs; c) Number of trained attendees

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2021	2022	2023	Approx. Costs (GEL)	Responsible
1. Creating a learning environment				25 000	Vocational Colleges, Municipality, in coordination with the responsible parties
2. Teachers training in pedagogical and professional skills				30 000	
3. Implementation of training courses in Tourism vocations				30 000	
4. Implementation of training courses in Entrepreneurship				25 000	
5. Implementation of training courses in Construction vocations				20 000	
6. Implementation of training courses in Env. Protection vocations				10 000	
Total				140 000	

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 to bring new younger people on the positions of CEO/Manager. This could 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 innovation mindset. This initiative will complement and make a perfect synergy and complement with the ongoing IRDG project by stimulating more active involvement of the youth into entrepreneurship and economic activity (For instance, as an experiment, the scheme might involve subsidising of 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 raising overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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. On top of the direct subsidy, other types of financial assistance such as income tax relief/arrangements could 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 women managers as well as IDPs and other vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Local youth (potential candidates of for the program as well as eligible enterprises. Indirect beneficiaries: The local population and local community as a result of greater economic diversification.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Write detailed program; 2. Secure funds; 3. Identify and accept applications from eligible sectors and enterprises; 4. Launching the program. Outputs: a) Program concept document b) Accepted budget c) Subsidised cases (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	Municipality local authority, Government of Adjara AR, in coordination with the responsible parties
2.								
3.								
4.								

ACTION TITLE	P1-YU02 - PROMOTION OF YOUTH ENTREPRENEURSHIP IN RURAL AREAS
RATIONALE	Youth Entrepreneurship Promotion Program envisages renewal of the Municipal Youth Program, within the framework of which youth entrepreneurship will become a priority of the youth program of the local municipality. As part of the program, young people interested in entrepreneurship will learn the basics of entrepreneurship, gain practical knowledge on how to write a business plan, will learn how to find financial resources as well as develop entrepreneurial skills. The program will allow local youth to make existing state and donor organizations grant programs more accessible.
RELEVANCE	The lack of youth participation in nonfarm entrepreneurship in one of the main challenges of the local economy. Therefore, access to entrepreneurship for local youth is one of the means of their future employment and diversification of the local economy. The intervention addresses the root-cause Group 5 (Limited economic participation of youth). Promoting youth entrepreneurship and increasing overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Ajara Autonomous Republic of Georgia 2021-2027 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	On the first stage consultations with local authorities should be carried out with the aim to update existing municipal youth program. On the second stage youth entrepreneurship program has to be designed that will cover youth from remote administrative unites as well.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, Enterprise Georgia, and IRDG project will create synergy for successful implementation of the project.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus will be made on the youth from remote rural areas,
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: youth from the remote areas of the municipality. Indirect beneficiaries: Municipal employees, local community members.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Agreement with local municipality; 2. Development youth entrepreneurship program; 3. Implementing training modules Outputs: 1) The updated municipal youth program 2) Up to 100 youth participated in the program; 3) Up to 30 new start up ideas generated from the youth in the community

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart	
1.	■						80,000 - 100,000	Municipality local authority, Government of Adjara AR and Youth Agency, in coordination with the responsible parties	
2.	■	■							
3.		■	■						

ACTION TITLE	P1-YU03 – PROMOTING TOURISM EMPLOYMENT OPPORTUNITIES
RATIONALE	The majority of the population in Khulo municipality does not have reliable information and experience about tourism industry and tourism-related farm and non-farm businesses. Therefore, it is important to conduct massive information campaigns and meetings among the Khulo population and especially youth about tourism employment opportunities, benefits, sources of financing and other non-farm businesses opportunities, all this will help to involve more people in tourism sector and improve local living conditions.
RELEVANCE	Promotion tourism in Khulo municipality is one of the main goals of Khulo Tourism Development Plan. Information campaign about exploring tourism employment opportunity in Khulo municipality will support stimulation of existing enterprises as well as will be bases for starting up new startup ideas. The intervention addresses the root-cause Group 5 (Limited economic participation of youth). Promoting youth employment and increasing overall output of the local economy is in line with Khulo Local Development Strategy 2018-2022, Agricultural and Rural Development Strategy of Adjara Autonomous Republic of Georgia 2021-2027 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	Under the project it is foreseen to conduct awareness raising campaign among the local people, about Khulo municipality tourism resources and the opportunities. Besides the campaign and training seminars will be done on following topics: <ul style="list-style-type: none"> • The hospitality industry • Guide service • Cultural tourism and ethnography • Agritourism, Ecotourism and Adventure tourism
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, Adjara Government 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	Youth from remote area of the municipality, NEET and other groups of vulnerable youth.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries of the program are local vendors and service providers such as accommodation and catering facilities owners; youth interested in start-up business and in developing adventure tourism etc. Indirect beneficiaries are the local people, who will benefit with the increased number of tourists.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Meeting with local and regional stakeholders; 2. Preparing information campaign promo materials; 3. Meetings and trainings with local population Outputs: 1) Up to 40 thousand promo materials was distributed in municipality during the campaign; 2) Up to 150 person received training on relevant program; 3) Up to 10 new business idea developed by local population during the trainings

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1							50,000 – 80,000	Municipality local authority, Tourism Department of Adjara AR and Youth Agency, in coordination with the responsible parties
2								
3								
4								

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>Program Goal: Increasing incomes of the municipality residents through non-farm employment and diversified economy</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> • Growth of incomes from employment and entrepreneurship 	<ul style="list-style-type: none"> • Survey of businesses operating in the municipality • Survey of households in the municipality • Official statistics of Geostat 	<ul style="list-style-type: none"> • The key assumption is that other economic fundamentals remain stable
<p>Project Purpose: 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 youth and women, and providing business opportunities to the local population</p>	<ul style="list-style-type: none"> • Dispersion of productivity of individual firms within the each of the industries is reduced considerably measured by the size of standard deviation in relation to the mean • Differences of the productivity of various sectors become smaller • Overall output and value added by business sectors is increased • More youth and women are involved into the economy (labor force, entrepreneurship) 	<ul style="list-style-type: none"> • Survey of businesses operating in the municipality 	<ul style="list-style-type: none"> • The key assumption is that other production factors such access to capital does not become limited and the sectors demand continue to grow.
<p>Outputs:</p> <ul style="list-style-type: none"> • Employees of the selected industries trained • Feasibilities/investment proposals prepared • New competitive sectors identified • Additional financial incentives provided • Additional incentives provided to youth and women to be involved into the economy • Facilitating arrangements made related to rural-urban linkages • Capacity of Tourism Department of Ajara A/R is improved, and assistance provided • New VET courses are developed and offered locally 	<ul style="list-style-type: none"> • At least 2 industries, with high dispersion of productivity among firms within the sectors and 2 industries, whose productivity are lower than the other sectors are addressed • At least 10 people retrained in each selected sector • At least 5 new feasibilities are prepared for non-farm businesses • New 10-20 new VET courses are offered locally • At least 2-3 projects are implemented under rural-urban linkages auspices 	<ul style="list-style-type: none"> • Project reports • Periodic assessments 	<ul style="list-style-type: none"> • 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 • Another key assumption is that new feasibility studies stimulate local and other entrepreneurs • There are enough economically feasible applications for financing
<p>Inputs: Activities and Types of Resources: 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-GE01); b) Exploring and promoting rural-urban linkages (P1-RU01)</p>	<ul style="list-style-type: none"> • To be developed 	<ul style="list-style-type: none"> • Project reports and budgets 	<ul style="list-style-type: none"> • 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

P2 - (Society) - (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 programmes 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 programmes are limited, are not effective and the transformation of cash benefit into services is main challenges for all municipalities.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 2 and 3 and namely the 2.1, and 3.1, 3.2, 3.3
IMPLEMENTATION MODALITIES	Central government and local municipality
FACILITATING ARRANGEMENTS	When it comes to the social service development, some synergies could be achieved with the ongoing other 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	Direct beneficiaries: children for vulnerable families, persons and children with disabilities, the elderly. Indirect beneficiaries: local community, who will benefit from reduction of social risks, as well as local population and local community as a result of inclusion of various groups
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Develop databases of vulnerable groups; 2. Detailed assessments of needs of vulnerable groups in each of the 8 municipalities; 3. Transformation of local budget social programmes from one-time cash benefit to services Outputs: 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.							20 000	Local authority of the municipality, in coordination with the responsible parties
2.							50 000	
3.							400 000	

ACTION TITLE	P2-SO02 - CAPACITY BUILDING OF COUNSELING BOARDS
RATIONALE	In every municipality exist PWD councils but the participation of community is very low and the functions of the councils in many cases are formal.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 4 and namely the 4.1, 4.2, and 4.3
IMPLEMENTATION MODALITIES	Local municipality, Local NGOs
FACILITATING ARRANGEMENTS	When it comes to the trainings of community members, some synergies could be achieved with the ongoing other donor projects
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on PWD
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: persons with disability. Indirect beneficiaries: The municipality, who will benefit through better trained community leaders, as well as local population and local community as a result of full participation of community representatives in decision making process
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Trainings of community members; 2. Increase capacity of local councils Outputs: 1) Training materials and manuals 2) Trained community members (20-25 persons); 3) Adoption of new regulations for local councils.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1							10 000	Local authority of the municipality, in coordination with the responsible parties
2							30 000	

ACTION TITLE	P2-SO03 - TRAINING OF PERSONNEL OF LOCAL AUTHORITIES
RATIONALE	Despite the recent changes (new law on social work, Code on the Rights of the Child), social units of the local municipalities still have a lot of challenges - limited and unskilled personnel, insufficient financial resources, lack of professional social workers. Also, the local community who represents the vulnerable groups is still in need of support and development. The new Law on Social Service increase the function of local social services and state new standards.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1 and namely the 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 could be achieved with the ongoing other 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	Direct beneficiaries: The employees of the municipality. Indirect beneficiaries: local population and local community as a result of effective social policy and programmes
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: Increase capacity of municipalities social unit Output: 1) Training materials and manuals developed; 2) Trained Social unit staff (10 persons) of the local authorities.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.2							25 000	Local authority of the municipality, in coordination with the responsible parties

ACTION TITLE	P2-S004 - INSTITUTIONAL AND FINANCIAL CAPACITY BUILDING FOR SERVICE PROVIDERS AND SOCIAL ENTERPRISES
RATIONALE	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, persons with disability from Khulo municipality does not have any access to social services and COVID-19 impact practically isolated this category from society. Vulnerable groups, especially in the post pandemic period, are not competitive on labour market and they need special condition 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 and namely the 2.1 and 2.2
IMPLEMENTATION MODALITIES	Local government with support of donors
FACILITATING ARRANGEMENTS	When it comes to the establishment of service providers and financing of social enterprises, some synergies could 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, PWD
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: working age population. Indirect beneficiaries: socially vulnerable population who received social services, as well as local population and local community as a result of new services
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Special trainings for become service provider or social enterprise; 2. Access to financial resources Outputs: 1) Training materials and manuals 2) Trained social service providers and social enterprise. 3) New social programmes developed.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							50 000	Local authority of the municipality, in coordination with the responsible parties
2.							500 000	

P2 - (Society) - (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><u>Program Goal:</u> Development of inclusive society</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> Decrease of poverty in vulnerable groups and increase social services in Khulo municipality 	<ul style="list-style-type: none"> Social service agency reports Khulo municipality Social programmes social programmes for Khulo municipality 	<ul style="list-style-type: none"> The key assumption is that other economic fundamentals and state budget remain stable
<p><u>Project Purpose:</u> Development of social services and programmes for vulnerable groups and decrease poverty and increase wellbeing of local community members</p>	<ul style="list-style-type: none"> The number of vulnerable groups household in TSA is decreased The number of persons form vulnerable groups receiving social services is decreased The number of persons form vulnerable groups working goes up 	<ul style="list-style-type: none"> SSA monthly report Local municipality programmes report Household survey 	<ul style="list-style-type: none"> The key assumption is that the local municipality budget is increased progressively, and donors supports social programmes
<p><u>Outputs</u></p> <ul style="list-style-type: none"> Development of the new social services for vulnerable groups Development local social protection schemes for vulnerable groups; Increase of participation of representatives of vulnerable groups in decision making process Creation income generation programmes for vulnerable groups 	<ul style="list-style-type: none"> At least 2 new services will be developed At least 2 new social protection programmes form local budget will be developed Local councils' (PWD, Gender) effectiveness will be increased New Social enterprises/ social services give possibility most vulnerable groups income generation 	<ul style="list-style-type: none"> Project reports Municipal reports 	<ul style="list-style-type: none"> The key assumption is that representatives of municipality agreed on real changes in social programmes Another key assumption is that a donor organization will support creation of new services/ social enterprises
<p><u>Inputs: Activities and Types of Resources</u> Activities envisioned by the proposed interventions from P2-SO01 through P2-SO04, including:</p> <ol style="list-style-type: none"> Trainings of local municipality staff Trainings of community members Creation of data base of vulnerable groups Need assessment of vulnerable groups Development of new social protection schemes and services based on the need assessment with participation of community members Increase capacity of municipalities social unit Increase capacity of local councils (PWD, Gender) 	<ul style="list-style-type: none"> To be developed 	<ul style="list-style-type: none"> Project reports and budgets 	<ul style="list-style-type: none"> The key assumptions are that: a) There is enough interest among the representatives of community and municipality b) The best trainers and the best training modules are selected c) there will be donor support additional to local budget to finance some activities

P2 - (Society) - (Healthcare Dimension) - Interventions

ACTION TITLE	P2-HE01 - HOME-BASED MATERNAL AND CHILDCARE PROGRAM
RATIONALE	Infant mortality is 21 per 1000 live birth and under-5 mortality rate is 21 per 1,000 live births in 2018 in Khulo 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 needs 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	Direct beneficiaries: women and children Indirect beneficiaries: Population of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Conduct the needs assessment; 2. Design the program Outputs: 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.							20 000	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. The objective of this intervention is to increase supply of qualified doctors in the villages of Khulo. Khulo is struggling to attract and keep enough primary-care physicians in the villages. The primary-care physician workforce is not adequate to meet demand, usually doctors work in different places and during the working hours they are not available in some villages. Therefore, a large share of the population continues to seek outpatient care directly from hospitals in Khulo or in Batumi.
RELEVANCE	The health workforce is central to managing and delivering health services especially in rural areas. Khulo face a shortage of skilled health workers in rural and remote areas, which hampers progress towards health-care goals and contributes to inequalities in the health outcomes in rayon and region.
IMPLEMENTATION MODALITIES	1) advocacy meetings to include financial incentives for medical personnel in the Municipality budget. 2) Ensure arrangement of trainings for medical personnel. For example: to invite qualified specialist from Tbilisi or from Batumi on a routine basis. 3) Ensure adequate working conditions for rural doctors (renovation of facilities, equipment, etc). From the perspective of rural doctors, specific initiatives that promise secure retirement pension, and an increase in income are considered those most likely to assist in the recruitment of rural doctors in khulo
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health, Tbilisi State Medical University, Professional Associations
SPECIFIC MEASURES FOR COVID-19	Current PHC personnel undergoes 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 as need bases.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on People with disabilities and their needs, maternal and child health issues, youth, chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: rural doctors and nurses; Indirect beneficiaries: population of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Introduce financial incentives 2. Provide trainings; 3. Improve working conditions Outputs: 1) Increased number of rural doctors;

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

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

ACTION TITLE	P2-HE03 - RURAL PRIMARY HEALTH CARE FACILITIES IMPROVEMENT PROGRAM
RATIONALE	Khulo Municipal budget includes the infrastructure development budget line and it is mainly considered for road, transportation, water system developments, construction and rehabilitation of communal infrastructure, etc. There is no allocations are envisaged for rehabilitation/ construction of medical facilities or rural outpatient clinics. During the development of the presented document, information was collected regarding the operation, needs and challenges of rural ambulatories in Khulo. In majority of cases, ambulatories have its own building with exemption of three villages Gorjomi, Skhalta and Dioknisi, which have not PHC facilities and rural doctors and nurses are located in the buildings of former hospitals. Mostly rural doctors assess the conditions of their facilities as bad or satisfactory. Water and sewage systems are out of order almost in all facilities and represents a major problem for the staff. Refurbishment is needed in majority of cases.
RELEVANCE	Health care infrastructure constitutes a major component of the structural quality of a health system. A well-developed health care infrastructure is the key determinant of good health. The provision of safe water, sanitation and hygienic conditions is essential for protecting human health during all infectious disease outbreaks, including the Coronavirus. Ensuring evidenced-based and consistently applied WASH and waste management practices in communities, homes, schools, marketplaces, and healthcare facilities will help prevent human-to-human transmission of, the viruses, including the COVID-19.
IMPLEMENTATION MODALITIES	Arrangement of infrastructural problems of rural ambulatories according to their needs. The urgent priority is to arrange water and sewage systems. Construction of new ambulatories for villages Gorjomi, Skhalta and Dioknisi.
FACILITATING ARRANGEMENTS	Ensuring allocation of funding from Municipal Budget, namely from infrastructure budget line
SPECIFIC MEASURES FOR COVID-19	All relevant arrangements for safeguarding COVID-19 specific hygienic measures should be ensured for all rural ambulatories in the Municipality
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on People with disabilities and their needs
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: rural doctors and nurses. Indirect beneficiaries: population of Khulo.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Rehabilitate and build facilities; 2. Improve water and sanitation 3. Improve waste management Outputs: a) Adequate health care infrastructure at rural ambulatories b) water and sanitation system is regulated

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							65,000	Local authority of the municipality, in coordination with the responsible parties
2.							65,000	
3.							65,000	

ACTION TITLE	P2-HE04 - ACCESS TO INTERNET FOR RURAL MEDICAL STAFF
RATIONALE	While collecting information regarding the operation, needs and challenges of rural ambulatories in Khulo, it became evident that rural ambulatories 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, 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.
IMPLEMENTATION MODALITIES	Ensure installation and operation of high-quality Internet in all rural ambulatories in Khulo municipality.
FACILITATING ARRANGEMENTS	(1) Ensuring allocation of funding from Municipal Budget on installation and operation of Internet in rural ambulatories (2) Ensure the funding sustainability
SPECIFIC MEASURES FOR COVID-19	Internet is needed to provide distance/online consolation during the COVID outbreak. Also to attend online training for primary health care personal on coronavirus issues.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: rural doctors and nurses. Indirect beneficiaries: population of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Installation of high-quality Internet Outputs: a) Better statistics/improved health information system b) access to up to date materials, guidelines, and protocols c) Number of users increased

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							24 000	Local authority of the municipality, in coordination with the responsible parties

P2 - (Society) - (Healthcare Dimension) - Results Framework

Project Title: Patient centered care and better population health

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

P2 - (Society) - (Youth Dimension) - Interventions

ACTION TITLE	P2-YU01 - PROMOTION DIFFERENT WAYS OF YOUTH PARTICIPATION
RATIONALE	The analysis has revealed that there is a lack of youth engagement in the decision-making process. On one hand municipal youth programs does not support participatory youth programs and on the other hand youth does not have enough experience, skills and knowledge in order to use different ways of youth participation. Promotion different ways of youth participation will influence on decision making process and as a result it will have positive influence on living conditions and economic diversification of rural youth.
RELEVANCE	The analysis has revealed that there is a problem of youth engagement in the decision-making process. To facilitate the elimination of the mentioned problem it is suggested to provide trainings on different ways of youth participation. "Participatory youth policy development" is one of the strategic directions of State youth Agency, therefore local needs and state policies are in line with each other. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 2.
IMPLEMENTATION MODALITIES	Under the project local youth will have an opportunity to attend to the specially designed training program about different ways of youth participation. According to the Council of Europe's Youth Department there is five innovative forms of youth to participation in decision making process: 1. Youth councils and other formal structures; 2. Co-management and co-production Approach; 3. Deliberative youth participation; 4. Youth activism and protest; 5. Young people's digital participation.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, Adjara Government 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	Youth and woman participation will be ensured in different implemented activities.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Active youth from the rural areas of the municipality; Indirect beneficiaries: Local youth and community population who will be able to benefit from the results of the youth participation.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Presenting project Idea to the local municipal authorities; 2. Developing training program; 3. Implementation training for local youth; Outputs: a) Agreement on cooperation reached with the municipality; b) Relevant training program is created c) Training program is implemented

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	Municipality local authority, Youth Agency, in coordination with the responsible parties
2.							15,000	
3.							10,000	
TOTAL							30,000	

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 youth issues has never participated in professional development programs. As a result municipal services provided for the youth mainly include sport and cultural directions, which is important. However, in response to the modern challenges of young people, it is also necessary to plan appropriate programs for them, which includes diverse range of youth programs and activities in order to ensure this, it is necessary to raise the professional level of the employees responsible for the youth programs of the municipality.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 1. Professional development of municipal youth workers is strategic directions of State youth Agency, therefore local needs and state policies are in line with each other.
IMPLEMENTATION MODALITIES	The main aim of the project is to provide municipal youth workers with training and knowledge about how to develop modern municipal program for youth. On the first stage consultations with local and regional authorities should be carried out in order to ensure successful implementation of the project. On the second stage relevant training program for professional development of the local youth workers should be implemented and as a result new municipal youth program should be adopted.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, Adjara Government 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	Youth and woman participation will be ensured in different implemented activities.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries of the program are employees responsible for the youth programs of the municipality. Indirect beneficiaries of the program will be youth who will be able to take part in programs and activities planned by municipality.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Presenting project Idea to the municipal authorities and other state and regional stakeholders; 2. Developing training program; 3. Implementation training for municipal youth workers; 4. New municipal youth program developed. Outputs: a) Agreement on cooperation reached with the municipality; b) municipal youth workers professional development training program is created c) Training program is implemented. d) 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	Municipality local authority, Adjara AR and Youth Agency, in coordination with the responsible parties
2.							10,000	
3.							10,000	
4.							5,000	
Total							30,000	

ACTION TITLE	P2-YU03 - PROJECT "YOUTH SPACE"
RATIONALE	"Youth space" is a safe and youth-friendly multifunctional environment where youth can spend their free time, improve personal skills, plan activates, brainstorm, use free wifi, develop ideas and recommendations for local authorities and other stakeholders, let young people with disabilities to be part of social life. "Youth Space" initiative will stimulate youth activism and will help to revitalize the rural atmosphere. Project implementation will support the sustainable development of youth capacity.
RELEVANCE	The proposed project is directly linked to the needs and challenges of local youth, as the analysis reviled main problem problematic issues are connected to an environment where youth can come together and productively spent their time as well as take some initiative to positively change local reality. Project is linked to the "local development strategy of Khulo Municipality and addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 3.
IMPLEMENTATION MODALITIES	Under the "Youth Space" initiative concept of youth-friendly environment will be created. "Youth Space" will be a specially designated location for young people, which will be managed and led by youth. For a successful realization of the project equal involvement of municipality, donor organization and business sector will be important. Municipal authorities should give a space for the project in one of the municipal property. Donor organizations should empower a team of young people with related knowledge and skills for running the space, and youth should be able to implement their initiatives and maintain running of the space.
FACILITATING ARRANGEMENTS	"Youth Space" is an environment where many young people from rural areas will be able to come and bring their ideas and initiatives. Project idea easily could be expanded to other administrative units of the municipality. Project youth Space gives young people a chance to create different opportunities by themselves
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus will be made on youth with disabilities and participation of young woman and other minorities from remote areas will be foreseen
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 youth who will be able to participate in programs and activities planned with the involvement of the direct beneficiaries.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. Identify stakeholders and establish partnership; 2. Recruit youth and enhance their capacity; 3. Develop an organizational chart and establish "youth space"; 4. To find an appropriate location in a municipal building for the project; 5. Implement youth initiatives Outputs: a) Group of local youth has been recruited; b) Youth Space established; c) Appropriate space is provided by the municipality; d) Number of youth initiatives are implemented;

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible Party / Counterpart
1.							5,000	Municipality local authority, Youth Agency, in coordination with the responsible parties
2.							15,000	
3.							5,000	
4.							10,000	
5.							25,000	
TOTAL							60,000	

ACTION TITLE	P2-YU04 - YOUTH DIGITAL MEDIA PLATFORM
RATIONALE	The aim of the project is to support development of youth media digital platform through empowering young people with digital and technical skills in order to address sensitive contemporary societal issues and so to increase level of public and social participation of youth in Khulo municipality. Youth media platform will support to spread information about different local and national opportunities not only for youth but also for the rest of the community, which will have a positive impact on improved youth rural living conditions.
RELEVANCE	Project implementation will support to increase the democratic participation of young people in local community and society which is expressed local need among Khulo youth. By supporting youth media digital platform project intends to bring Khulo youth to the next level of communication by becoming frequent producers of good quality information and how use efficient and cost effective ways to distribute information through Internet. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 2.
IMPLEMENTATION MODALITIES	On the initial stage of the project group of local youth should be identified from each administrative unit of the municipality. on the second stage relevant training program will be implemented, particularly participants will be able to attend workshops with 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	Khulo LAG support creates opportunity that project will be successful and more youth will be involve from all administrative units of the municipality.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus will be made on youth with disabilities and participation of young woman and other minorities from remote areas will be foreseen
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	Inputs: 1. Identify stakeholders and establish partnership; 2. Develop training module about digital media; 3. Implementing media training for youth; 4. Online digital youth media platform developed. Outputs: a) Developed training module; b) Up to 25 participants trained; c) youth media platform is established; d) Level of public and social participation has increased.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

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

P2 - (Society) - (Youth Dimension) - Results Framework

Project Title: Increasing youth engagement in society

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program goal: Increase youth engagement in public and social life through supporting youth and municipal stakeholders responsible on youth</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> • Municipal legal act on establishment of youth participatory body/structure • Different ways of youth participation in decision making process has established • Number of youth participating in decision making process 	<ul style="list-style-type: none"> • Study on local youth participation and inclusion in public and social life 	<ul style="list-style-type: none"> • All counterparts will have corresponding commitment for cooperation
<p>Project Purpose: Promote innovative ways of youth participation, enhancement capacity of municipal youth workers and providing youth with opportunities of active citizenship</p>	<ul style="list-style-type: none"> • Trainings on different ways of youth participation has been conducted • Level of professional development of municipal youth workers has raised • More youth from rural areas of the municipality are actively involved in public and social life 	<ul style="list-style-type: none"> • Study on local youth participation and inclusion in public and social life 	<ul style="list-style-type: none"> • The key assumption is that active youth participation and inclusion will have a positive impact on Increasing youth engagement in society • Municipal Budget for youth programs will be increased, donor financial financing will be available
<p>Outputs:</p> <ul style="list-style-type: none"> • Agreement on cooperation reached with the municipality • Different TCs are developed and offered locally • Municipal youth employees are trained • Training on different ways of participation is conducted • Multifunctional youth space established • Youth digital media platform is established • Level of public and social participation has increased 	<ul style="list-style-type: none"> • Professional skills of at least 26 municipal youth employees are improved from 13 Khulo administrative unit • At least 40 young person participated in training about five innovative forms of youth to participation in decision making process • At least 35 youth are involved in local and community needs advocacy through youth digital media platform • Youth activism as well as public and social inclusion opportunities are provided by the established “youth Space” 	<ul style="list-style-type: none"> • Project evaluation report • Report of the partner organization 	<ul style="list-style-type: none"> • The key assumption is that new professional skills of municipal youth employees will let them to adopt new modern youth municipal youth programs • Trained youth will have multiplying effect in municipal administrative unites and level of inclusion will be increased • Youth digital media platform will be sustainable and will play positive role in advocating of local youth needs
<p>Inputs: Activities and Types of Resources: 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 social capital</p>	<ul style="list-style-type: none"> • To be developed 	<ul style="list-style-type: none"> • Project manager’s evaluation report 	<ul style="list-style-type: none"> • The key assumptions are that: a) Municipal authorities will fully support the project ideas; b) Partner organization will be fully able to fulfill own responsibility; c) A space for youth entertainment and recreation will be added to the municipality

P2 - (Society) - (Gender Dimension) - Interventions

ACTION TITLE	P2-GE01. PROMOTING EDUCATION OF WOMEN AND GIRLS							
RATIONALE	In the municipality of Khulo Gender Equality council is established, Gender Equality Action Plan is adopted. The state has quotas to fund students from high mountain villages. According to the Ministry of Education 41 students are from Adjara Region (including from Khulo) were funded by the state to continue education. However, the municipality itself has no program to stimulate women and girls to continue higher education. Therefore, there is really small number of women/girls with higher education in the municipality.							
RELEVANCE	According to the target 4.4. and 4.5. of SDG 4 the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship should be increased and equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities and so forth should be ensured by 2030. Moreover, the General recommendation No. 36 of CEDAW committee is about the right of girls and women to education recommends that states respect, protect, and fulfil girls' and women's rights to, within and through education.							
IMPLEMENTATION MODALITIES	The awareness of women and girls should be increased about the importance of their involvement in higher education programs, on the other hand, municipalities should take measures to stimulate and influence women and girls to continue studying and offer grants as incentive measures.							
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> 1. To develop a package to stimulate women and girls to enroll in higher education programs 2. To advocate allocation of budget for the new package 3. Awareness-raising of the population about the new package for girls and women 							
SPECIFIC MEASURES FOR COVID-19	Online zoom meetings will be held for 12-grade students regarding the program							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The state of people with disabilities, religious minorities and socially vulnerable population will be taken into account and given priorities.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Girls in target municipality; Indirect beneficiaries: parents and teachers.							
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs: 1.Meeting with the municipality; 2.To evaluate existing possibilities for girls and women and develop package to stimulate their involvement in higher education programs; 3.To advocate allocation of the budget for the program; 4.Municipalities to disseminate information about the program within the municipality, especially with the students of 12th grade and their teachers; 5.To issue grants.</p> <p>Outputs: 1) Changes in the program and budget of the municipality; 2) The number of girls who have been given the grant to continue higher education.</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1-1							30,000	Municipality, in coordination with the responsible parties
1-2							35,000	
1-3							40,000	

ACTION TITLE	P2-GE02. GENDER MAINSTREAMING IN MUNICIPAL PROGRAMS
RATIONALE	In the municipality, there is an institution-Gender Equality Council responsible implementing gender equality policy, which has a municipal GE Action Plan for 2018-19 in which Article 2.7, Article 2.8, include programs and activities that support the employment of women and girls, including professional creative educational programs for rural women and socially vulnerable women. The budget has not been allocated for the implementation of the programs under the Action Plan, but the work of the Gender Equality Council is being integrated with other programs of the municipality. The budget (8,000 GEL) was allocated for the implementation of the activities of Women's Room; however, the implementation of the activities is delayed due to the situation caused by COVID-19 in the country. It is probable that the part of the money will be returned to the budget.
RELEVANCE	On the one hand, 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 2021-22 and strengthen the direction of women's economic participation in cooperation with women actors, including CSOs and vulnerable groups. 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.
IMPLEMENTATION MODALITIES	Gender equality council based on the needs of the population will ensure gender mainstreaming for introducing gender sensitive programs and projects in the municipality
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> 1.Meeting with municipal Gender Equality Council 2.Meeting with local CSOs and community women 3.Support municipality to conduct needs assessment survey, which is one of the current obligations as well 4.Advocacy of community needs to be included in the priorities of the municipality
SPECIFIC MEASURES FOR COVID-19	<ul style="list-style-type: none"> • Emergency Response Plan supporting women's economic activities during crisis periods to be created and adopted by the municipality • Specific budget to be allocated for the implementation of the Response Plan • The money spent against COVID-19 which was originally allocated for Gender Policy implementation to be returned to the budget of GE council
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on vulnerable people, including people with disabilities, single mothers, IDPs, as well as other groups identified to be included in the process of creation of municipal Gender Equality Action Plan, as well as during elaboration of Emergency Response Plan.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Representatives of the Gender Equality Council of the municipality, representatives of local CSOs and opinion leader women; Indirect beneficiaries: Population of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1.1. Meeting with stakeholders; 1.2. Meeting with local CSOs and women 1.3. Needs assessment survey 1.4. Advocacy Outputs: a) Adopted Gender Equality Action Plan with a focus on women's economic empowerment b) Allocated budget

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							21,000	Municipality, in coordination with the responsible parties
1.2						22,000		
1.3						25,000		
1.4								

ACTION TITLE	P2-GE03. TRAINING TO SUPPORT WOMEN'S ECONOMIC ACTIVITY
RATIONALE	Active economic participation of women is a crucial part of a healthy economic and social environment, it promotes active healthy economy and democracy. It is important to have interventions that integrate civil rights and freedoms into sustainable development and increases women's economic and social participation. Women's Participation in economics is low in Khulo municipality. The majority of women is employed in agriculture. Women's participation is low in private sector and business, in self-employment as well. Existing gender stereotypes, social norms and glass ceiling are some of the reasons that hinder women's economic participation. Major barriers to active participation of women (such as lack of access to financial and information services) can be solved if women are given necessary skills and knowledge as well as confidence to believe in themselves. In this particular region, self-efficacy of women is very low, as well as outlook for the future and building up their confidence together with their skills will lead to higher economic and social participation.
RELEVANCE	-
IMPLEMENTATION MODALITIES	The training program will focus on women participation, confidence building, educative and informative aspects of business development and empowerment. The program will help women in the region to expand professional horizons and strive for career and personal goals.
FACILITATING ARRANGEMENTS	To revise existing database of women of Women's Room in order to identify leader women who wish to be engaged in economic activities.
SPECIFIC MEASURES FOR COVID-19	A special group, which will include women who have suffered as a result of COVID-19 crisis will be created and their specific problems and needs will be discussed for further advocacy.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	During the selection process of participants, representatives of special groups will be given priorities;
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Women engaged in economic activities; Indirect beneficiaries: Their families
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1.1) To develop a training module 1.2.) To select participants 1.3.) To conduct a training for women; 1.4) To support their further economic development (coaching) Outputs: a) The training module developed; b) Up to 10-20 women trained c) All of the trained women are followed up.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							24,000	Municipality, in coordination with the responsible parties
1.2							25,000	
1.3							27,000	
1.4								

ACTION TITLE	P2-GE04. AWARENESS-RAISING CAMPAIGN ON GENDER SENSITIVITY
RATIONALE	The municipality has an obligation in the framework of 3rd direction of the Action Plan to conduct awareness-raising activities for women and support women’s empowerment. However, deep rooted traditions still support male ownership of capital assets in the family that indirectly impact women, their ability to raise capital and conduct business. In Khulo, on average, women own 36.4 times smaller land, women ownership of capital equipment is 5 times less than that of males, the size of women owned real estate is more than two times smaller, and rented land area is also 1,45 times smaller, no women respondent had a rented a house. Women ownership of vehicles is staggeringly 27.5 times lower than that of males. This low level of women ownership also impacts women in receiving credit and financing their enterprise.
RELEVANCE	According to the target, 5A of SDG 5 women should be given women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources. CEDAW article 16.1 requests States to undertake all appropriate measures to eliminate discrimination against women in all matters relating to marriage and family, and in particular to ensure the same rights for spouses in respect of the ownership, acquisition, management, administration, enjoyment and disposition of property. The Beijing Declaration and Platform for Action also includes commitments by States to “undertake legislation and administrative reforms to give women equal rights with men to economic resources, including access to ownership and control over land and other forms of property, credit, inheritance, natural resources and appropriate new technology.”
IMPLEMENTATION MODALITIES	To develop learning-information module regarding rights of the property and credit taking which will be disseminated in the whole municipality.
FACILITATING ARRANGEMENTS	Women’s Room manager and representatives of mayors in the administrative units, and opinion leaders of the community will be in charge of information dissemination.
SPECIFIC MEASURES FOR COVID-19	In case of second wave of COVID-19, online campaign will be planned and conducted. Opinion leader women from each community will be involved in Zoom conferences regarding the issue and then they will be disseminating information.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	As community leaders are one of the main information disseminators, they will cover the whole population, including the vulnerable ones.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Women and girls in the municipality; Indirect beneficiaries: Population of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1.1) To meet with GE council of the municipality; 1.2) To develop information materials regarding property rights and bank credits 1.3) To disseminate information with an active engagement of women’s room manager and the representatives of mayors in administrative units. Outputs: a) Developed material regarding property rights and credit b) Conducted awareness campaign regarding the property rights and credit in the municipality.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							21,000	Municipality, in coordination with the responsible parties
1.2							22,000	
1.3							25,000	

142. <https://www.ohchr.org/EN/Issues/Women/WRGS/Pages/Land.aspx#:~:text=CEDAW%20article%2016.1%20requests%20States,administration%2C%20enjoyment%20and%20disposition%20of>

ACTION TITLE	P2-GE05. STRENGTHEN THE CAPACITY OF WOMEN'S ROOMS
RATIONALE	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 during community field trips. Women's room Manager in Khulo is also the person responsible for gender issues and member of the Gender Equality Council.
RELEVANCE	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.
IMPLEMENTATION MODALITIES	The activities of Women's Room directed towards women's empowerment, including economic empowerment to be included in the Gender Equality Action Plan and the budget should be allocated.
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> 1. Meeting with Women's Room Manager and representative of GE council 2. Women's Room Manager to create a database of relevant programs and program providers 3. Women's Room to elaborate Action Plan of Women's Room 4. Action Plan of Women's Room to be supported by the Gender Equality Council of the municipality 5. Women's Room managers to provide women with information about existing services and possibilities for their economic empowerment and to support them to participate in them
SPECIFIC MEASURES FOR COVID-19	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 needs and challenges during the crisis, including about economic challenges.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	With an aim "leave no one behind" women's room managers will be responsible to cover and provide information to every member of the community, including the most vulnerable ones.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Population and women specifically and Women's Room Managers; Indirect beneficiaries: Gender Equality Council of Municipality of Khulo
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs: 1.1) Meeting with WR Manager and GE representatives; 1.2) Creation of database of services and programs; 1.3) Creation of Action Plan of Women's Room; 1.4) Support of Action Plan of women's room by the GE council; 1.5) Information Dissemination among different communities regarding women's empowerment.</p> <p>Outputs: a) Created Database of programs and services; c) Created Action Plan of WR; D) Municipal support and budget allocation for specific activities; E) Disseminated information about existing services and programs for women empowerment.</p>

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							12,000	Municipality, in coordination with the responsible parties
1.2							14,000	
1.3							15,000	

ACTION TITLE	P2-GE06. AWARENESS-RAISING CAMPAIGN ON GENDER SENSITIVITY
RATIONALE	There are stereotypical attitudes towards women in the society, double working load of women and unpaid work limit the opportunities for women and lower their self-esteem. Women's non-recognized work is also seen in mistrust of men towards women's organizations work. Therefore, the motivation of women lowers to be involved in socio-economic life.
RELEVANCE	The Constitution of Georgia and other policy documents of Georgia recognize that real equality and women's participation in socio-economic processes is crucial. In the process of Gender Policy localization, municipalities also have obligation of women's empowerment and engagement. Despite all this, existing stereotypes and social norms hinder the advancement of real equality. Moreover, according to the target 5C of SDG 5 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 centre. In this process the local government and women themselves should be involved.
FACILITATING ARRANGEMENTS	Awareness campaign to cover all communities, including vulnerable population. The communication strategy development is needed, in which concrete information dissemination channels will be identified and opinion leaders will be identified in each community and media campaign will also be conducted.
SPECIFIC MEASURES FOR COVID-19	During COVID-19 limited the access of women to some services and information. Specific awareness raising activity regarding COVID-19 issues, different state and non-state services, which could be used during COVID-19, will be conducted.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The activity will ensure the engagement of all vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Women and girls; Indirect beneficiaries: Population of the municipality
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1) To elaborate communication strategy; 2) to identify opinion leaders; 3) to prepare visual information materials; 4) to hold a campaign Outputs: a) The document of communication strategy created; b) Database of opinion leaders is created c) Materials printed; d) The communication campaign conducted.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							15,000	Municipality, in coordination with the responsible parties
1.2							17,000	
1.3							20,000	

ACTION TITLE	P2-GE06. AWARENESS-RAISING CAMPAIGN ON GENDER SENSITIVITY
RATIONALE	There are no active women's organizations working in Khulo municipality. In fact, Khulo LAG (Local Action Group) is the only Civil Society Organization in the municipality. LAG has 112 members and 20% of them are women.
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, as well as local municipalities and community women will be involved in the process. The grants will be issued for women's initiative groups in cooperation with the municipality.
FACILITATING ARRANGEMENTS	1. To initiate the establishment of the community groups 2. To issue grants to support the initiatives of community groups in cooperation with the municipality
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.
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 involved in community groups and so on.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: Leader women from communities; Indirect beneficiaries: community and the families of the women.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1. To identify opinion leader women from communities; 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. Outputs: 1.Created CBOs; 2.Awareness-raised, confident leader women; 3.Issued grants and supported initiatives

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							40,000	Municipality, in coordination with the responsible parties
1.2							45,000	
1.3							50,000	

ACTION TITLE	P2-GE08 - INCREASING GENDER SENSITIVITY OF RELIGIOUS LEADERS
RATIONALE	In societies where there are women participation issues, stereotypes that are entrenched by society need to be addressed before any meaningful change can take a place. These stereotypes can be and are unintentionally harming progress and women's development. This is why it is important to also have men and religious leaders of the community that have an understanding of gender issues, women roles and workloads. In Khulo municipality, it is clear that women face double workload, and the fact that they have low self-esteem, self-efficacy and outlook, only highlights the stereotype that is widely accepted there- that man is a breadwinner. In order to address this stereotype, only training women would not be enough, as it could create friction. Having gender sensitive men is integral to creating a healthy dynamic where both parties fully understand rights and responsibilities of one another.
RELEVANCE	-
IMPLEMENTATION MODALITIES	Optimally, selected men participants should act as the opinion leaders in society.
FACILITATING ARRANGEMENTS	<ul style="list-style-type: none"> - Identifying participants for the training - Training for men participants on gender sensitivity - Work together with participants to create support statements for women.
SPECIFIC MEASURES FOR COVID-19	<ol style="list-style-type: none"> 1. Men to be included in the awareness raising campaign on distribution of workload during crisis period 2. Men to conduct awareness raising campaign against violence against women during the crisis
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Opinion leader men, religious leaders and young men whose ideas and thoughts are important for the society will be involved to include more men in this type of activities.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	Direct beneficiaries: participating men who have a better understanding of gender as well as roles and responsibilities that women have in society. Indirect beneficiaries: other men who indirectly gain knowledge and understanding of the issue from the opinion leader men and women who gain from a more gender sensitive environment.
DESCRIPTION OF INPUTS AND OUTPUTS	Inputs: 1.1) Develop a detailed training module; 1.2.) Determine opinion-leader participants; 1.3.) Create awareness raising campaigns against DV and on distribution of work at home Output: a) Training module developed; b) Up to 10-20 men trained; c) Information campaign with men's involvement conducted.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							25,000	Municipality, in coordination with the responsible parties
1.2							30,000	
1.3							32,000	

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

ARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Program Goal: Boosted economic activity of women and improved conditions for their engagement.</u></p>	<p><u>Measure of Goal Achievement:</u> 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"> • Municipal allocated Budget • The list of women /CBOs / entrepreneurs who received benefits from the municipality, state and non-state actors; • Independent assessment reports of CSOs and public defender 	<ul style="list-style-type: none"> • The key assumption is that for municipality women's empowerment becomes priority and continue programs that support improvement of women's conditions • Another assumption is that other state –non-state services are available for women and girls
<p><u>Project Purpose:</u> <u>Improving conditions for women so that they have access to education, information and opportunities for economic engagement and activity</u></p>	<ul style="list-style-type: none"> • Women's initiatives and engagement for economic development 	<ul style="list-style-type: none"> • Women's proposals • WR database of economical-ly active women 	<ul style="list-style-type: none"> • The key assumption is that women are confident enough to start economic activities;
<p><u>Outputs:</u></p> <ul style="list-style-type: none"> • Changes in the program and budget of the municipality; • The number of girls who have been given the grant to continue higher education • Adopted Gender Equality Action Plan with a focus on women's economic empowerment • Allocated budget • The training module developed; • Developed material regarding property rights and credit • Conducted awareness campaign regarding the property rights and credit in the municipality. • Created Database of programs and services; • Created Action Plan of WR; • Municipal support and budget allocation for specific activities; • Disseminated information about existing services and programs for women empowerment • The document of communication strategy created; • Database of opinion leaders is created • Materials printed; • The communication campaign conducted. • Created CBOs; • Issued grants and supported initiatives • Training module developed; • Information campaign with men's involvement conducted 	<ul style="list-style-type: none"> • At least 12,000 GEL allocated for stimulus package of girls • At least 3 girls who have been given the grant • Adopted GE Action Plan, in the program and awareness-raising part of which focus is made on economic empowerment of women • At least 8000 GEL allocated for economic empowerment of women • 1 training module developed and up to 10-20 women trained; • The population of 13 communities of the municipality (80% women, 20% men) who has access to the information regarding property rights and credits. • At least 10% of users of the WR have used programs and services from database; • At least 5,000-60,00GEL allocated for specific activities of WR; • Communication strategy is created in which opinion leader women and communication channels are specified; • At least 13 CBO's created i.e. 1 CBO in each community; • At least 5 grants awarded for initiatives; • At least 10,000 GEL allocated for the grants for CBO initiatives; • 1 training module developed and Up to 10-20 men trained; 	<ul style="list-style-type: none"> • Project reports • Periodic assessments 	<ul style="list-style-type: none"> • 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. • Another key assumption is that municipal programs are planned with informed participation of women and girls; • Another key assumption is that municipality, men and religious leaders are more gender sensitive;
<p><u>Inputs: Activities and Types of Resources: Design and implement programs under P2 (From P2-GE01 through P2-GE08 which are related to: a) Promoting education of women and girls b) Gender mainstreaming in municipal programs c) training to support women's economic activity d) Awareness-raising campaign on gender sensitivity e) Strengthen the capacity of Women's Rooms f) awareness-raising campaign on gender sensitivity g) Supporting women's initiative's and community groups h) increasing gender sensitivity of religious leaders</u></p>	<ul style="list-style-type: none"> • To be developed 	<ul style="list-style-type: none"> • Project reports and budgets 	<ul style="list-style-type: none"> • The key assumptions are that: a) women are mobilized and ready to receive services and be empowered economically • 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.

P3 - (Environment) - Interventions

P3-EN01 – 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 Khulo municipality. In the area of environmental protection, the special focus will be on MSW, since municipal waste is one of the major pressures on all natural resources and also, 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, ecosystems (high-mountain and sub-alpine forests, alpine meadows, floodplain zones) and species.
RELEVANCE	The intervention will address key environmental (in particular, waste management) 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 as NEAP, rural development strategy, agriculture development strategy, regional development strategy, tourism development strategy, Adjara rural development strategy, Adjara regional development strategy, Khulo local development strategy, Khulo forest section management plan, draft Chorokhi-Adjaristskali 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 1 and ENPARD 2.
IMPLEMENTATION MODALITIES	National-wide environmental NGO/NGOs having strong experience in integrated natural resource management and grassroots network, in cooperation with local NGOs, 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 UNDP/GEF small-grants programme, ENPARD-3, as well as UNDP/GCF MHEWS project that will work with up to 100 vulnerable communities across the country on integrated natural resources management and CCA. Small-scale on-the-ground interventions will be implemented through
FACILITATING ARRANGEMENTS	Joint efforts of the Adjara A.R government (Environmental Division/Directorate, Adajara forest agency, etc.), local municipality, Khulo LAG, community-based organizations/community incentive groups, other local NGOs 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 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, forestry unit of Adjara forest agency, school children, women. Indirect beneficiary is general public.
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs:</p> <ul style="list-style-type: none"> • 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>Outputs and output targets:</p> <ul style="list-style-type: none"> 1.1 Studies on natural resources conducted in priority areas - at least 4 studies in water, land, forest and biodiversity management 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 15 sustainable environment and integrated natural resources management initiatives including administrative-territorial units, state forests, Beshumi botanical garden 1.5 Awareness raising seminars for local communities and other stakeholders – at least 5 trainings 1.6 Ecoclubs/school children initiatives: <ul style="list-style-type: none"> o at least 15 awareness raising seminars/trainings, consultations, meetings o at least 4 on-the-ground environmental awareness actions (e.g. clean-up, greening, etc.) o at least 4 research/education excursions o at least 10 eco-awards for ecoclubs

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							80,000	National-wide NGO in a partnership with local NGO in close cooperation with local municipality, LAG and local communities
1.2							35,000	
1.3							40,000	
1.4							600,000	
1.5							25,000	
1.6							100,000	
TOTAL							880,000	

ACTION TITLE	P3-EN02 – 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 target municipality (forest rangers of Adjara Forest Agency), 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.
RELEVANCE	The intervention will address key CCA/DRR issues that are one of the key underline 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, Adjara development strategy, Adjara rural development strategy, Khulo local development strategy, Khulo section forest management plan, 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 Adjara government (Environmental division/directorate), MEPA/NEA, local municipality, community-based organizations/local NGOs and LAG. The project can be implemented in closed cooperation with UNDP/GCF MHEWS project.
FACILITATING ARRANGEMENTS	Joint efforts of National and local NGOs, Adjara government and local municipality, Khulo LAG 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	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 local municipality, local communities, including youth, farmers, MEPA, schoolchildren. Indirect beneficiaries.
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs:</p> <ul style="list-style-type: none"> • 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 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>Outputs:</p> <ol style="list-style-type: none"> 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 31 trainings/seminars: <ul style="list-style-type: none"> o 15 (including 13 administrative territorial-units, local municipality, staff of Khulo section of Adjara forest agency) o 13 in public schools/ecoclubs of each administrative territorial unit 1.5 Purchase and installation of hydro-meteorological, geological and agrometeorological equipment – 2 hydro-meteorological stations (1 for the Adjaristskali river and 1 for Shkhalta river) and 2 hydro-meteorological posts (1 for Adjaristskali river and 1 for Shkhalta river), 2 agrometeorological stations, inclinometers, doplers (at least 20 units), fire-fighting equipment 1.6 At least 10 on-the-ground CCA/DRR initiatives

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

n	2020	2021	2022	2023	2024	2025	Approx. Costs (GEL)	Responsible
1.1							40,000	National-wide NGO in a partnership with local NGO and close cooperation with MEPA, local municipality, LAG and communities
1.2							20,000	
1.3							20,000	
1.4							20,000	
1.5							500,000	
1.6							500,000	
TOTAL							1,100,000	

P3 – Detailed Intervention Actions and Linkages with Relevant Strategies (Environment)

This sub-chapter summarizes potential interventions in the areas of natural resources management to address key environmental issues and their causes, including CC-related causes, their linkages with relevant strategies and plans and LAG priorities.

GENERAL ENVIRONMENTAL SECTOR	ENVIRONMENTAL SUB-SECTOR	SUGGESTED INTERVENTIONS	ALIGNED WITH PRIORITY AREAS AND OBJECTIVES OF NATIONAL RDS AND ACTION PLAN (YES/NO)	ALIGNED WITH PRIORITY AREAS AND OBJECTIVES OF LDS OF LAGODEKHI MUNICIPALITY (YES/NO)	ALIGNED WITH OTHER STRATEGIES/PLANS (YES/NO)	INTERVENTION IS A LAG PRIORITY (YES/NO)
Integrated natural resources management	Water resources	<ul style="list-style-type: none"> Rehabilitation of existing water supply Adoption of new water code and policy based on EU water framework directive and policies; Rehabilitation of existing water supply systems/construction of new systems, including water intakes/headworks, storage/regulation reservoirs; Implementation of water metering measures; Protection of headworks and storage/regulation reservoirs through fencing and better coverage; Setting of efficient water use tariffs to allow for service cost recovery as well as promote water saving and conservation measures; Calculation and implementation of proper water use allocations taking into account environmental flow; Implementation of river bank and bed erosion control measures; Implementation of floodplain zones' protection and restoration measures; Implementation of forest regeneration and reforestation activities; Construction/rehabilitation of fish migration routes; Detailed inventory and clean-up of dumpsites Expansion of MSW collection system and thus, service coverage; Promotion of MSW prevention and recycling measures, including bio-waste composting and mulching Rehabilitation/modification of Khulo town WWTP in line with EU standards; Introduction of on-site modular wastewater treatment facilities at rural community, hotels and municipal buildings level; Prevention of grazing in floodplain areas and organizing alternate livestock sheltering and drinking water supply infrastructure; Implementation of stormwater rehabilitation/construction activities; Improvement of water and waste management law enforcement; Improvement of hydrometric and water quality monitoring systems; Carrying out environmental information campaigns. 	Yes	Yes	Yes - NEAP, Adjara RDS, Adjara regional development strategy, draft Chorokhi-Adjaristskali river basin plan, Khulo municipal waste management	Yes – Results of stakeholder consultation under ENPARD 2 and ENPARD 3 (DRR infrastructure, erosion control and forest restoration measures, monitoring system
	SLM	<ul style="list-style-type: none"> Carrying out of inventory of eroded and degraded agriculture lands; 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; Study of soil quality and mapping; Support to organic farming; promotion and revival of traditional farming and herding practices; Strengthening law enforcement capacity and raising awareness and capacities of farmers; Implementation of agriculture land reclamation/erosion control measures; Development of agrometeorological and hydrometric monitoring network; hazard mapping; establishment of early warning system for climate-induced natural hazards (doplers, inclinometers, video surveillance systems, etc.); establishment of community-based early warning systems. development of climate advisories for farmers; awareness raising and capacity building of farmers on climate-smart agriculture; Improvement of municipal, household hazardous and C&DW waste management including waste collection and disposal; introduction of source separation system, promotion of waste reuse and recycling including biowaste composting and mulching. Implementation of floodplains and river bank protection measures (gabions, bioengineering structures, etc.) Implementation of slope stabilization measure (tree planting, slope terracing). 	Yes	Yes	Yes - NEAP, Adjara RDS, Adjara regional development strategy, draft Chorokhi-Adjaristskali river basin plan	Yes – Results of stakeholder consultation under ENPARD 2 and ENPARD 3

	Forest management	<ul style="list-style-type: none"> <input type="checkbox"/> Carrying out of all types of cutting based on annual average wood stock increment; <input type="checkbox"/> Leaving around 4-5 over-mature, old and dried trees during all types of cutting, since dead trees and down wood play an important role in ecosystems by providing wildlife habitat, cycling nutrients, aiding plant regeneration, decreasing erosion, and influencing drainage and soil moisture and carbon storage, etc.; <input type="checkbox"/> Identification and delineation of high ecological value sections for biodiversity conservation (22,568 ha), with red list, relict and endemic species and carrying out biodiversity monitoring, conservation and protection measures there; <input type="checkbox"/> Improvement of forest monitoring system and conducting of continuous observation over state of the forests, implemented forestry measures, impacts of natural hazards, etc.; <input type="checkbox"/> Implementation of erosion control measures; <input type="checkbox"/> Construction/rehabilitation of forest access roads taking into account environmental safeguards; <input type="checkbox"/> Setting of livestock grazing norms and rules; <input type="checkbox"/> Provision of piped gas supply to local communities; <input type="checkbox"/> 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; <input type="checkbox"/> Calculation of exact demand for firewood and sustainable logging norms <input type="checkbox"/> Carrying out of pest assessment, monitoring and control measure (e.g. installation of pheromone traps); <input type="checkbox"/> Implementation of selective sanitary cutting in slightly degraded sections and clearcutting in sections with over 30% of dried and dying trees; <input type="checkbox"/> Implementation of reforestation/afforestation measures; <input type="checkbox"/> Implementation natural regeneration support measures, including soil cultivation, seeding, fencing, etc. • Awareness raising of local communities on forest resources; • Promotion and revival of traditional herding practices; • Strengthening law enforcement and firefighting capacities of relevant authorities for state fund forests 	Yes	Yes	Yes - NEAP, Adjara RDS, Adjara regional development strategy, Khulo forest management plan; draft Chorokhi-Adjaristskali river basin plan	Yes – Results of stakeholder consultation under EN-PARD 2 and ENPARD 3
	BIODIVERSITY PROTECTION	<ul style="list-style-type: none"> • Improvement of forest and biodiversity monitoring system, including establishment of electronic databases; • Development and implementation of programs for monitoring and controlling invasive species; • Leaving around 4-5 over-mature, old and dried trees during all types of cutting; • Identification and delineation of high ecological value sections for biodiversity conservation (22,568 ha), with red list, relict and endemic species and carrying out biodiversity monitoring, conservation and protection measures there, e.g. Support inclusion of around 5,145.00 ha of area at Goderdzi pass in emerald network, development and implementation of site management plan; • Development and implementation of programs for monitoring and controlling invasive species; • Development and implementation of Adjaristskali and Shkalta river biomonitoring; • Building of fish passages in Didachara reservoir; • Improvement of law enforcement mechanisms and enhancing capacities of law enforcement agencies to protect biodiversity against poachers and illegal forest loggers; • Improvement of law enforcement mechanisms against illegal waste dumping and littering; • Establishment of sustainable rules to control hunting and fishing; • Proper pasture regulation and pasture rehabilitation; • Implementation of slope stabilization and erosion control measures in mountain and sub-alpine forests, sub-alpine and alpine meadow; • Rehabilitation of floodplain zones and organizing alternative livestock sheltering and drinking water supply systems; • Raising public awareness on the importance of local biodiversity and sustainable management practices; • Promotion of extra-curricular environmental educational activities and introduce biodiversity conservation in the school curricula; • Implementation of non-structural and structural measures to reduce/avoid forest and land degradation; • Promotion of nature based sustainable tourism; • Application of alternative energy sources and energy efficient technologies. 	Yes	Yes	Yes - NEAP, Adjara RDS, Adjara regional development strategy, Khulo forest management plan; Khulo municipal waste management plan for 2018-2022	Yes – Results of stakeholder consultation under EN-PARD 2 and ENPARD 3

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>Program Goal: Enhanced environmental quality, natural resource base and wellbeing of Khulo municipality</p>	<p>Measure of Goal Achievement:</p> <ul style="list-style-type: none"> • State of the environment of natural resources of Khulo municipality • Waterborn diseases 	<ul style="list-style-type: none"> • State of the environment assessment of Adjara and in particular, Khulo municipality • Geostat • NEA/MEPA • NCDC • Adjara A.R. government (Environmental directorate, forest agency) • Local municipality 	<ul style="list-style-type: none"> • Environmental sustainability stays one of the major strategic directions for national RDS, Adjara RDS and well, as for LDS
<p>Project Purpose: Knowledge and capacity building and demonstration of sustainable natural resource management and CCA/DRR practices and technologies</p>	<ul style="list-style-type: none"> • Increased access to safe drinking water, % coverage rate • Connection rate to sewerage systems, % • Losses in water supply systems, % • Losses in sewerage systems, % • MSW collection service coverage rate, % • Street cleaning coverage rate, % • # and area of illegal dumpsites, % • # of dumpsites cleaned, % • # of pilot source separation and recycling activities, including biowaste composting activities • Quantities of MSW streams recycled, tonnes per year • Surface water and soil quality of Khulo municipality meeting national and EU standards • Drinking water quality in urban and rural areas meeting • Total area of degraded lands, ha • Total area of degraded forests, ha • Total area under erosion control measures, ha • Total area under reforestation, afforestation and natural generation measures, ha • Total area of forests under forest protection measures (sanitary cutting, pest control measures, etc.) • Total area of floodplains restored, ha • Ecological status of surface and ground water bodies • Total area of ecosystems under special protection regime (e.g. being a part of Emerald system), ha • Presence of effective biodiversity and forest monitoring system (yes/no) • Presence of effective law enforcement system against poaching and illegal logging (yes/no) • Presence of policy and planning frameworks for pasture management (e.g. pasture management plan and norms) • Presence of reliable up-to-date data on biodiversity, forests, water and soils • Presence of effective law enforcement system against waste dumping and littering 	<ul style="list-style-type: none"> • Project assessments and progress reports • Project evaluation • Geostat • NEA/MEPA • NCDC • Adjara A.R. government (Environmental directorate, forest agency) • Local municipality • Updated river basin plan, with field survey results 	<ul style="list-style-type: none"> • MEPA, local municipality and LAG support the programme • Financial resources, including matching funds are mobilized for programme implementation
<p>Outputs:</p> <ul style="list-style-type: none"> • Enhanced knowledge, capacities and application of sustainable environmental and natural resource management policies, practices and technologies • Enhanced knowledge, capacities and application of CCA/DRR policies/practices 	<ul style="list-style-type: none"> • # of studies conducted in the areas of environment and natural resources management CCA/DRR and RE&EE • # of community-level sustainable environment and integrated natural resource management and CCA/DRR practices and/or technologies demonstrated • # of small-scale environmental infrastructure improved • # of awareness seminars and/or trainings for authorities and local communities on integrated natural resources management, MSW management, CCA/DRR and RE&EE conducted • # youth initiatives supported • # of outreach and environmental advocacy campaigns conducted • # of policy/strategy documents developed • # and type of equipment purchased for relevant authorities 	<ul style="list-style-type: none"> • Project assessments and progress reports • Project evaluation • Stakeholder feedback 	<ul style="list-style-type: none"> • Local municipality and LAG actively participate in the programme • Local communities are interested and have capacities to participate in the programme • Local municipality and communities commit to sustain project results beyond the project

<p>Inputs: Activities envisioned by the proposed interventions:</p> <ul style="list-style-type: none"> • Policy/planning framework • Studies/research • Demonstration projects in the areas of sustainable natural resources management, CCA/DRR and RE&EE practices • Communities, farmers and school children environmental education and awareness raising activities • Promotion and advocacy activities 	<ul style="list-style-type: none"> • To be developed 	<ul style="list-style-type: none"> • To be developed 	<ul style="list-style-type: none"> • To be developed
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POTENTIAL SKILLS DEMAND-SUPPLY BALANCE

Problems and Challenges

NECESSARY SKILLS	CURRENT SITUATION
<p>TOURISM</p> <ul style="list-style-type: none"> • MANAGING OF TOURISTIC ZONES • MANAGEMENT SKILLS FOR FAMILY HOTELS • SKILLS FOR HOTEL SERVICES • COOKING SKILLS • SKILLS IN CREATING AND MANAGING MEDICAL TOURISM • SKILLS IN MEDICAL TOURISM SERVICES • HIKING GUIDE SKILLS • ALPINE GUIDE SKILLS • SKI GUIDE SKILLS • CULTURAL HERITAGE GUIDE SKILLS • ECOTOURISM GUIDE SKILLS 	<p>NONE OF THE COLLEGE BRANCHES IN KHULO CARRY OUT VOCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING IN THE FOLLOWING FIELDS:</p> <ul style="list-style-type: none"> • MANAGEMENT OF TOURISTIC ZONES • COOK • MEDICAL TOURISM MANAGEMENT • MEDICAL TOURISM SERVICE • HIKING GUIDE • ALPINE GUIDE • SKI GUIDE • CULTURAL HERITAGE GUIDE • ECOTOURISM GUIDE
<p>BUSINESS</p> <ul style="list-style-type: none"> • ENTREPRENEURIAL SKILLS AND KNOWLEDGE • AGRO BUSINESS MANAGEMENT SKILLS • BUSINESS CONSULTING SERVICES SKILLS 	<p>APPROPRIATE BUSINESS SKILLS PROGRAMS ARE COVERED BY THE BRANCHES OF BOTH COLLEGES</p> <p>THE EMPLOYMENT AGENCY HAS SIMILAR COMMON REGIONAL PROGRAMS</p>
<p>AGRICULTURE</p> <ul style="list-style-type: none"> • ANIMAL BREEDING AND CARE OF SKILLS • VETERINARY SERVICE SKILLS 	<p>APPROPRIATE SKILLS PROGRAMS IN AGRICULTURE ARE COVERED BY THE BRANCHES OF BOTH COLLEGES</p>
<p>INFRASTRUCTURE</p> <ul style="list-style-type: none"> • WATER SUPPLY AND SEWAGE SYSTEMS JOBS IMPLEMENTATION SKILLS • PIPE WELDING SKILLS • HEAVY CONSTRUCTION EQUIPMENT OPERATOR • ELECTRICIAN SKILLS • REINFORCED CONCRETE WORKER SKILLS 	<p>NONE OF THE COLLEGE BRANCHES IN KHULO CARRY OUT EDUCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING IN THE FOLLOWING FIELDS:</p> <ul style="list-style-type: none"> • HEAVY CONSTRUCTION EQUIPMENT OPERATOR • WATER SUPPLY AND SEWAGE SYSTEM • WELDER • CASING • ARRANGING THE MOLDS, PLACING CONCRETE IN THE MOLD • REINFORCEMENT WORK • INSTALLATION OF CONSTRUCTION STRUCTURES
<p>ENVIRONMENTAL PROTECTION</p> <ul style="list-style-type: none"> • FOREST SUSTAINABLE RESOURCE MANAGEMENT SKILLS • PASTURE PROTECTION AND MANAGEMENT SKILLS • WASTE MANAGEMENT SKILLS • RESPONSIVENESS SKILLS IN EMERGENCIES 	<p>NONE OF THE COLLEGE BRANCHES IN KHULO CARRY OUT EDUCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING IN THE FOLLOWING FIELDS:</p> <ul style="list-style-type: none"> • PASTURE PROTECTION AND MANAGEMENT • WASTE MANAGEMENT • RESPONDING TO EMERGENCY • COLLEGE "NEW WAVE" KHULO BRANCH CARRIES OUT "THE FOREST" PROGRAMS








Required Vocations and Readiness of The Vocational Education System

REQUIRED VOCATIONS	RELEVANT PROGRAMS	LEARNING ENVIRONMENT	HR	FORM OF VOCATIONAL TRAINING OR RETRAINING
	1	2	3	4
TOURISM				
TOURISTIC ZONE MANAGEMENT	Does not exist in the college's branch	Exists	Does not exist	Teaching - Modular
HOTELS SERVICE	Exists in both college branches	Exists	Exists	Teaching - Modular
FAMILY HOTEL ANAGEMENT	Exists in both college branches	Exists	Exists in Black Sea Shuakhevi Branch	Vocational Training
COOK	Exists in both college	Exists	Exists in both college	Teaching - Modular
MEDICAL TOURISM MANAGEMENT	Does not exist in the college's branch	Does not exist	Does not exist	Teaching - Modular
MEDICAL TOURISM SERVICE	Does not exist in the college's branch	Does not exist	Does not exist	Teaching - Modular
HIKING GUIDE	Does not exist in the college's branch	Does not exist	Does not exist	Vocational Retraining
ALPINE GUIDE	Does not exist in the college's branch	Does not exist	Does not exist	Vocational Training
SKI GUIDE	Does not exist in college's branch	Does not exist	Does not exist	Vocational Training
CULTURAL HERITAGE GUIDE	Exists in both college branches	Does not exist	Does not exist	Vocational Training
ECOTOURISM GUIDE	Does not exist in college's branch	Exists	Exists	Vocational Training
BUSINESS				
ENTREPRENEURSHIP	Exists in both college branches	Exists	Does not exist in Khulo	Vocational retraining
AGRIBUSINESS MANAGEMENT	Exists in both college branches	Exists	Does not exist in Khulo	Vocational training
BUSINESS MANAGEMENT SERVICE	Exists in both college branches	Exists	Does not exist in Khulo	Vocational training
AGRICULTURE				
CATTLE-BREEDING	Exists in college's branch	Does not exist	Does not exist	Teaching - Modular
VETERINARY	Exists in college's branch	Exists	Exists	Teaching - Modular
CONSTRUCTION				
HEAVY CONSTRUCTION EQUIPMENT OPERATOR	Exists in college New Wave	Does not exist in Khulo	Does not exist in Khulo	
WATER SUPPLY AND SEWAGE	Exists in both colleges	Does not exist	Exists in Black Sea Shuakhevi Branch	Vocational retraining - dual
WELDING	Exists in both colleges	Does not exist	Exists in Black Sea Shuakhevi Branch	Teaching - modular
ARRANGING THE MOLDS, PLACING THE CONCRETE IN THE MOLD	Exists in Black Sea Shuakhevi Branch	Does not exist	Exists in Black Sea Shuakhevi Branch	Vocational training - dual
REINFORCEMENT WORK	Exists in Black Sea Shuakhevi Branch	Does not exist	Exists in Black Sea Shuakhevi Branch	Vocational training - dual
INSTALLATION OF CONSTRUCTION STRUCTURES	Exists in Black Sea Shuakhevi Branch	Does not exist	Exists in Black Sea Shuakhevi Branch	Teaching - dual

ELECTRICITY	Exists in both colleges	Exists	Exists	Teaching - modular
ENVIRONMENTAL PROTECTION	1	2	3	4
PASTURE PROTECTION AND MANAGEMENT	Exists	Does not exist	Does not exist in Khulo	Vocational retraining - dual
WASTE MANAGEMENT	Exists in both colleges	Does not exist	Does not exist in Khulo	Vocational retraining - dual
RESPONDING TO EMERGENCIES	Exists	Does not exist	Does not exist in Khulo	Vocational retraining - dual
FORESTRY	Exists	Does not exist	Exists in Khulo	Teaching - modular

Detailed Program of Proposed Trainings

POLICY INSTRUMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	DETAILED COMMENT	PROPOSED INTERVENTIONS
PREPARING A WORKFORCE FOR THE TOURISM SECTOR			PREPARING A WORKFORCE FOR THE TOURISM SECTOR
TOURISTIC ZONE MANAGEMENT; FAMILY HOTEL MANAGEMENT		Development of tourist places in four geographical locations - in the valleys: 1. Khulo and the village of Tago; 2. Kikhani gorge with Skhalta monastery and Khikhani fortress; 3. Gorjomi gorge and villages with traditional wood architecture; 4. Goderdzi Mining - Ski Resort and Goderdzi Pass. Connection of tourist places of Adjara and Samtskhe-Javakheti.	1.1.1. Teacher training 1.1.2. Develop a vocational training program 1.1.3. Implementation of training courses
COOKER		In the long run, it will be necessary to develop the restaurant service vocation	1.2.1. Creating a learning environment 1.2.2. Teacher training 1.2.3. Implement vocational training courses 1.2.4. Carrying out dual training with state funding
ECOTOURISM GUIDE		The development of medical tourism in Georgia is starting again. The establishment of this direction in Khulo requires preliminary research and infrastructure development. At this stage, these vocations are less in demand in the municipality. Therefore, it will be advisable for people employed in tourism to conduct short-term training courses.	1.3.1. Training courses by the invited trainer based on the Khulo branch
HIKING, ALPINE AND SKI GUIDE;		The existence of certified trainees in these vocations is very important for the development of winter and summer mountain tourism in Khulo. These vocations have a fairly high potential for employment, including at Khulo winter resorts. There is only one vocational center in Georgia - "Gudauri Adventure Tourism School", which prepares staff for this vocation.	1.4.1. Conducting training courses on the basis of the Khulo branch of the college, by the trainer and instructors invited by the "Adventure Tourism School" - the practical part in the Khulo Mountains
CULTURAL HERITAGE GUIDE, ECOTOURISM GUIDE		Cultural heritage tourism that is based on Adjarian people's lifestyle authenticity that is well preserved in mountainous villages, historical religious heritage and with traditional wooden architecture of the villages. Khulo municipality directly is not related to any of the national park, but the gorges beauty, pristine forests, deep canyons and traditional rural landscape gives a chance, that is to develop eco-agri-tourism.	1.5.1. Teacher training 1.5.2. Vocational training programs to be developed 1.5.3. Implementation of training courses
PREPARING A WORKFORCE FOR THE BUSINESS SECTOR			2. WORKFORCE GROWTH PROGRAM IN THE BUSINESS SECTOR
ENTREPRENEURSHIP (BUSINESS PLANNING, MANAGEMENT, MARKETING)		It is advisable to introduce entrepreneurship training for young people, where hundreds of young people from Khulo will take courses. It is necessary to create a pilot module tailored to the informal teaching of one hundred adults and a methodology support guide for teachers. 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 Khulo branch of the college

BUSINESS CONSULTING SERVICE		It is important to be an independent organization in mountainous Adjara that would provide business consulting services to current or future entrepreneurs. This organization should be staffed by locals.	2.2. Conducting training courses by the invited trainer on the basis of the Khulo branch of the college
PREPARING A WORKFORCE FOR THE CONSTRUCTION SECTOR			3. WORKFORCE GROWTH PROGRAM IN THE CONSTRUCTION SECTOR
HEAVY CONSTRUCTION EQUIPMENT OPERATOR		Appropriate qualified labor force for mentioned vocations will be very important during implementing large-scale infrastructural projects in Khulo.	3.1. The training will be held in Kobuleti, on the basis of the college "New Wave"
WATER SUPPLY AND SEWERAGE			3.2.1. Teachers training 3.2.2. Implement vocational training courses
WELDER			
ARRANGING THE MOLDS, PLACING THE CONCRETE IN THE MOLD			
REINFORCEMENT WORK			
INSTALLATION OF CONSTRUCTION STRUCTURES			
PREPARING A WORKFORCE FOR THE ENVIRONMENTAL PROTECTION SECTOR			4. Workforce growth program in Environmental Protection sector
PASTURE PROTECTION AND MANAGEMENT		College "New Wave" has a training course "Environmental Basis". This knowledge should be transferred to the Khulo branch	4.1. Teachers training
WASTE MANAGEMENT			4.2. Implementation of training courses

Social Programs

PPROGRAMS 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 third and following new burners - for third -500GEL, for forth -700GEL, for fifth and following 900 GEL	47 200	84 households	-	-
ONE TIME CASH BENEFIT FOR WAR VETERANS	Cash benefit and presents to war veterans and members of their families	10 300	90	9 000	1
ONE TIME CASH BENEFIT FOR FAMILIES WITH CHILDREN	1000 GEL per year for families with 5 and more children	54 000	54	80 000	80
FREE CAFETERIA	Persons who received TSA (up to 57 000 score) hot meals once in day	39 237	43	50 200	43
ONE TIME CASH BENEFIT FOR FUNERAL SUPPORT	Household who registered in TSA (up to 100 000 Score) can receive 300 GEL for funeral support cost	30 000	100	25 000	35
CASH BENEFIT TO PERSONS WHO INVOLVED IN DIALYSIS PROGRAMMES	Cash benefit for transportation or accommodations persons who involved in dialysis programme	67 200	20 patient and 19 assistance persons	67 200	20 patient and 19 assistance persons
ONE TIME CASH BENEFIT FOR ONCOLOGY PATIENTS	Financial support (200 GEL) of oncology patients and persons who needs long time treatment	60 000	493 persons	45 000	172 persons
FINANCIAL SUPPORT OF THE CHILDREN	Children who are involved in rehabilitation programmes and lived in rural regions received cash benefit for transportation costs	61 105	65 beneficiaries and parents	55 000	72 beneficiaries and parents
FINANCIAL SUPPORT FOR DRUGS	Financial support for drugs for epilepsy, Parkinson and asthma	87 000	182 persons	-	-
HOUSING	Financial support to household with emergency housing			160 000	16 households
MOBILE TEAM	psychiatric mobile team	85 200	63 persons	85 200	50 persons
FINANCIAL SUPPORT	Persons with disability and persons with long term treatment monthly financial support			35 000	46 households

Source: Local Municipality.

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LIST OF CONSULTED KEY STAKEHOLDERS

NAME	ORGANIZATION	POSITION
Vakhtang Beridze	Local Authorities of Khulo Municipality	Mayor
Nadim Vasadze	Local Authorities of Khulo Municipality	Deputy Mayor
Jumber Dimitradze	Local Authorities of Khulo Municipality	Chairperson of Sakrebulo
Gogi Murvanidze	Khulo LAG	Project Manager (Caritas Czech Rep.)
Giorgi Abuladze	Khulo LAG	Member
Ramin Zoidze	Khulo LAG	Member
Tariel Bolkvadze	Khulo LAG	Member
Rodam Shavadze	Khulo LAG	Member
Irma Shavadze	Khulo LAG	Member
Madona Bolkvadze	Khulo LAG	Member
Lela Dzirkvadze	Khulo LAG	Member
Hedan Tunadze	Khulo LAG	Member
Zviad Paksadze	Khulo LAG	Member
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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

METHODOLOGY OF SSA/LOCATION QUTIENT

Identifying the sectors which have explicit comparative advantages in the municipality, as well as relative specialization of the municipality is a complex analytic work and requires statistical analysis of the business sector at present and in the past while. 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, actually, shows which part of regional economic growth is due to the growth in national, industrial or regional component. In particular, the analysis decomposes 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 employed 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 account the fact 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 tie the shift-share analysis to the location quotient method and substantially improves the reliability of this model. Within this extension the competitive effect is redefined by adding a 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 a_{ij} 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 allocation of resources by market forces. This will exist if either the region is specialized and has comparative advantage or if it is not specialized and does not have comparative advantage. The positive allocation effect suggests that the market is working efficiently without outside intervention. Negative allocation effect suggests an incorrect industry mix for the region. This will happen if a region is specialized but does not have 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 further study is necessary to determine how best to remedy the problem. The policy options are summarized in the below table.

ALLOCATION EFFECT AND POLICY INTERVENTIONS

		Comparative Advantage	
		Positive	Negative
Specialization	Positive	The industry is healthy, and intervention is unnecessary	Intervention may be useful but further study is required
	Negative	Intervention may be useful but further study is required	The sustainability of inter-vention 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 regional employment.

THE ECOSYSTEMS/BIOMES REPRESENTED IN THE MUNICIPALITY

- Foothill and hill forests – oak and met at 300-800 m ASL;
- Low-mountain broadleaf and mixed forests – oriental spruce, pine, beech, hornbeam, maple, etc. and met at 300-1,600 m and/or 800-1,600 m ASL;
- Middle-mountain forests – oriental beech and met at 1,100 m-1,950 m ASL. At lower boundaries beech is mixed with *Castanea sativa*, Common hornbeam (*Carpinus caucasica*), Caucasian lime (*Tilia caucasica*);
- High-mountain forests – Oriental spruce and fir and met at 1,500-2,100 m ASL;
- Sub-alpine forests - sparse spruce and fir forests from place to place mixed with beech and birch at 2,000-2,400 m ASL;
- Sub-alpine forest meadow ecosystems - spruce-fir, beech, birch forests, shrubs, tall grasses and meadows, represented by sweet vernal grass (*Anthoxanthum odoratum*), *Lerchenfeldia* (*Lerchenfeldia flexuosa*), Yellow oatgrass (*Trisetum flavescens*), Timothy (*Phleum alpinum*, *Phl. Nodosum*), Meadow-grass (*Poa iberica*, *P. Longifolia*), Carum (*Carum carvi*, *C. meifolium*), Betonica (*Betonica grandiflora*), Caucasian clover (*Trifolium ambiguum*), St John's wort (*Hypericum perforatum*, *H. polygonifolium*, *H. pruinatum*), Thymus (*Thymus caucasicus*), Cow wheat (*Melampyrum caucasicum*), Androsace (*Androsace intermedia*, *A. Albana*), Skullcaps (*Scutellaria pontica*), etc.;
- Sub-alpine shrubs and light forests – sparsely spread beech, birch (*Betula litwinowii*; *Betula medwedewii*), Pontine oak, rowan (*Sorbus boissieri* and *Sorbus subfusca*), Trautvetter's maple (*Acer trautvetteri*), Called aspen (*Populus tremula*), Caucasian buckthorn, Oriental Viburnum, Pontian rhododendron, Cochic holly, Biebersteinii's currant (*Ribes biebersteinii*) and alpine currant (*Ribes alpinus*), Albov's daphne (*Daphne albioviana*) and February daphne (*Daphne mezereum*), Colchis ash (*Sorbus colchica*), Caucasian Blackberries (*Rubus caucasicus*), Caucasian whortleberry (*Vaccinium arctostaphylos*), Whortleberry (*Vaccinium myrtillus*), Caucasian honeysuckle (*Lonicera caucasica*), Hard shield-fern (*Polystichum lobatum*), Hart's-tongue fern (*Phyllitis scolopendrium*), Sedges (*Carex medwedewii*), Grape hyacinth (*Muscari polyanthum*), Scorpion grasses (*Myosotis amoena*), Rough comfrey (*Symphitum asprum*), juniper (*Juniperus pygmaea* and *Juniperus sabina*), Bog bilberry (*Vaccinium uliginosum*), Yellow azalea (*Rhododendron luteum*), willow (*Salix kikodzea*), Stone bramble (*Rubus saxatilis*), etc.;
- Rhododendron meadows – Caucasian Rhododendron (*Rhododendron caucasica*), Alpine Lady-fern (*Athyrium alpestre*), Lily (*Lilium szowitsianum*), Violet (*Viola orthoceras*), Pasqueflower (*Pulsatilla aurea*), Monkshood (*Aconitum nasutum*), Larkspur (*Delphinium flexuosum*), Wood sorrel (*Oxalis acetosella*), Glandular crane's-bill (*Geranium platypetalum*), Armenian cranesbill (*Geranium psilostemon*), Cerastium (Snow-in-Summer) (*Cerastium purpurescens*), Turkish Skullcap (*Scutellaria pontica*), Betony (*Betonica grandiflora*), Thymus (*Thymus caucasicus*, *Thymus Grossheimii*), Caucasian cow wheat (*Melampyrum caucasicum*), Albov's cow wheat (*Melampyrum alboffianum*, Nordman's St John's-wort (*Hypericum nordmanni*), Pyrethrum (*Pyrethrum coccineum*, Szowits's mayweed (*Tripleurospermum szowitsii*), Hawkweed (*Hieracium*), Bittercress (*Cardamine siedlitziana*), Tutsan (*Hypericum bupleuroides*), Alpine speedwell (*Veronica monticola*), Paederotella (*Paederotella pontica*), Leopard's Sandworts (*Minuartia*), etc.;
- Alpine meadow met at 2,400 – 2,993 m ASL – Caucasian rhododendron (*Rhododendron caucasicum*), Bilberry (*Vaccinium myrtillus*, *V. uliginosum*), February daphne (*Daphne mezereum*), Juniper (*Juniperus pygmaea*), Anemones (*Anemone fasciculata*), Betony (*Betonica grandiflora*), Inula (*Inula glandulosa*), Pontic sedges (*Carex pontica*); so-called alpine mole vegetation: Sandworts (*Minuartia oreina*), Alpine cinquefoil (*Potentilla crantzii*), Alpine Forget-me-not (*Myosotis alpestris*), Lady's mantle (*Alchemilla sericea*), Buttercup (*Ranunculus brachylophus*), Alpine bellflowers (*Campanula alpigena*); Meadow-grasses: *Poa supina*, (*P. Alpina*), Fescues (*Festuca supina*); rocky substrate vegetation: Cinquefoil (*Potentilla brachipetala*), Silene (*Silene physocalyx*), Paederotella (*Paederotella pontica*), Pontic skullcap (*Scutellaria pontica*), Rockfoils (*Saxifraga repanda*, *S. pontica*), Cow parsnip (*Heracleum albovii*), Buckthorn (*Rhamnus microcarpa*) Lingonberry (*Vaccinium vitis-ideae*), Bog bilberry (*Vaccinium uliginosum*), owan (*Sorbus subfusca*), February daphne (*Daphne mezereum*), Rockberry (*Empetrum caucasicum*), Rockfoils (*Saxifraga moschata*, *S. pontica*, *S. exerata*, *S. cartilaginea*), etc.;
- Shrubberies;
- Grasslands;
- Rocky and alluvial soil vegetation.