



ევროკავშირი  
საქართველოსთვის


Project funded by the European Union



# MUNICIPAL ASSESSMENT REPORT

AKHALKALAKI

August 2020



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## List of Acronyms

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

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

# 1 Introduction

Project Background

Methodology And Approach

Structure of the Document

Symbols And Indexing Used In The Report



# 1. INTRODUCTION

## PROJECT BACKGROUND

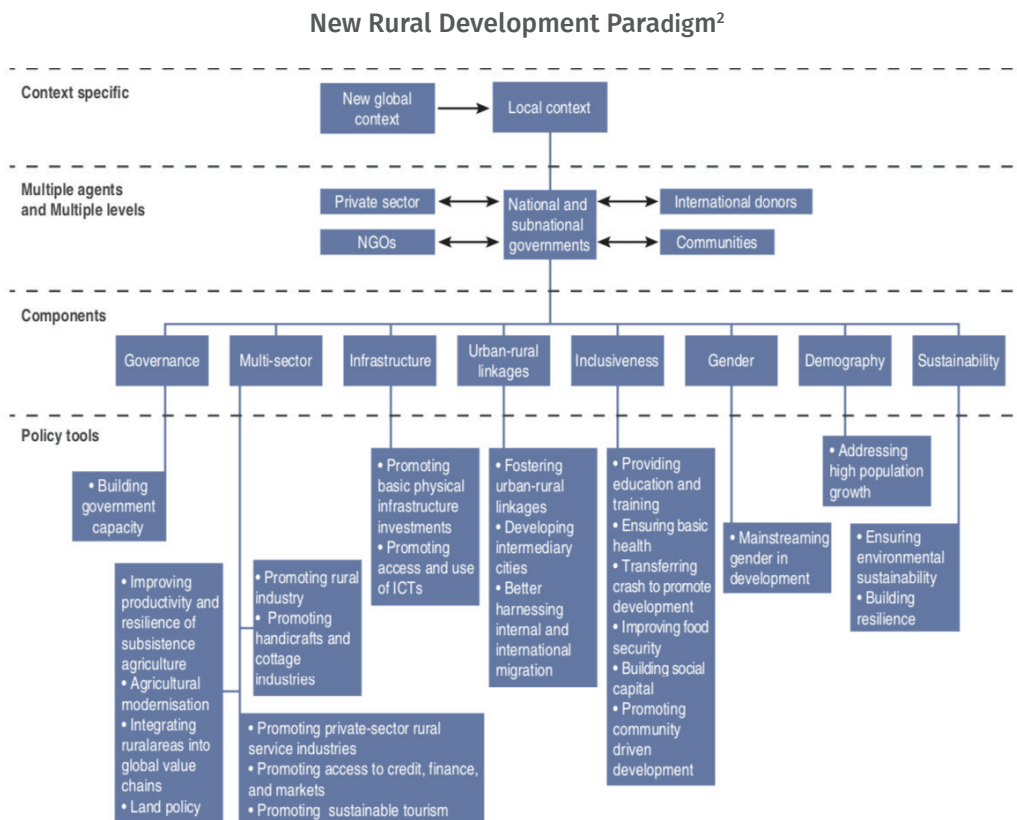
This Municipal Assessment Report (MAR, Report) has been prepared with the financial support from the EU and within the framework of the Project “Improving Rural Development in Georgia” (IRDG), implemented by UNDP. IRDG Project covers 8 municipalities of Georgia (Lagodekhi, Dedoplistskaro, Tetrtskaro,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

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

## METHODOLOGY AND APPROACH

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

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



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

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

**Multidisciplinary Team of Experts.** The Report has been developed by the multidisciplinary team of experts, specialized in different themes of rural development, which resulted in the comprehensive conceptual approach and identification of basic important thematic priorities. These included experts in local economic development, healthcare, social affairs, vocational education and labor relations, youth, gender, and environmental issues. The list of the thematic experts is provided in Annex of this Report.

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

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

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

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

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

## STRUCTURE OF THE DOCUMENT

This Report consists of several Chapters. Chapter 1 – Introduction is this part. Chapter 2 - General Context gives a snapshot of demographic, geographic and other general characteristics of the municipality. Chapter 3 through Chapter 6 cover the thematic priorities – Economy, Society and Environment plus cross-cutting priorities, such as Infrastructure and Rural-Urban Linkages. Each of the thematic priorities comprises the analysis of the current situation as well as the key problems identified through problem tree framework and a summary of the possible interventions. Chapter 7 is Annex, which includes the detailed description of each identified intervention, along with the corresponding results framework and other relevant materials which are not fully covered in the main 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 and relevant interventions. To make navigating through the Report easy, *conditional formatting* and specific *numbering or indexing system* is used to identify the interventions by the priority areas (i.e. Economy, Society, Environment) as well as their specific theme within the priority (e.g., Economy, Youth Issues, etc). The table below shows the definition of the conditional coloring as well as indexing/coding system.

### Conditional Color Coding

THEMATIC AREA	COLOR CODE USED
Economy/Multisector Development	
Youth Issues	
Gender Issues	
Healthcare	
Social issues	
Environment	

Source: Authors of The Document.

### Indexing of Interventions

PRIORITY AREA	CODE	THEMATIC AREAS	CODE
Economy/Multisector Development	P1	Economy/Multisector Development	EC
Society	P2	Youth Issues	YU
Environment	P3	Gender Issues	GE
		Healthcare	HE
		Social issues	SO
		Environment	EN
		Urban-Rural Linkages	UR

Source: Authors of The Document.

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

# 2 General Context

Location and Geography

Population, Demography

Natural Resources

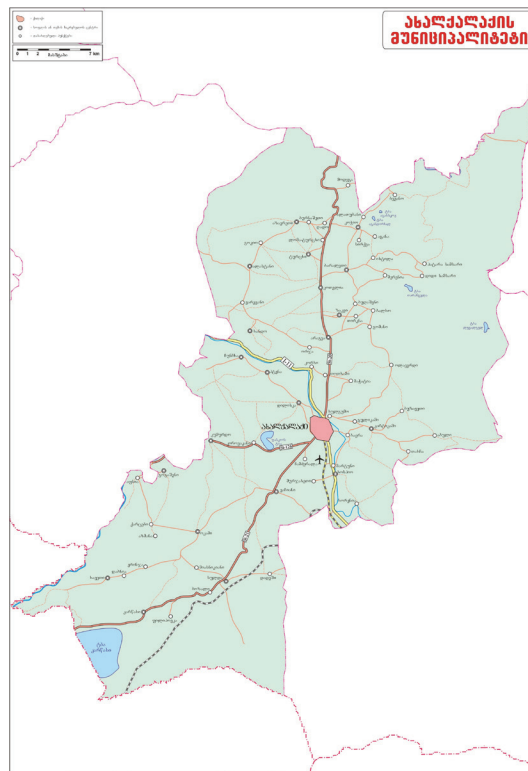
Density Profile of The Municipality

## 2. GENERAL CONTEXT

### LOCATION AND GEOGRAPHY

The Akhalkalaki municipality is part of Samtskhe-Javakheti region and is situated on the Javakheti volcanic plateau. The southern part of the municipality borders Turkey. Its administrative units are: 22 communities, which includes 64 villages and Town Akhalkalaki. The total area of the municipality is 1,234.8 sq.km. Its altitude varies in range of 1500-3300 m. The distance to City of Akhalkalaki from the nearest border with Turkey (at Kartsakhi) is 30km, from Tbilisi it is 199 km via the MCC renovated road (3-hour and 33-minute drive) and 271km via Akhaltsikhe. The distance from Akhaltsikhe (regional center) to Town of Akhalkalaki is 71 km (1-hour and 20-minute drive), and from the nearest border with Armenia (at Ninotsminda) it is 41km.<sup>4</sup>

Map of The Municipality



Source: Local Municipality.

### POPULATION, DEMOGRAPHY

The Akhalkalaki municipality has 41,500 residents, which is 13% decrease over the past 10 years. 200-500 residents live in one-third of villages and more 500-1000 residents live in another third of the villages has. 18.4% of the municipality population live in Town of Akhalkalaki. Most of the population are ethnic Armenians (93,8%)<sup>5</sup>. 3.5% of the population receive Targeted Social Assistance (TSA).<sup>6</sup> Nearly third of the households have at least one family member who has migrated and 80% of those migrated are labor workers and the rest of them are business owners (mostly in the Russian Federation).<sup>7</sup> Remittances are the second largest source of income in the municipality. About 23.9% of the families living in Akhalkalaki receive financial support from emigrants or seasonal migrants working abroad. Pensions are the third most important source of income for the municipality, with 33.6% of the families receiving small pensions. Revenues from the public servants account for 17.8% of household income in the municipality. Part of the remaining

4. <https://www.mcc.gov/where-we-work/program/georgia-compact>

5. Source: Akhalkalaki Local Development Strategy 2018-2020

6. Source: Social Service Agency, 2019

7. Baseline Survey for Akhalkalaki LDS Development Study of the Community Problems and Needs, LAG, 2017

revenues comes from small-scale agricultural activities and employment in the private sector.<sup>8</sup>

Most of the population is self-employed farmers who own less than 1.5 hectare of land and mainly grow potatoes, and are engaged in livestock farming, but a small portion of the population is engaged in sheep farming, bee keeping and fishing. Besides agriculture, employment in government entities (City Hall, schools, etc.) provides income for 17.8% of the population. The labor force makes 63% of the population.

## Demography Profile by Gender

The human sex ratio in the municipality is as follows – 22,147 (49.1%) men and 22,927 (50.9%) women. 81.6% of the population live in rural areas and 18.4% in urban areas. In urban areas- 47.2% are men, and 52.8% are women; in rural areas, men make up 49.6%, women make up 50.4%.<sup>9</sup> According to the data of December 2019, the total number of beneficiaries who are registered in the Social Service Agency from the Akhalkalaki municipality is 3,375 persons. 61% of them are women and 39% are men. 16% of the population in the Akhalkalaki municipality is receiving subsistence allowances. Among the registered beneficiaries, who receive subsistence allowance, 62% are women and 38% are men. Women make up 72.2% and men make up 27.8% of the pensioners. The migration rate is 5.5% of the total population. 30% of migrants are women and 70% are men. The highest migration rate is abroad 56%. Women cite personal reason as the main reason for migration (61%), while 79% of male migrants go abroad for work / income.<sup>10</sup>

## NATURAL RESOURCES

**Land.** 77% of the total land area in the Akhalkalaki municipality is used for agricultural activities. This indicates that the land is relatively intensively used, which leads to pressures on the restorative capabilities of nature. Approximately 0.7% of the municipal lands are household plots. Non-agricultural lands comprise 27,792ha, which is 23% of the total territory of the municipality. The forest resource is scarce and covers only 5.6% (6,900ha) of the municipal territory. Entire territory of the protected areas within the Akhalkalaki municipality is comprised of 13,474 hectares, which is 10.9% of the total municipal territory.<sup>11</sup>

**Water resources.** The Akhalkalaki municipality has sufficient potable and irrigation water resources but the main issue is inefficient distribution of these resources, which cause lack of water supply in the villages. To the west the Akhalkalaki municipality borders the river Mtkvari on 18 km, and some of its northern part borders with the river Paravani. There are the following lakes in the municipality: Abuli, Vachiani, Levani, Paskia (Zreski), Tabatskuri, Khozapini (Kartsakhi), Sulda. The rivers and lakes are used for energy and irrigation purposes as well as for animal husbandry. The region has an important supply of drinking water, which is represented by several spring water sources as well as large and small lakes.<sup>12</sup>

**Protected areas:** The Javakheti National Park<sup>13</sup> and the National Reserves of Kartsakhi, Sulda, Tetrobi and Ktsia-Tabatskuri are located on the territory of the municipality.

**Mineral resources.** The Akhalkalaki municipality is rich in diverse fossils and minerals (e.g. basalt rocks)<sup>14</sup>. There is a sufficient quantity of building materials for production: limestone (currently it is about 554 thousand m<sup>3</sup>) in the Azavreti ore -, volcanic slag in Village Zakvi, pumice in Villages Sulda and Okami – and marble, perlite and tuff in the Chobarite massive -. The mineral resources of the municipalities need to be studied further.

8. Source: Akhalkalaki Local Development Strategy 2018-2020

9. Geostat, 2014 census, Akhalkalaki

10. Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

11. Source: Akhalkalaki Local Development Strategy 2018-2020

12. Source: Akhalkalaki Local Development Strategy 2018-2020

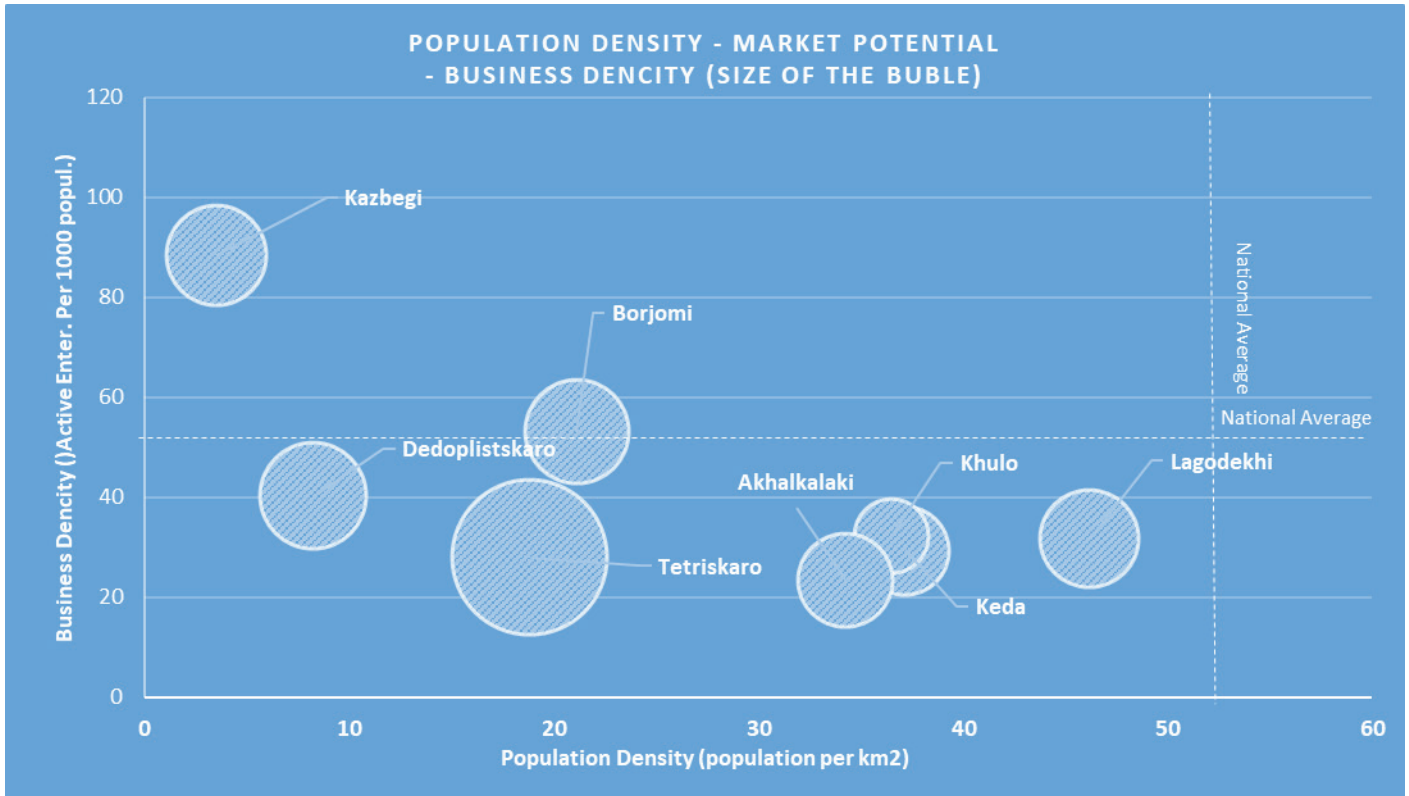
13. Javakheti National Park has in average 6,000 visitors per year in last three years; Source: Agency of Protected Areas

14. Source: Ministry of Economy and Sustainable Development of Georgia, 2020

## DENSITY PROFILE OF THE MUNICIPALITY

The analysis of the density indicators of the municipality shows that Akhalkalaki belongs to the relatively *high population density and low business density* municipalities, with *low market potential* (distance to major agglomerations).<sup>15</sup>

DENSITY AND MARKET POTENTIAL PROFILE OF THE MUNICIPALITY



Source: Authors' Calculations.

According to the profile, policy response should also be aimed more at facilitating business start-ups as well as at improving the rural-urban linkages.

15. 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**

**Insights Into Sector Dynamics And Competitiveness**

**Labor Market**

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

**Short-Term COVID-19- driven Needs**

**Youth Dimension of Local Economy**

**Gender Dimension of Local Economy**

**Key Conclusions**



### 3. PRIORITY 1 (P1) – ECONOMY AND MULTI-SECTOR DEVELOPMENT

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

According to OECD, in case of remote rural areas (to which this municipality belongs), economic growth comes from building upon the areas of absolute and comparative advantage, improving connectivity to export markets, ensuring *matching skills* for the areas of *comparative advantage* and providing *essential services*. It also states that a key objective of rural policy should be to increase *competitiveness and productivity* of rural economy in order to enhance the social, economic, and environmental well-being of rural areas.<sup>16</sup> Hence, the major objective of this Chapter is to reveal the areas where productivity and competitiveness of the economic sectors have been performing well or underperforming, compared to the other sectors and the other regions and municipalities from the target group. The Chapter also includes the findings about the needs of the local economy and non-farm business sector.

#### REGIONAL CONTEXT

Several studies have been recently conducted regarding the clusters in the regions, including this region. For the Samtskhe-Javakheti region various value chains have been explored, such as: Onion, Honey, Trout, Potato. 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/AGROPROCESSING	MANUFACTURING
<ul style="list-style-type: none"> <li>Cereals</li> <li>Vegetable processing</li> <li>Peanuts</li> <li>Organic potatoes</li> <li>Honey production and processing</li> </ul>	NA

Source: Samtskhe-Javakheti Regional Development Strategy 2014-2021.

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

##### EXISTING AND EMERGING CLUSTERS IDENTIFIED IN THE REGION<sup>17</sup>

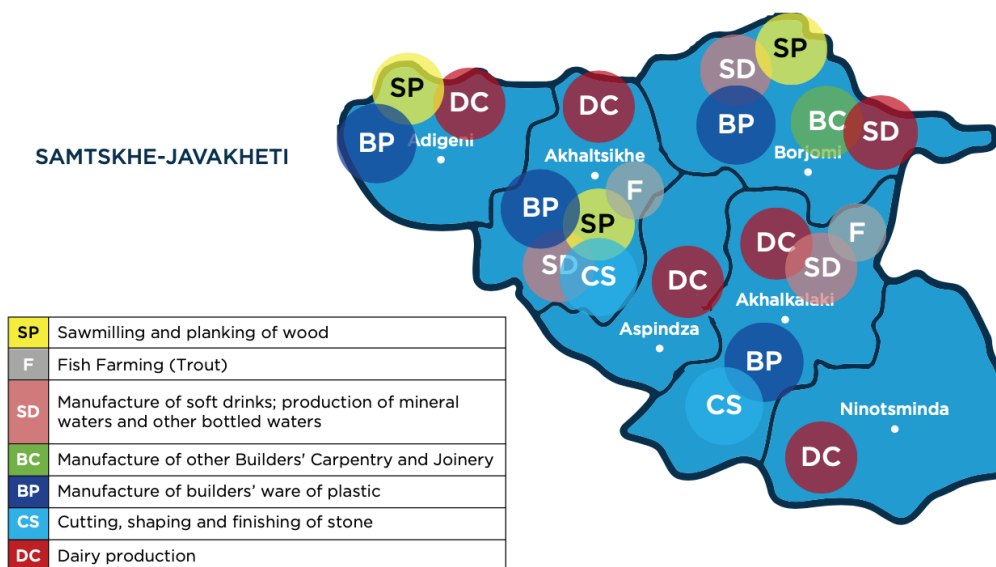
PRIMARY AGRICULTURE/AGRO PROCESSING	MANUFACTURING
<ul style="list-style-type: none"> <li>Dairy production</li> <li>Fish Farming (Trout)</li> </ul>	Stone cutting, shaping and surfacing Sawmilling and planking of wood Manuf. of soft drinks: mineral waters, other waters Manufacture of building materials made of plastic Manufacture of other building and wood products /

Source: UNIDO, 2020.

16. Rural Policy 3.0 – OECD Policy Note

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

THE MAP OF IDENTIFIED EXISTING AND EMERGING CLUSTERS IN THE REGION<sup>18</sup>



Source: UNIDO, 2020.

There are several non-farm industry clusters identified in the region, which are represented in the Akhalkalaki municipality as well. These are manufacturing of soft drinks/water and manufacturing of building and wood products.

## OVERVIEW OF GENERAL STRUCTURE OF BUSINESS SECTOR

### Composition and Past Dynamics of Business Sector

The share of agricultural sector is the biggest in the local economy while that of non-farm sector is relatively small. The database of enterprise statistics is not well-organized. For that reason, several sources of data were used to estimate the size and composition of the business sector in the municipality. According to Geostat, there are 946 active enterprises registered in the municipality. About 21% of them operate outside the municipality and the place of actual operation is not known for 25% of the enterprises. In terms of the size, 98.6% of the enterprises are small. There are no large and there are only 10 medium-sized companies.

ACTIVE ENTERPRISES IN THE MUNICIPALITY

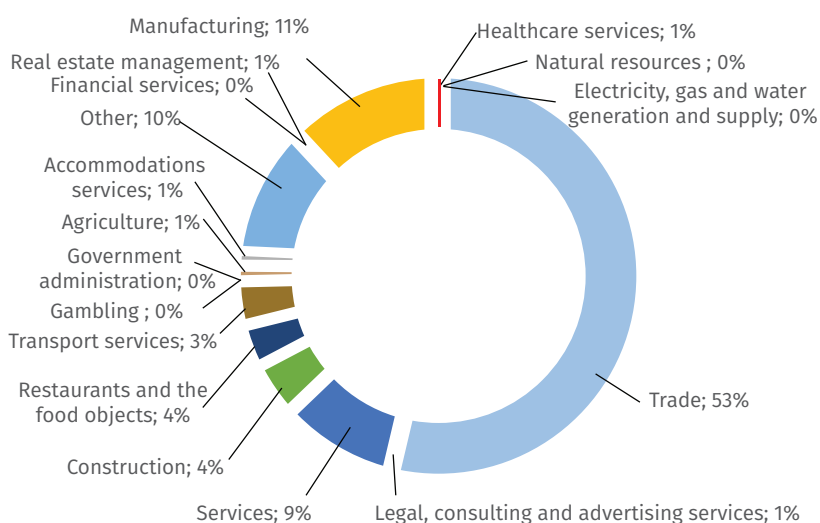
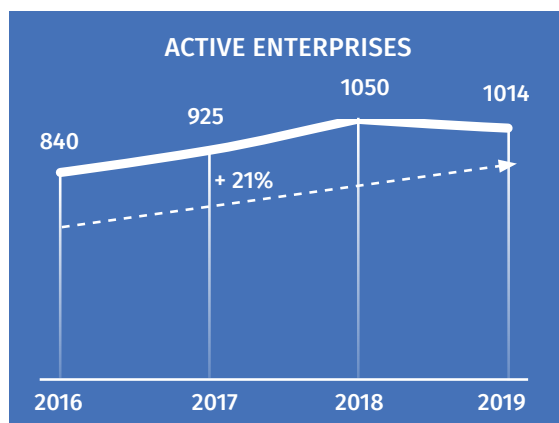
Actual Address	Small	Medium	Large	Size Unknown	Grand Total	% of Total
Akhalkalaki	679	3	0	2	684	72%
Outside Akhalkalaki	21	0	0	0	21	2%
Unknown	233	7	0	1	241	25%
<b>Grand Total</b>	<b>933</b>	<b>10</b>	<b>0</b>	<b>3</b>	<b>946</b>	<b>100%</b>
<b>% of Total</b>	<b>98.6%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Geostat.

According to Revenue Service, used as an alternative source, there were 1,014 active taxpaying enterprises registered in the municipality by 2019, and their number increased in the past four years almost by 21% compared with around 840 enterprises in 2016.

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

### DYNAMICS AND SECTORAL BREAKDOWN OF ACTIVE ENTERPRISES IN THE MUNICIPALITY

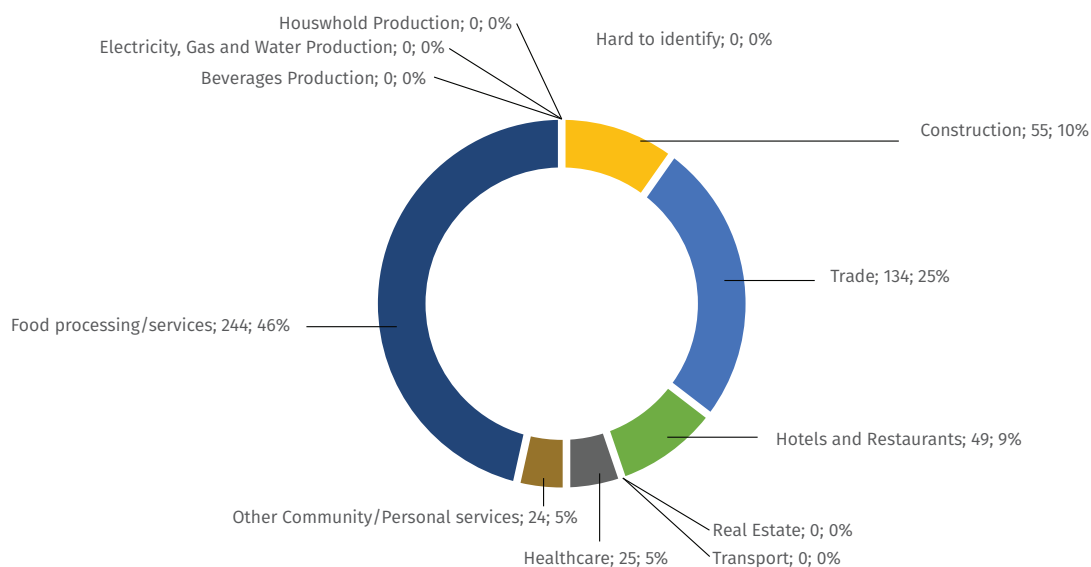


Source: Revenue Service.

The large majority of the registered enterprises operate in Trade (53%), followed by Manufacturing (11%) and Services (9%).

In terms of employment, the leading sectors are Food Processing/Services (46%), Trade (25%), Construction (10%), Hotels and Restaurants (9%) Trade (13%), Mining (20%), Other Community/Personal Services (14%), Household Production (9%) and Transport (9%).<sup>19</sup>

### EMPLOYMENT IN BUSINESS SECTOR IN THE MUNICIPALITY<sup>20</sup>



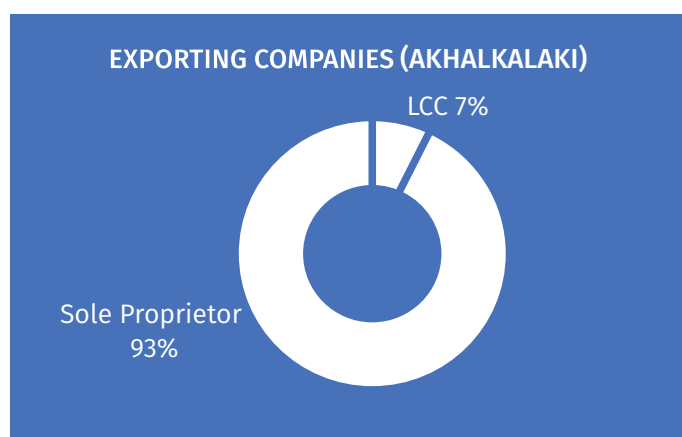
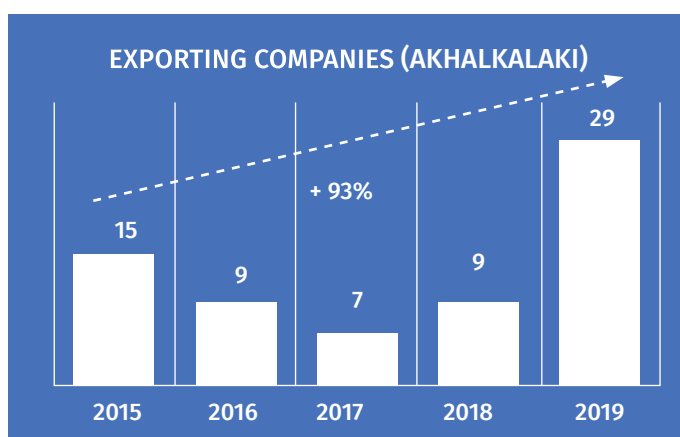
Source: Analysis of The Business Survey.

Developing tradable sectors of economy is one of the major ways of lifting the municipality out of poverty. By 2019, 29 companies, which were registered in the municipality, have exported their products, which is 93% increase from the year of 2015. Most of them are small Sole Proprietors. Although the percentage increase in the number of exporting companies was remarkable, in absolute terms this was a minor increase.

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

20. 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, and despite the past efforts, and the number of businesses registered, the dominant sector of economy is smallholder farming in the municipality. The paragraphs below summarize of key characteristics of these sectors.

**Trade.** This sector is represented mostly by small retail shops. On average, there is one small kiosk or a shop in each village. A total of 70% of the existing shops, particularly small kiosks, are not legally registered with the Revenue Service. There are no barbers, shoemakers, tailors, or auto services, pharmacy and other non-agricultural business or services in most of the Akhalkalaki communities. Small shops that operate in every village, mostly offer essential goods. Most of the other goods are purchased in the shops or at the open agricultural market located in the Akhalkalaki town. Small local traders often purchase these goods in Akhalkalaki and resell them in their villages. Most of the food, beverages and other consumer goods are supplied locally by the distribution companies. However, some of the traders from larger villages periodically purchase some goods in Tbilisi.

**Agriculture.** A greater proportion of the population residing in the municipality is involved in agricultural activities, with dominance of subsistence farming. The leading agricultural activities are vegetable growing – crop production (mainly potato farming), followed by animal husbandry mostly livestock farming. Though sheep breeding, bee keeping and fisheries are also quite common. The climatic conditions in the area do not allow for an opportunity to grow various agricultural products, but the soil is good for growing fruits, such as apples, pears, cherries, also hip roses, different berries and nuts. Regarding horticulture, there is potential to grow beets, garlics, onions, cabbages, beans, turnips and carrots. Farmers also produce barley, oat, and wheat crops, although production volumes are relatively modest. Agricultural productivity remains low. The reasons include: small-scale farming; negative experience of co-operatives and negative perceptions about cooperation and joint activities in agricultural production, processing, and marketing; inadequate use of improved crop varieties and new technologies necessary for intensifying and diversifying production; the poor quality of agricultural inputs such as fertilizers; inadequate irrigation and low use of agricultural machines. Agricultural research, extension service and public expenditures that help strengthen linkages between the farmers and markets remain underfunded. In terms of primary production, apart from potato growing, there is a possibility to develop energy efficient greenhouses for horticulture and crop production. Some of the communities produce spices. With the unique water and environmental quality some communities also have potential for trout farming. Beekeeping also offers good potential for alpine honey production.

**Manufacturing and Processing.** 38 licenses are active in the municipality mainly for extraction of basalt, andesite, and volcanic slag.<sup>21</sup> The main manufacturing industry in the municipality is processing and producing mineral stones. Different types of bars, tiles, and plates from basalt (mostly used for pavements and exterior cladding) are produced. The basalt stone manufacturers are mainly small-scale enterprises. Much bigger companies manufacture gravel, sand, and pumice for construction purposes. Limestone is produced in Village Azavreti -, volcanic slag is produced in Village Zakvi, pumice and volcanic slag are produced in Village Sulda and Okami -, and marble, perlite and tuff are produced in Village Chobareti -.<sup>22</sup> At the outskirts of Akhalkalaki – basalt (sold regionally and to Azerbaijan and Turkey) and rubber cement glue are produced, building blocks are made in in Village Khospio - and building blocks

21. Source: Ministry of Economy and Sustainable Development of Georgia, 2019

22. Source: Ministry of Economy and Sustainable Development of Georgia, November 2018

are produced and construction materials are sold in in Village Vachiani -. Adjacent to the municipality at the Paravani lake, perlite deposits are located, and products that are produced from them are sold regionally, nationally as well as in Azerbaijan, Ukraine and Russia.

The local mineral water is licensed but it is not produced locally .<sup>23</sup> There are some mini factories that produce soft drinks for the local, municipal market. There is a butter and confectionary company “Alpen Milk” in Akhalkalaki Town, which sells products nationwide and exports them outside Georgia.<sup>24</sup> A local beer company named “Ballis” was closed several years ago. In terms of processing, there is a potential for developing a beet sugar production facility. There is a starch and spirit factory producing by-products from potatoes, and meat products processing plant and a slaughterhouse. There are also processing and storing facilities for grading and packaging of potato produce.

**Tourism.** Although largely tourism is not developed as of now, given the rich natural heritage, the tourism sector has some potential in the municipality. The natural attractions of the municipality include the Javakheti national park and the national reserves of Kartsakhi, Sulda, Tetrobi and Ktsia-Tabatskuri. The National Park hosts local and international tourists, hikers, fishers, and ornithologists. The Park has a s the Visitors Venter, a conference room, equipment, professional rangers, and some guesthouses nearby. In the Javakheti protected area visitors can get the following fee-based service: bird watching (including equipment), fishing, horse riding, picnic space for up to 15 people, with fireplace and litter box. Parking is free for visitors. There are several routes proposed by the Agency of Protected Areas: the Khanchali lake, the Madatapa lake, the Bughdasheni lake, the Sulda wetlands sanctuary, the Kartsakhi wetlands sanctuary, the Madatapa mountain, and the Tiger canyon.

One of the key challenges for the tourism sector for the municipality, as identified by the local stakeholders, is the less developed infrastructure which makes it difficult to connect the attractions of the municipality with the rest of key destinations within the region such as Vardzia and Rabati. The tourism infrastructure has many weaknesses within the region. Some of the challenges and needs identified in the tourism sector include:

KEY CHALLENGE	RATIONALE
Unfavorable condition of general infrastructure	Generally, the roads in the municipality are in very poor condition. It is also very difficult to get to the key attractions which makes it difficult to include the municipality attractions in the tours offered to the tourists visiting the Samtskhe-Javakheti region. The idea of repairing the circular road from Vardzia is an opportunity in this regard.
Unfavorable tourism infrastructure and tourism products	Limited accommodation facilities or products, such as camping places, guesthouses, or similar accommodations, or hotels, are available. There are neither tour-operators in the town, nor routes, nor direction markers, nor maps. Very limited tourist information is available for visitors. There are no tourist routes, directions, route maps or signage or informational sources for the municipality visitors.
Low awareness	While the municipality has some potential, development of its tourism products, attractions, services, and infrastructure will require that the municipality carry out marketing efforts and their promotion directly to tour operators as well as to the visitors directly.

**Transit Opportunities for the Municipality.** Transit of goods mainly from Turkey (from Kartsakhi) to Armenia (via the neighboring Ninotsminda municipality) stimulated the local businesses mainly retail trade, a few restaurants, hotels, slot clubs, car wash and automobile repair shops, and gas stations. The newly arranged Baku-Tbilisi-Kars railway line ,which passes through the municipality and greatly enhances the potential of the municipality both in terms of cargo as well as passenger traffic, might offer some other opportunities as well, such as transporting production inputs by railway in the municipality and establishing new processing plants which will supply the local market as well as the neighboring countries. This potential should be studied further.

Akhalkalaki can offer more (new) quality services in the area of car maintenance/repair services and benefiting more from the transit. It is unclear if there is a competitive advantage against Armenia but against Turkey, car repair services must be lower given the labor costs in Georgia and Turkey.<sup>25</sup> A key reason why the largest car/truck service company in Georgia (Tegeta Motors) recently opened its branch (investing more than 1 million GEL) in Akhalkalaki is the benefit from transiting vehicles.

23. Source: Ministry of Economy and Sustainable Development of Georgia, 2019

24. Alpen Milk LLC produces butter in Akhalkalaki for West Invest LLC by the brand name WESTLAND

25. <https://tradingeconomics.com/turkey/labour-costs>

As for gambling, it is strictly regulated in Turkey (casinos are prohibited)<sup>26</sup> while Armenia's gambling industry is underdeveloped<sup>27</sup>, therefore with its liberal legislation on gambling and a high number of gambling clubs Georgia has some competitive advantage in this industry as attracts mainly Turkish nationals for gambling in Akhalkalaki.

## Mapping of Projects and Initiatives Supporting Local Economy

With the assistance from the state and donors, several programs have been implemented in the municipality to support development of local economy.

Among the donor-funded projects, the most important recent initiative is the project "Promoting a New Rural Development Approach in Akhalkalaki", which is funded by the European Union within the framework of the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) in Georgia and is implemented by Department of Rural Development and Vocational Education (DRDVE) of Georgian Institute of Public GIPA in partnership with Mercy Corps, Elva Community Engagement and West Cork Development Partnership from 2017. The project aims at introducing a bottom-up, inclusive rural development approach in Akhalkalaki that fully engages all the community groups in the municipality and specifically women and the youth.<sup>28</sup>

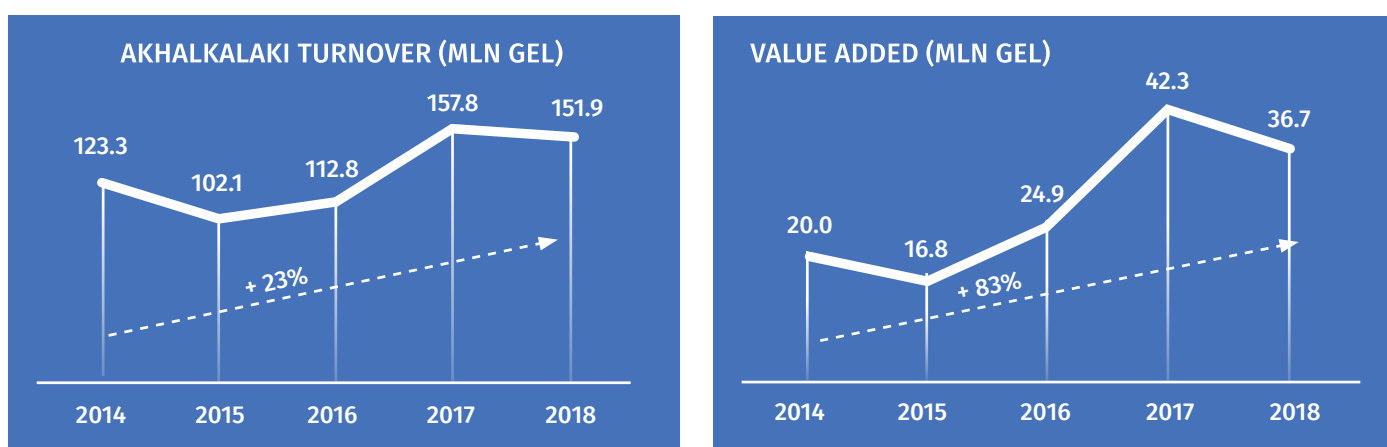
Akhalkalaki Local Action Group (LAG) has been operating in the municipality since the start of the program. Under ENPARD II, Akhalkalaki LAG financed up to 40 different initiatives and projects submitted by local residents. Most of the initiatives and projects consisted of non-farm activities and were carried out in the rural tourism sector. The list of the projects financed is provided in the Annex.

It is noteworthy that among the projects financed from 2018 through 2020 within the framework of the Young Entrepreneur Program in all the target municipalities (total 23), *no projects from Akhalkalaki were financed*, which is a considerable disadvantage for the municipality. More enterprises in Akhalkalaki was funded by ARDA within the framework of the agricultural projects. There were only 325 beneficiaries of Preferential Agro-credit Program in Akhalkalaki, out of total 2,396 in all the municipalities in the period from 2015 through 2020.<sup>29</sup>

## INSIGHTS INTO SECTOR DYNAMICS AND COMPETITIVENESS

With some exceptions, the business sector turnover increased from 123.3 million in 2014 to 151.9 million GEL in 2018 (or up to 23% increase). Similarly, the value added increased from 20 mln GEL in 2014 up to 36.7 mln GEL in 2018 (or 83% increase).

### BUSINESS SECTOR TURNOVER AND VALUE ADDED IN THE MUNICIPALITY



According to the business survey, the construction industry was the only industry in the municipality, which created jobs during the past three years. Though Trade and Food Processing/Services sectors, employ the largest number of people at present, they did not create jobs in the past. On the contrary, they showed negative growth according to the survey. For the rest of the sectors job creation was sluggish, as well their overall employment volume and capacity.

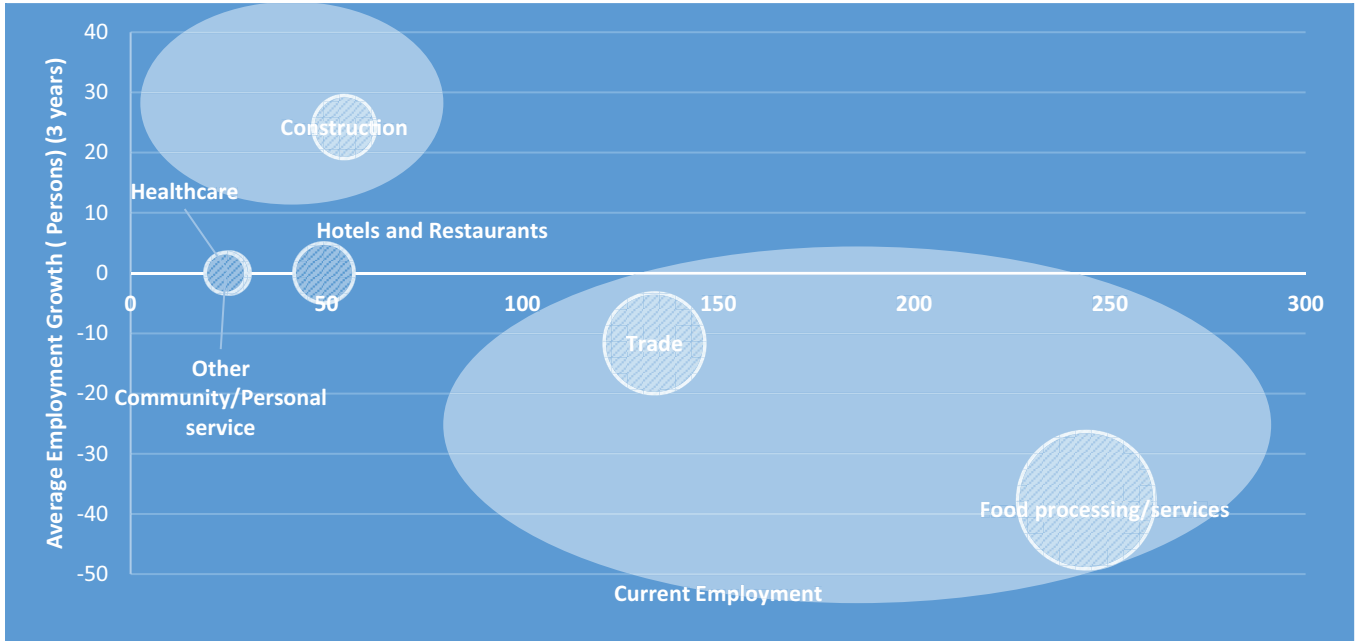
26. [https://gamblingcompliance.com/premium-content/research\\_report/turkey-country-report](https://gamblingcompliance.com/premium-content/research_report/turkey-country-report)

27. With few casinos available: <http://www.casinocity.am/english/>

28. <http://enpard.ge>

29. ARDA

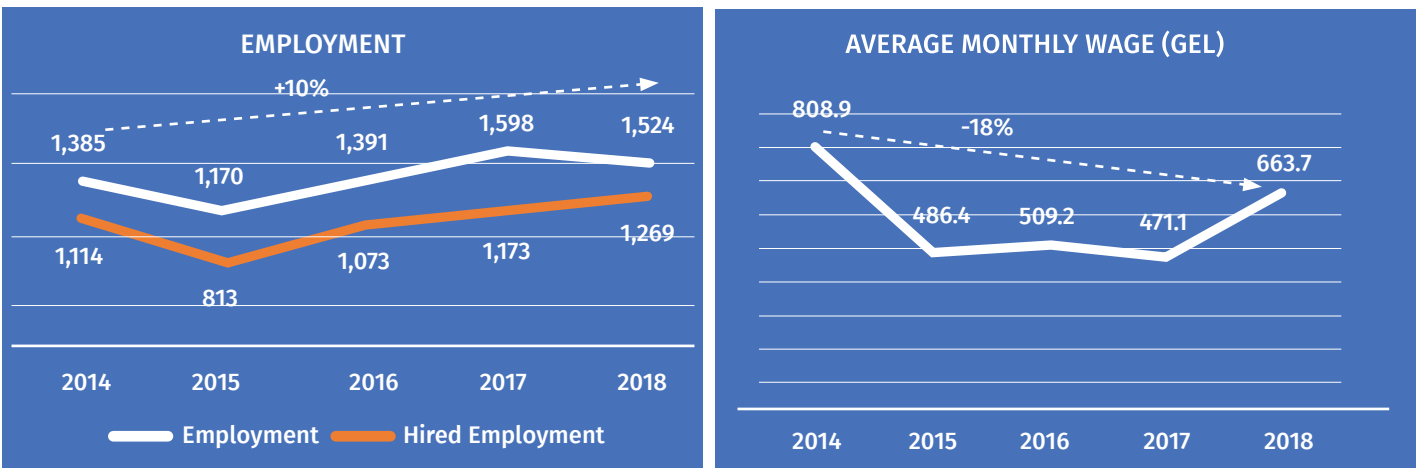
**BUSINESS SECTORS WITH HIGH EMPLOYMENT POTENTIAL IN THE MUNICIPALITY<sup>30</sup>**



Source: UNDP, 2019.

The employment in the municipality decreased in 2014 and afterwards it was on increase through 2018 when the number of people employed reached 1,524 (with 1,269 contract employees), which is 10% increase. In regard of average wage of the contract employees, mostly it was decreasing and currently it is approximately 664 GEL/month, which is about 18% decline.

**EMPLOYMENT AND CONTRACT EMPLOYMENT**



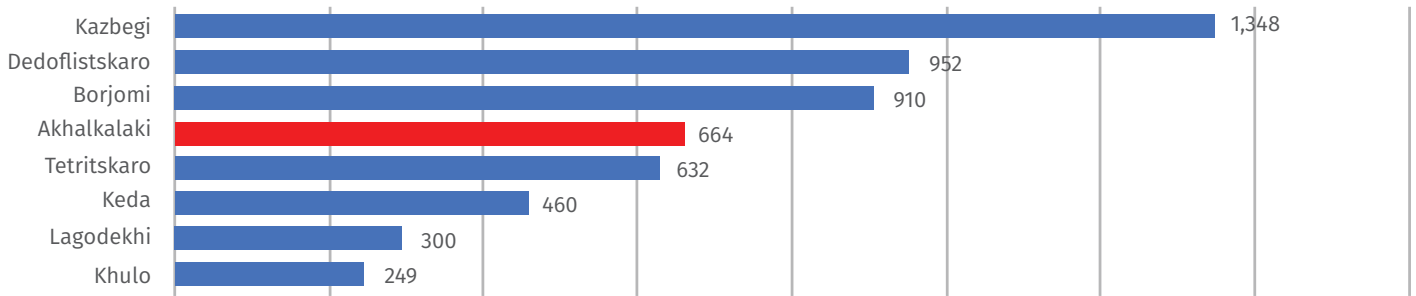
Source: Geostat.

With its average monthly salaries, the figures are not impressive and the municipality ranks average among all the target municipalities.

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



AVERAGE MONTHLY SALARIES OF CONTRACT EMPLOYEES

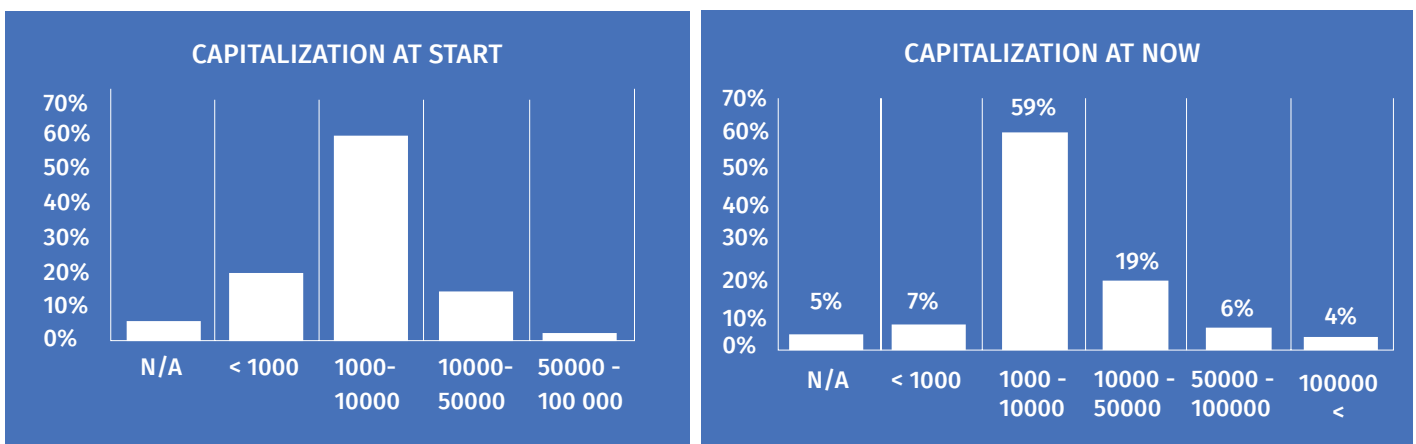


Source: Geostat.

Although the situation is better in the Akhalkalaki municipality than in most of the target municipalities, it is underperforming in terms of productivity (measured by value added per person employed), which was at about 67% growth. From 2014 productivity was mostly increasing in the municipality and reached 24 081 GEL in 2018, which is about 67% increase. Overall, this indicator is about one third of the indicator for the leading municipality (Kazbegi) among the targeted municipalities.

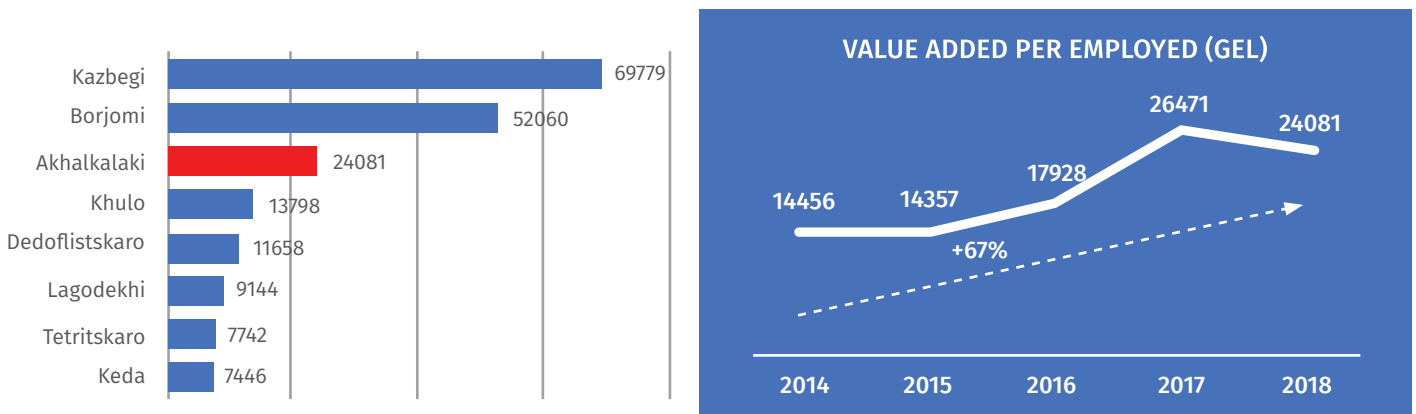
Capitalization of businesses in the municipality increased during the past few years. The share of the businesses with their equity capital above 100,000 GEL is about 4%, compared to 2% at the start.

CAPITALIZATION GROWTH OF ENTERPRISES IN THE MUNICIPALITY



Source: Analysis of Business Survey.

BUSINESS SECTOR PRODUCTIVITY IN THE MUNICIPALITY



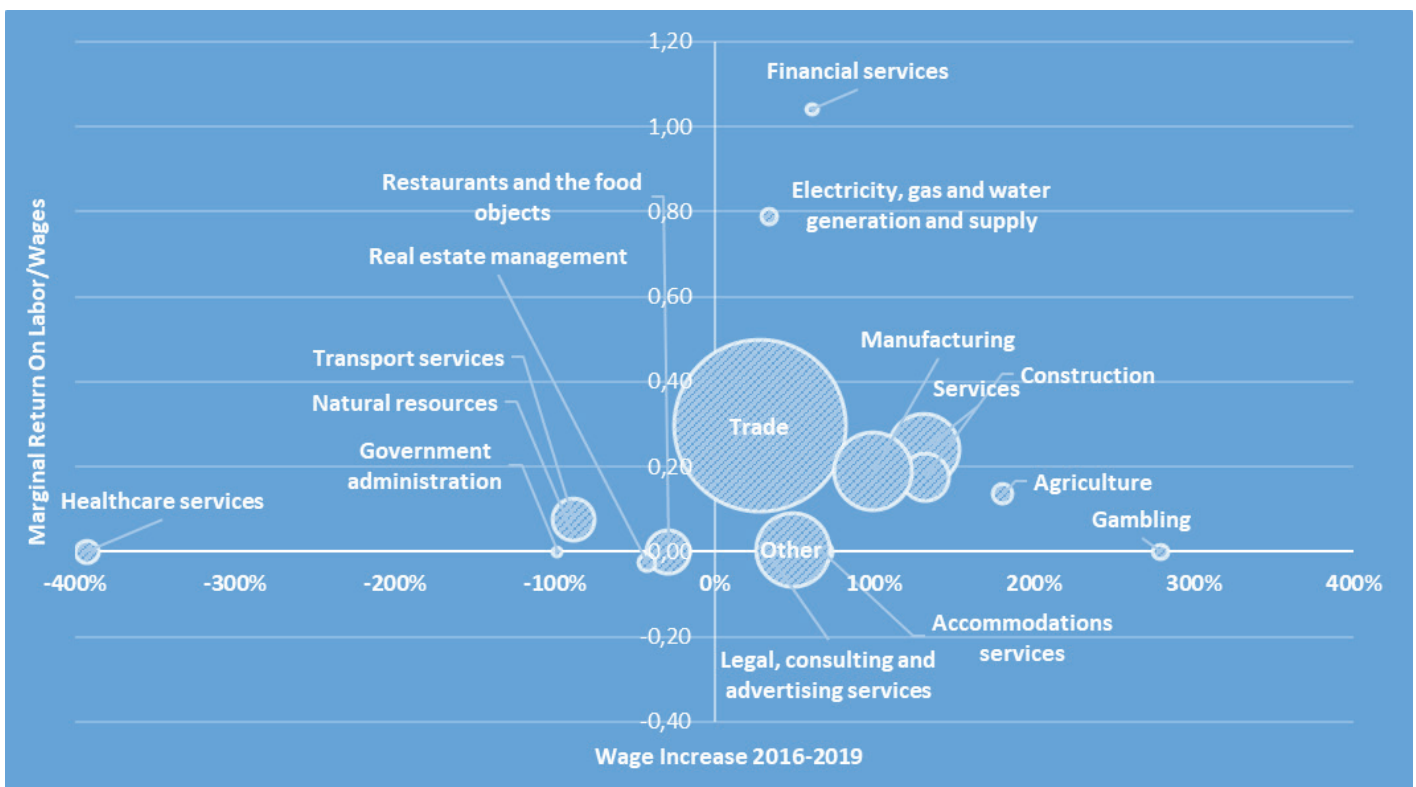
Source: Geostat.



Analysis of growth in *wages paid* and *marginal return on labor* provides useful insights about the sectors which contributed to more employment (wages paid) in the recent period in the municipality and about those sectors which can generate more employment because of their marginal return on labor is high. The Chart below plots the growth of wages paid by different sectors (measured by income tax paid in 2016-2019 period) against the marginal revenue product of labor (MRPL) (measured by the average value of profit tax paid in GEL per income tax paid in GEL, the median of 2016-2019 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 and are distinguished by the relatively high MRPL (thus the capacity to employ); B) the group of industries with less than average growth in wages but relatively high MRPL; C) the group of industries with high growth of wages but low MRPL, D) the industries with less than average indicators.

**MARGINAL OF LABOR IN THE MUNICIPALITY BUSINESS SECTOR**



Source: Authors' Analysis Based on Revenue Service Data.

The biggest sector of the local economy, that is Trade is in Group D, with MRPL at the local level as well as relatively low increases (or decreases) in wages in the recent years. Group A is empty. Financial Services and to some extent Electricity, etc exhibit relatively high MRPL, but their growth was minimal (Group B). Group C includes Agriculture, Manufacturing, Services, Construction.

According to the business survey, median productivity (measured by turnover per employee) in the municipality is about 33,000 GEL and the average productivity is 12,094 GEL.<sup>31</sup>

It should be noted that in case of women-run enterprises, the average productivity (about 5,012 GEL) lags significantly behind that of the men-run companies (about 16,188 GEL). Furthermore, while productivity of women-run businesses did not increase practically during the last 3 years (from about 4,833 GEL), productivity in case of men-run increased more in the same period (from about 13,452 GEL). This shows the existing gap and the existing need for assistance to women-run enterprises to catch up with men.

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

Productivity Dynamics and Differences

ENTERPRISES MANAGED BY:		CURRENT PRODUCTIVITY (GEL)	PAST PRODUCTIVITY (3 Y AGO) (GEL)
Men	Average	16,188	13,452
Women	Average	5,012	4,833
Total	Average	12,094	10,697

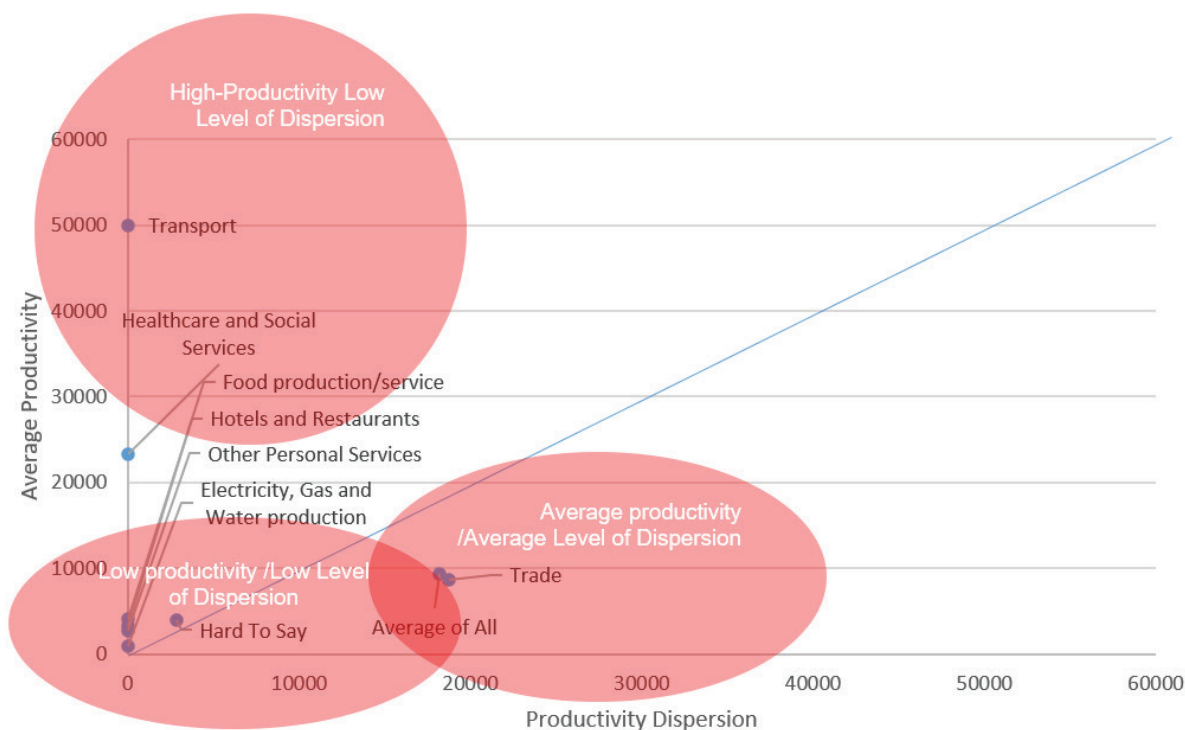
Source: Analysis of The Business Survey.

Resource misallocation, measured by the dispersion of productivity within individual industries, was identified by the World Bank as a key issue preventing 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 ineffective use of resources. According to the study, in case of efficient allocation of factors of production, Total Factor Productivity by up to 70% in Georgia.<sup>32</sup>

Policies should be aimed at reallocating the resources to maximize output, by shifting employment from low to high productivity sectors and from low to high productivity *firms within each industry*. A higher level of output can be achieved in the municipality by shifting workers from the unproductive enterprises and sectors to more productive ones, until their employment levels are consistent with their productivity differentials or until the marginal product of labor is roughly equal across all the firms.<sup>33</sup>

Analysis of productivity in the municipality shows that there are significant differences among the sectors. For instance, productivity level in Transport sector is way above the levels of productivity in other sectors. On the other hand, some sectors, such as Trade, which is distinguished with average productivity, exhibit large dispersion, measured by the standard deviation in relation to the average productivity. This is indirect evidence of significant misallocation.

PRODUCTIVITY AND ITS DISPERSION INDUSTRIES IN THE MUNICIPALITY (GEL)<sup>34</sup>



Source: Analysis of the Business Survey of UNDP, 2019.

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

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

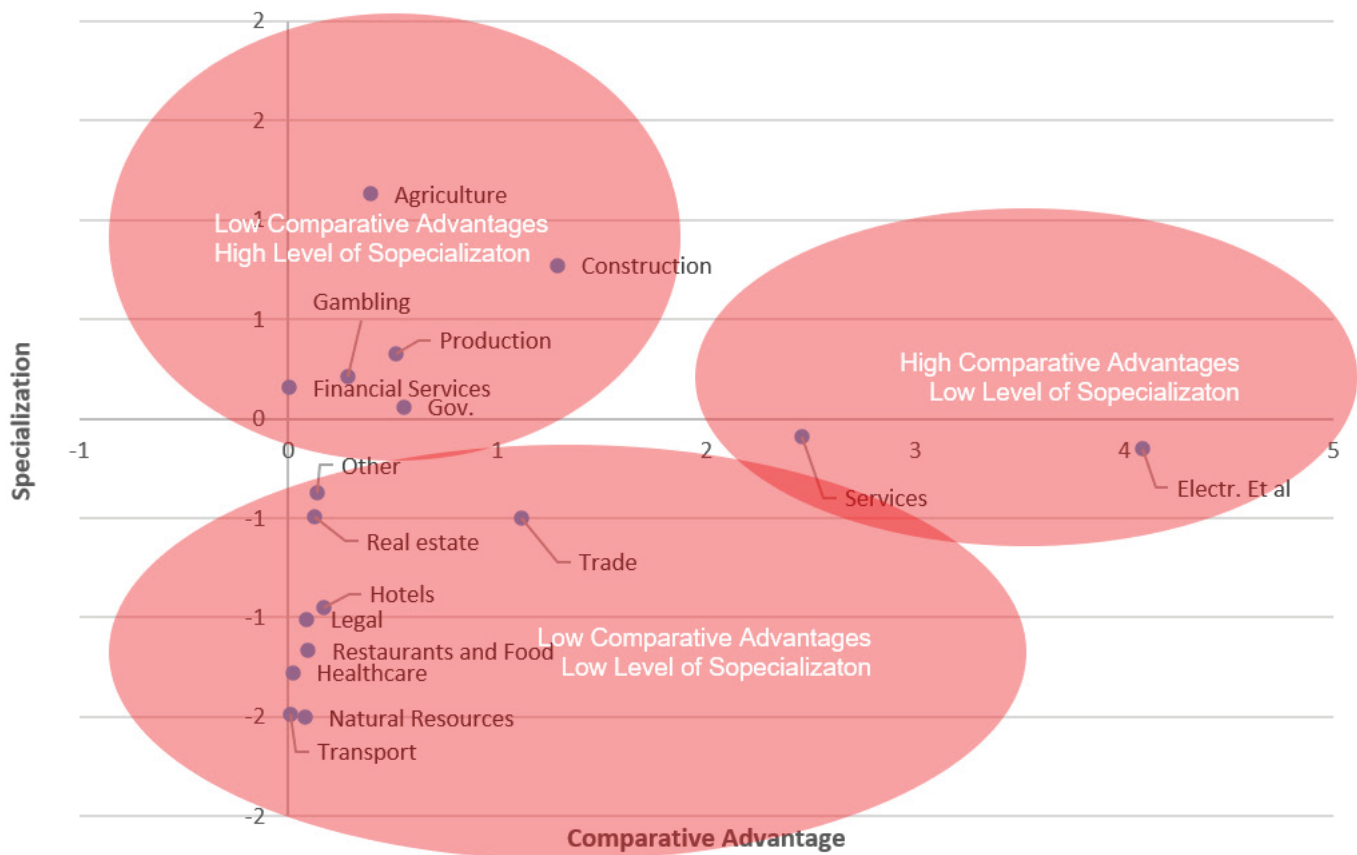
34. Analysis Based on Business Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

## Comparative Advantages and Specialization of the Municipality Business Sector

Understanding the growth of various sectors driven by region-specific factors, as well as the relative specialization of the municipalities is key to unlocking comparative advantages of the local economy. For this purpose, analytic instruments of Shift-Share Analysis and Location Quotient were applied.<sup>35</sup>

Shift-Share Analysis (indicating the growth of the sector contributing to the region-specific factors) and Location Quotient (indicating to the relative sector specialization of the municipality) analysis suggest that Agriculture is the sector in which the municipality has a high comparative advantage and some specialization. Gambling, Services and Construction were the sectors with distinct specialization, but rather small or negative comparative advantages.

SHIFT-SHARE ANALYSIS AND LOCATION QUOTIENT OF THE MUNICIPALITY SECTORS



Source: The author's Analysis Based on RS Data.

## Allocation Effect and Policy Considerations

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

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

## Allocation effect and policy interventions

		Comparative Advantage	
		Positive	Negative
Specialization	Positive	(The industry is healthy, and intervention is unnecessary) <b>[A]</b> • (None identified)	(Intervention may be useful but further study is required) <b>[B]</b> • Electricity, etc • Natural Resources • Services
	Negative	(Intervention may be useful but further study is required) <b>[C]</b> • Agriculture • Construction • Financial services	(The sustainability of intervention is questionable. The industry cannot efficiently expand) <b>[D]</b> • Healthcare • Hotel Services • Legal and consultancy and advert. • Other (No economic activity) • Real estate • Restaurants and Food • Transport • Healthcare • Hotel Services

Source: The Author's Analysis Based on RS Data.

The analysis suggests that there are two groups of industries which might be the source of multisector development and diversification in the municipality and they require closer analysis. On the one hand there are sectors with positive specialization and negative comparative advantages (e.g., *Natural resources, Services, Electricity, etc.*) - Group B. It is important to understand why these sectors *lose sources of their competitiveness*. On the other hand, there are sectors, which demonstrated positive comparative advantages considering the regional factors, but they are not concentrated in the municipality. These are Group C sectors – *Agriculture, Construction, Financial Services*. For this group it is important to find the *sources of such growth* and explore whether they could become key competitive sectors of the municipality.

## LABOR MARKET

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

## Workforce, Employment and Unemployment

Like some of the target municipalities, the ongoing migration processes in the Akhalkalaki municipality have significant impact both on availability of the workforce and its structure. Compared with the 2002 data (60,486 persons Geostat, the 2002 census data) the population of Akhalkalaki decreased by 25% for 2014, and amounted to 45,070 (Geostat, the 2014 census data). This decrease mainly affected the availability of workforce. In terms of the specifics of the migration processes, this municipality resembles the Khulo municipality, where on the one hand, there is internal (regional, national) and external migration (Armenia, the Russian Federation), along with seasonal migration. Unlike the Keda municipality, Akhalkalaki migrants leave the territory of the municipality during seasonal migration, while Keda migrants do not leave Keda at all and work in the nearby municipalities. The reason of the above-mentioned circumstances is the difference between these municipalities, where unlike Keda (12.9%), 23.9% of households in Akhalkalaki municipality have at least one emigrant or a seasonal migrant. Remittances are now the second-largest source of income in the municipality with an estimated 23.9% of the families in Akhalkalaki receiving financial support from the emigrants or seasonal migrants working abroad. This rate is quite high compared to other target municipalities and is almost equal to that of the Khulo municipality (24.1%). This indicator also means that the share of the economically active population in Akhalkalaki is low and making 65% of the total population (74% in Keda). Most of the migrants are young. The outflow of the population is mainly explained by the following factors: limited opportunities for employment, poor agricultural intensification, and underdeveloped infrastructure, which makes this place less attractive for living, especially for the young people. There is no vocational school in the municipality, which would allow its young graduates to receive vocational education at the local level. Seasonal employment plays

a large role in shaping the economy of the Akhalkalaki municipality, which, in turn, is a problem, since earning income for 4-5 months a year on the one hand, means its unequal distribution and consumption, and on the other hand, it means anxiousness, followed by economic passivity.

The unemployment rate in Samtskhe-Javakheti is 4.1%, which is much lower than the national average (11.6% - Geostat 2019). The reason for this is that a great number of the region's population is engaged in agriculture and is considered as a self-employed under the Georgian law.

According to the population survey findings, 34.6 percent of the workforce is unemployed, which is much higher than the official data.<sup>36</sup> This is because according to the study, those who work on their land and use the produce they grow on it only for their own consumption are not considered to fall under the category of the self-employed. The number of employed in the public sector is approximately 18.6% and in the private sector it is 6.2%. According to this study, the number of self-employed is 72.8%. 7.5% work in the family businesses. Out of the total number of the unemployed, 35.6 percent are young people. According to the official Geostat data for 2018, 1,524 people worked in private-sector in the Akhalkalaki municipality. 20.3% of the employed are young people.

### COMPOSITION OF WORKFORCE<sup>37</sup>

Total number of working age population (18 years and older)		34008	100%	
Working age population (18 years and older) - Active data		33630	98.9%	Missing data 378 1.1%
Youth		8586	25.5%	Non-Youth 25044 74.5%
In the labor force			21971	65.3%
Not in the labor force			11659	34.7%
Youth		5630	25.6%	Non-Youth 16341 74.4%
Youth		2956	25.4%	Non-Youth 8703 74.6%
Employed			14361	65.4%
Unemployed			7610	34.6%
Youth		2920	20.3%	Non-Youth 11441 79.7%
Youth		2710	35.6%	Non-Youth 4900 64.4%
Employed in Public sector	Employed in Private sector	Self-employed	Employed in Family business	Balance
2667	888	10460	1079	-733
18.6%	6.2%	72.8%	7.5%	-5.1%
Not in agriculture		In Agriculture	Balance	
880		9383	197	
8.4%		89.7%	1.9%	

Source: IRDG UNDP, 2019.

There is a higher educational institution in the region, that is Samtskhe-Javakheti State University and its branch in Akhalkalaki. According to local estimates, 40% of high school graduates continue their studies in higher educational institutions. They pursue their studies at the Universities in Akhalkalaki, Yerevan and Tbilisi. However, the trends are changing, and the number of applicants at Georgian-language universities is growing. In 2017–2018, the number of applicants in higher education institutions tripled: 500 people applied to Georgian universities, and 100 people applied abroad.<sup>38</sup>

36. Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019

37. The chart is developed on the basis of Population Survey on Non-Farm Economy Needs, IRDG UNDP, 2019 .

38. Akhalkalaki Local Development Strategy for 2018–2022

## The Main Problems of Human Capital Development

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

### Factors Influencing Human Capital Development<sup>39</sup>

Lack of both fundamental and segmental research in the labor market
Lack of a permanent mechanism for identifying required vocations and knowledge/skills
The insufficient orientation of the vocational education system to the requirements of the labor market
Low opportunities for vocational education institutions
Lack of municipal employment programs
Low scale current educational programs for adults
Lack of jobs in mountainous municipalities
Low level of business education among entrepreneurs
Low level of motivation in terms of vocational training
Low wages, which contributes to migration
Aging of the population and reduction of the labor force
Insufficient financial resources to provide skilled labor

Source: UNDP.

The labor market institutions and vocational education institutions in Akhalkalaki municipality do not have a permanent mechanism in place for identifying the required vocations and knowledge / skills. It is necessary to conduct periodic segmented labor market researches, the purpose of which should be to determine the needed vocations and the relevant knowledge/skills for these vocations.

Lack of research organizations in the country and absence of good quantitative researches addressing the labor market needs of the municipality, justify using qualitative methods to analyze this subject.

## Institutional Framework of Labor Market and Employment Services

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

## Access to VET and Non-formal Education

The situation in the municipality of Akhalkalaki is unfavorable in terms of formal vocational education as there is no vocational school, which is why the population of Akhalkalaki and especially the young people have limited access to it. It should be noted that the Vocational College "Opizari" which is located in Town Akhaltsikhe does not fully cover the municipality. The college does not have a branch in Town Akhalkalaki. The college offers vocational training/retraining as well as vocational education programs in the fields of agriculture, construction, and tourism. This school does not have any vocational education or training/retraining programs on the territory of Akhaltsikhe, as a result of which the population of Akhalkalaki has limited access to vocational education. Access is also hampered by the limited space capacity of the college in Akhaltsikhe. Samtskhe-Javakheti State University, also located in Akhaltsikhe,

39. Human Capital Development, UNDP



is authorized to provide vocational education programs. The university currently offers only one program, but it is planned to add a new program in Akhaltsikhe including the middle vocational education program. According to the information from the Ministry of Education, Science, Culture and Sport of Georgia, in 2021 a branch of Samtskhe-Javakheti State University will be opened in Akhalkalaki that will offer vocational education as well as vocational training/retraining programs. The building has been chosen for it and it will be rehabilitated by the government. It is planned to receive the first group of students for Fall 2021.

Until now, the Ministry of Education, Science, Culture and Sport of Georgia has been carrying out professional orientation activities in the municipality only under School Program: In 2019 a HUB School was designated for this purpose, that is Akhalkalaki #3 Georgian-language public school, which can accommodate much more students than it currently has. Therefore, it is a great opportunity to add more certified courses.

In the field of non-formal education for adults, the Adult Education Center was founded by the Institute for International Cooperation (DVV International) of the German Association of Public Universities in the municipality. Partners of DVV International included the local organization Union of Democrat Meskhetians (UDM) that operates in Samtskhe-Javakheti from 1998. The Center aims at promoting the main concept of non-formal education, which is Lifelong Learning for the society. The local socially vulnerable people master the vocations and crafts, that are in demand in the market, at the courses of professional and personal development offered by the Center, or improve their current vocational skills acquiring new skills and knowledge, which significantly increases their employment chances of getting a job. These following personal or professional development courses are offered: Computer Skills, English, and German languages, tourist guide, accounting, financing, enamel making, sewing, stylist, furniture making, agrarian vocations, beekeeping, construction vocations, culinary, etc.

## KEY SUCCESS FACTORS, NEEDS AND CHALLENGES FOR DOING BUSINESS<sup>40</sup>

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

### KEY DETERMINANTS OF BUSINESS SUCCESS

- According to the survey, among the key factors that influence the productivity of non-farm businesses in the targeted municipalities are managers' personal characteristics, like age, gender, education, experience, previous work experience, personal values; business characteristics and policies – rented and owned facility, starting capital, strategic planning, trainings of managers and employees; business environmental factors- access to credit; government support programs; attractiveness of business climate; as well as spatial and industry factors. Given below are the most important highlights:
- Managers with *higher education usually show 40% higher productivity* performance than managers without higher education. Higher education is also plays important factor in employment and capital growth.
- Each additional year of experience within the field of activity adds 0.3% of increase in productivity.
- Managers with *personal values oriented on environment protection and innovations show almost 42% higher productivity* performance.
- Young managers perform better in achieving employment growth, while female managers show poor performance in terms of capital growth and expansion planning.
- *Access to credit* improves productivity performance by almost 30%. It also determines capital growth as well as promotes expansion planning.
- *Attractive business environment* makes local businesses more productive by 22.6%.
- Participating in training programs of managers and/or employees and availability of strategic planning is very helpful for enhancing business performance.

40. Rural Non-Farm Economy Needs Survey (Business Survey), UNDP, 2019.

- 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.
- Other factors being equal, doing business in Lagodekhi and Kazbegi municipalities increases productivity level by 98.1 and 68% respectively, as compared to the baseline municipality (Keda). On the contrary, *businesses in Borjomi municipality show on average 52.7% lower productivity performance.*
- Among the industries, Mining (129.8%), Transport (95.6%) and Trade (63.8%) branches have higher productivity performance than the baseline industry (Tourism). Education has 194% lower productivity compared to the baseline industry.
- Managers with higher education and young managers have managed to expand their businesses on average by 0.365 and 0.98 employee respectively, during the last three years.

## Municipality-Specific Findings - Business Needs and Challenges

### Starting a New Business

**Insufficient Income - the Main Motivation for Starting a Business.** An absolute majority of respondents (61,4%) said that they started their businesses because their monthly income was insufficient, and this was their primary motivation for starting a business. A major source of funds for them to start a business was bank credits (41%). Even though, 19% of respondents could have started a business with the funds from their family members and with their own financial resources or (13%).

**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 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 extra money positively influences the intentions to start a business.<sup>41</sup> Therefore, social assistance packages should be reformed and planned carefully so that they incentivize business participation of the recipients.

**Akhalkalaki – Especially Low on Intentions to Start a Business.** The survey showed that the the population in the Akhalkalaki municipality has the lowest intention to start a business among the target municipalities with the coefficient of multiple of 0.441, (e.g., compared to Kazbegi with the similar coefficient of 3.074).<sup>42</sup> Therefore, some more efforts are needed for Akhalkalaki to stimulate local population’s engagement in business activity.

**Higher and Vocational Education and Better Infrastructure – Greater Chances to Start a Business.** It is not surprising to see from the survey that, in general, people with higher and vocational education have greater chances to start a business. Similarly, problems with sewage, gas supply and road infrastructure substantially reduce stimulus for doing business, while better local conditions for starting businesses have an opposite effect.<sup>43</sup> All of the findings indicate to the need to channel more efforts in order to ensure better access to higher and vocational education as well as ensure availability of better local physical and utilities infrastructure.

### Financing

**The Borrowing Profile is up to 10,000 GEL for Working Capital Purposes.** The enterprises operating in the municipality have already acquired some borrowing culture and experience. More than half (50,6%) of the respondents borrowed for their business during the past three years. In most cases (42,9%) the loans borrowed were below 10,000 GEL, mostly from the bank (96,6%) for working capital purposes (89,7%). Repaying the loans did not seem as challenging (compared to the other municipalities) as among most of the respondents interviewed in the municipality had already

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

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

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



repaid them (41,2%) or are still paying without delays and difficulties (about 36,2%). This is one of the *distinguishing factors* of the municipality compared with the other target municipalities underperforming in this regard.

**Most Enterprises Do Not Need Bank Loans for Future Investments.** The main reason indicated by the respondents, who did not take a loan at the initial stage was that they did not require it (58,9%) followed by the unfavorable interest rate (19,6%). More than two-thirds (74%) of the enterprises replied that they did not need a loan for future investments.

**Most Enterprises Are in Need of The Amount Up To 10,000 – 50,000 GEL.** A significant number of the respondents, who required financing for future investments, applied for a loan in the range of 10,000 to 50,000 GEL (about 42,8% of the responses). The funds are intended to be used for purchasing new technology (46,3%) or for expanding the business operations (39,6%).

## Existing Needs and Challenges

**No Need of New Equipment or Machinery Have Been Identified.** More than 71,2% of the respondents do not have explicit need of the equipment and 12,2% of the respondents were happy with the efficiency of their equipment. To some extent it might be due to the fact that manufacturing sector has a very small share in the municipality businesses, while the other sectors are not intensive users of equipment.

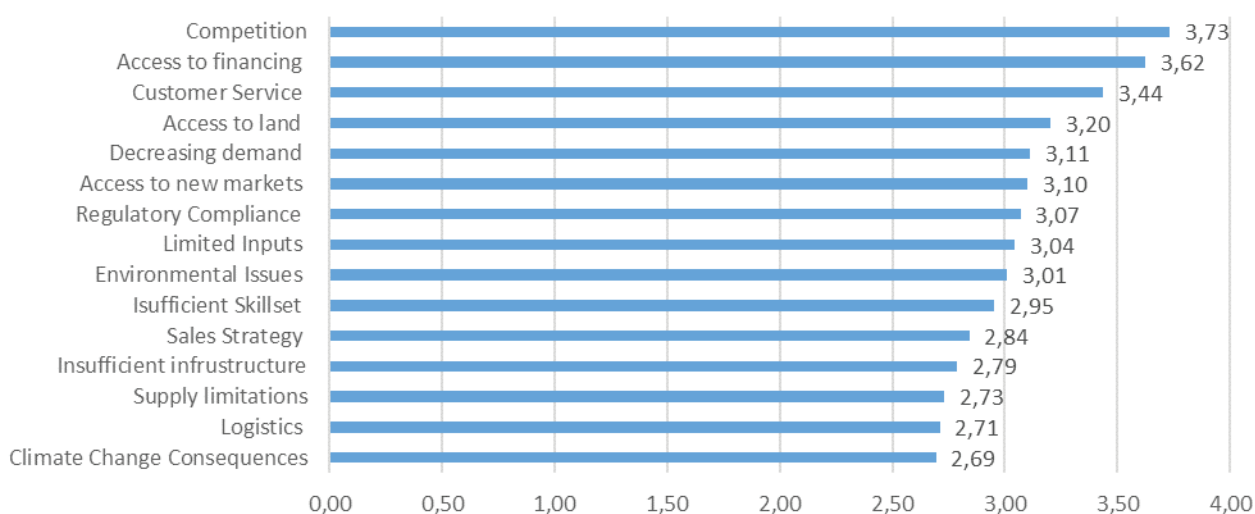
**Most of the Businesses are Locally Oriented.** Local orientation means operating within the municipality boundaries. 63% of the enterprises report that their primary market is at the municipality level and only a small number of the respondents export products outside the municipality either regionally (11% of the cases), nationally (3% of the cases) or internationally (2% of the cases).

**Businesses Perceive Quality as a Key Source of Competitive Advantage.** Usually, achieving cost leadership is a key determinant of the competitiveness in rural businesses. In case of Akhalkalaki, most of the companies considered Quality as a key source of competitive advantage.

**Expensive Inputs are a Key Obstacle to Enterprises.** About 23,6% of the respondents replied that this a key production problem. It does not come as a surprise as the municipality is located at the outskirts of the country, far from the major economic centers in the country. Although, 47,6% of the respondents find it hard to name any obstacle. This speaks to that the unsophistication of the businesses. The share of other problems mentioned by the respondents is insignificant.

**Competition (Market-related factor) is a Key Challenge.** Top challenges that businesses face could be grouped as: a) Market-Related (Competition); b) Finance-related (Access to Finances), and c) Management-Related (Customer Service).

KEY CHALLENGES THAT THE ENTERPRISES IN THE MUNICIPALITY FACE



Source: Survey of Local Enterprises.

## Expansion Plans and Perceived Assistance Needs

**Not Much Plans for Expansion.** About 77,2% of the respondents responded 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 at now.

**Assistance in Regulatory Compliance, Loan Guarantees, Business Planning And Accounting - The Most Required Modes Of Assistance.** Businesses consider that assistance in Regulatory Compliance (21,1%) and Loan Guarantee (21,3%) would be the most helpful for advancing their businesses. When it comes other assistance, the majority of the respondents (30,4%) find it hard to identify their assistance needs. Assistance in business plan preparation (18,4%), accounting (17,3%) and assistance in fundraising (9,6%) are the main needs cited by them.

## Potential Policy Consequences

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

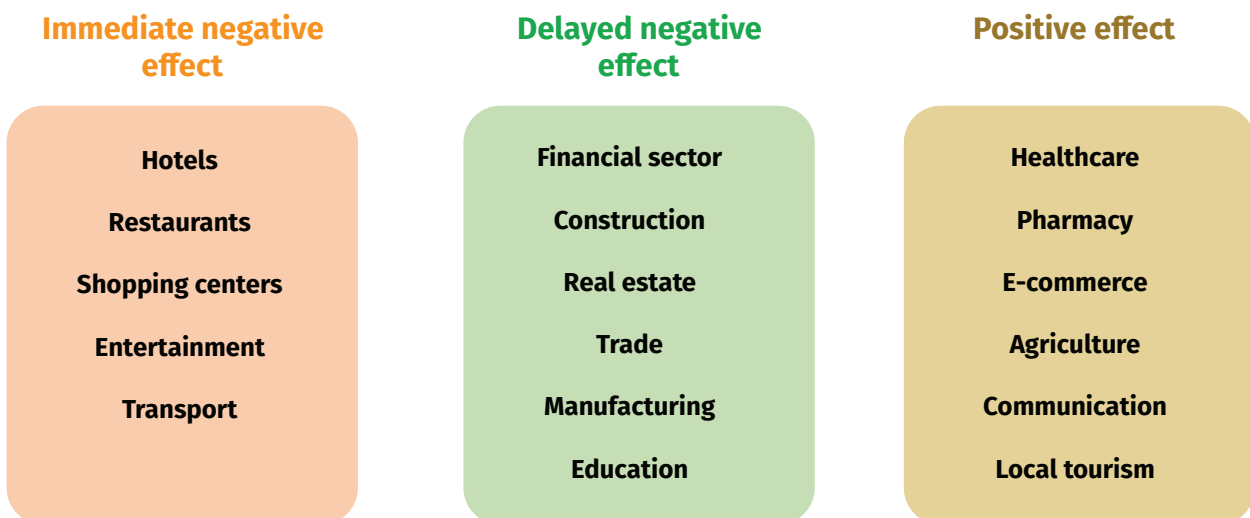
- Programs to upgrade educational level; participate in training programs; intensify participation of employees in training programs; Stimulate planning processes and increase the length of strategic planning process within business.
- Second, the government and local authorities, must ensure for non-farm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

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

## Short-Term COVID-19- driven Needs

It is difficult to estimate precisely the impacts of the COVID-19 pandemic on industries and enterprises. These are expert opinions which should be taken into account. For instance, Galt & Taggart assesses the prospects of the impacts of the pandemic on the economy of Georgia, and identifies possible impacts on individual sectors. Among the other issues, it also covers considerations related to tourism sector.<sup>44</sup> 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.

44. 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 by groups .

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

#### Short-term Economic Growth Forecast Scenarios

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

Source: Galt & Taggart.

According to the study, the industries which are mostly related to the tourism industry fall under the immediate impact group. This includes hotels, restaurants, shopping centers, and the transport sector. According to the three scenarios, the estimated impact on tourism sector, ranges between 1.2-2.8 bn USD. With 50% likelihood in case of 2-Mild Scenario, the target is 2 bn USD loss of contraction as a likely target for the months to come, which is about 50% of the baseline level.<sup>45</sup> This estimate can be applied to the Immediate Negative Impact group.

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

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	84	9%	66,643	9%
Delayed negative effect sectors	892	91%	696,670	89%
Neutral	9	1%	17,545	2%
Grand Total	985	100%	780,858	100%

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

The extend of impacts is summarized in the table below.

45. Based on Author's calculations.

## MAGNITUDE OF SHORT-TERM IMPACTS ON INDUSTRIES

IMPACT GROUPS	NUMBER OF ENTERPRISES IN THE MUNICIPALITY	EMPLOYMENT OF INDUSTRIES IMPACTED	EXTENT OF IMPACT	WEIGHTED AVERAGE IMPACT ON FORMAL ECONOMY	TYPICAL ISSUES
<b>IMMEDIATE NEGATIVE EFFECT SECTORS</b> <ul style="list-style-type: none"> <li>Hotels and Restaurants</li> <li>Shopping Centers</li> <li>Entertainment</li> <li>Transportation</li> </ul>	<ul style="list-style-type: none"> <li>84 Enterprises (9% of all enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>9% of all formal employment (calculated by income tax paid)</li> </ul>	<ul style="list-style-type: none"> <li>50% loss</li> </ul>	<ul style="list-style-type: none"> <li>27% (Enterprises)</li> <li>27% (Employment)</li> </ul>	<ul style="list-style-type: none"> <li>Liquidity</li> <li>Sales disruption</li> <li>Input disruption</li> </ul>
<b>DELAYED NEGATIVE EFFECT SECTORS</b> <ul style="list-style-type: none"> <li>Financial</li> <li>Construction</li> <li>Real estate</li> <li>Trade</li> <li>Manufacturing</li> <li>Education</li> </ul>	<ul style="list-style-type: none"> <li>892 Enterprises (91% of all enterprises)</li> </ul>	<ul style="list-style-type: none"> <li>89% of all formal employment (calculated by income tax paid)</li> </ul>	<ul style="list-style-type: none"> <li>25% loss</li> </ul>		<ul style="list-style-type: none"> <li>Decline in sales</li> <li>Reduced profitability</li> </ul>

Source: Author's calculations.

Stemming from the structure of the economy of the municipality, about 84 enterprises (9% of all enterprises) and 9% of all formal employment jobs will be affected in the Immediate Negative Impact Group. 892 enterprises (or about 91% in the entire group) and 89% of the total formal employment jobs will be affected in the Delayed Negative Impact Group. The average *weighted impact on formal economy will be about 27% (enterprises) and 27%(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 people employed in the municipality (1,524), most of them (83%) are contract employees. In general, the biggest number of self-employed is in Agriculture. In fact, about *97% of the employed* in Agriculture is self-employed. Self-employment in Agriculture represents about *76% of all self-employment in Georgia, whereas other sectors contribute jointly about 24%*.<sup>46</sup> It is assumed that the short-term COVID-19 impact does not apply to the agricultural sector. Therefore, it can be assumed that the extent of impact on the *registered self-employed in the municipality was insignificant*.

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

### Estimation of Informal Employment

TOTAL INCOME TAX PAID (GEL, 2019)	TOTAL WAGES PAID (GEL, 2019)	PORTION OF INFORMAL EMPLOYMENT IN NON-FARM SECTOR (NATIONAL AVERAGE)	ESTIMATED VALUE OF WAGES IN INFORMAL EMPLOYMENT (GEL, 2019)
780,858	3,904,290	34.7%	2,074,714

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

In summary, the estimated volume of informal sector wages is about 2 mln GEL. However, it is hard to determine the impact of the COVID-19 crisis on the informal employment, because there is no estimation of informal employment by each individual non-farm sector.

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

According to the data for 2019, the number of people employed in the private sector in the municipality was 1,269. According to the Revenue Service (June 2020) the number of Covid-19 compensation recipients in the municipality is 189. The number of compensation recipients make up 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: Retail/ Wholesale trading (77), Accommodation and Food (28), Construction (13), Healthcare services (6). (It is important to mention that the compensations are given not by geographic place of employment, but by the legal registration address of a recipient (which might not coincide with the actual place of their employer or their business activity)).

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

## YOUTH DIMENSION OF LOCAL ECONOMY

Economically active youth is one of the key drivers of economy and non-farm sector development in the municipality. Understanding the reasons behind limited economic participation of youth and then promoting it, is a major way to foster the local supply of workforce, new business ideas and the economic diversification. According to the survey conducted by UNDP, among the key factors that influence the productivity of non-farm businesses in the targeted municipalities are managers' personal characteristics, like age - young managers perform better in achieving employment growth and higher productivity.<sup>47</sup>

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

## Economic Participation

**Participation in Labor Market.** According to the 2014 General Population Census, the total population in the Akhalkalaki municipality is 45,070; out of which 10,537 are 15-29 years old, representing 23.4% of the Municipality population.<sup>48</sup> 59.1% of the total number of 15-29 year-old people in the Akhalkalaki municipality are economically active, out of which 95.37% are employed, while 4.6% are unemployed. 37.82% of the youth are economically inactive and are not seeking jobs. It should also be noted that 74.12% of the youth employed are working in agricultural farms, while 25.75% are contract workers.<sup>49</sup>

**NEET Youth.** The level of NEET youth is a good indicator of this problem. Although the information is not available at the municipality level, the share of NEET youth in Samtskhe-Javakheti region is 26.24%, which is the lowest indicator compared to other regions of Georgia. Nevertheless, incentivizing these young people and maximally *returning them to the workforce* remains a challenge.

**Unemployment.** According to Geostat data, starting from 2014, the level of youth unemployment in Georgia is decreasing. While in 2014 the level of unemployment of the 15-29 year-old people was on average 32.6%, the same indicator was 25.8% in 2018 according to the study.<sup>50</sup>

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

48. General Population Census 2014, Geostat

49. General Population Census 2014, Geostat

50. Geostat 2014-2018 (national level)

## YOUTH EMPLOYMENT IN THE MUNICIPALITY

15-29 YOUTH	ECONOMICALLY INACTIVE	ECONOMICALLY ACTIVE	UNEMPLOYED	EMPLOYED
10537	3986	6229	288	5941
				4404 are employed in agriculture
				1,530 hired workers

Source: Geostat.

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

**Entrepreneurship.** The survey of non-farm economy needs in the Akhalkalaki municipality has revealed that 3.4% of youth are engaged in non-agricultural production, which is a considerably low indicator, although they have managed to expand their businesses by 0.98 employee on average during the last three years.<sup>51</sup>

In this context, it should be noted that insufficient income was cited by 75% of the young respondents as the main motivator for starting a business, while 50% of the youth received assistance from family for business startups with the startup capital ranging from GEL 1,000 to 10,000.<sup>52</sup>

25% of the youth surveyed think that local conditions in the municipality are favorable for starting up a business, although the study revealed that 75% of the youth do not have information about state programs.

The study also revealed that 25% of the youth engaged in non-farm businesses, approach to the local authorities over administrative matters once a month.

## Migration

Outbound migration from the municipality, driven by search for better educational and job opportunities, reduces overall supply of qualified workforce and therefore is a key challenge. Students who graduate from the public schools in the municipality and continue their studies at various higher and vocational colleges do not desire to return to the municipality. It is a challenge to engage the youth in such fields, as tourism, production of natural resources, trade, construction, transport, and communications. Furthermore, the opportunity, that Akhalkalaki municipality offers as a border municipality, should be used for engaging the youth in non-farm business and in diversifying the local economy.

## Summary of Key Challenges and Needs

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

### Summary Of Key Challenges And Needs

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>Lack of youth engagement in tourism and other non-farm entrepreneurship</li> <li>Lack of youth engagement in public and social life</li> <li>Lack of youth participation in decision-making process</li> <li>Lack of entrepreneurial knowledge and skills</li> <li>lack of formal and non-formal education</li> </ul>	<ul style="list-style-type: none"> <li>Emergence of employment opportunities for youth locally</li> <li>Empowerment of economically inactive youth and NEET youth</li> <li>Offering short-term vocational courses locally for vulnerable youth</li> <li>The enhancement of knowledge and skills for economic empowerment of youth</li> </ul>

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

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



## Gender Dimension of Local Economy

International experience shows that the low participation rate of women in the economy hinders economic growth and negatively affects development. It is proven that empowering women and girls helps economic growth and development.<sup>53</sup>

Economic activity of women in Georgia is low in Georgia, which affects overall output of the local economy. Similarly, economic participation of women in Akhalkalaki is low. 63.6% of male respondents in Akhalkalaki are employed in businesses/enterprises, while only 36.4% of female respondent are employed in business. When asked to evaluate the change in production of their enterprises/businesses, 58.7% of male respondents and 37.5% of female respondents think it increased.

More female than male respondents think that the environment in the region is convenient for starting a business and more male respondents think that the environment is not convenient. When asked to evaluate the state of their business, the female and male responders answered similarly, and the majority of them evaluated the state of their business as satisfactory while 25.9% of male and 28.6% of female respondents evaluated it as bad, and 8.3% of male and 9.4% of female respondents evaluated it as good.

When it comes to business outlook, there are no major differences between female and male respondents' answers, most of them do not expect significant changes, 20.4% of male respondents and 16.5% of female respondents think it will get worse, while 30.3% of male respondents and 26.3% of female respondents think it will improve.

Many of female respondents- 26.3% state that they need help in accounting and budgeting to run their business and 14.5% of them need help in writing business plans.<sup>54</sup>

## Women in Entrepreneurship<sup>55</sup>

**Startup of Business.** Starting a business for women is associated with greater difficulties than for men. Majority of female (66.7%) and male (60.2%) respondents of the survey cited family and relatives as the most important factor for them to start a business. Though it is important to note that females are more likely to cite family and relatives as a key factor, which may speak to their higher reliance on their family members.

When citing the primary reason for starting a business, both male and female respondents cited lack of income as a primary motivator, with 71.7% of female respondents and 55.7% of male respondents mentioning it as a primary motivator. More male respondents cited their education, related skills, and financial capabilities, and doing business for a hobby, as their motivators; this fact further highlights *that woman are more economically disadvantaged and may lack business skills and education compared to male respondents.*

When it comes to start-up capital, it ranges from 1,000 GEL upto 10,000 GEL the majority of female and male respondents. However, the differences are observed are that significantly more female respondents have starting capital below 1,000 GEL while significantly more male respondents have the starting capital above 10,000 GEL. 2.9% of male respondents had the starting capital from 50,000 GEL to 100,000 GEL. Besides, none of the female respondents fit this bracket. This could be due to women starting smaller businesses, which is evident as their average annual turnover is significantly lower than that of male respondents.

Female respondents are more likely to plan their business and investments, while male respondents are more likely to do strategic planning; 100% of female respondent plan business for 1 year or less, while 14.9% of male respondents plan for 1-3 years and 11.5% plan for more than three years.

**Running a Business.** The regional stereotypes might entrench negative beliefs about women in business, and hinder their involvement in business. This requires special support women in business. In running a business, women may face more obstacles than men, therefore their business performance might suffer. The situation in this regard seems to be similar in the Akhalkalaki municipality. When it comes to current capital, male respondents were able to grow

53. UNDP Georgia

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

55. The sub-section below mostly is draws on the two surveys (population and business) of rural non-farm economy needs in the 8 target municipalities, conducted by IRDG project run by UNDP in 2019. The survey results used in the text, unless indicated otherwise, refer to these surveys.

their capital in the 50,000-100,000 GEL bracket and in the 100,000 GEL bracket, however, none of female respondents were able to grow their capital to fit these brackets.

When it comes to choosing suppliers, the male respondents primarily cited quality and price of produce as primary criteria. The female respondents also cited price as the primary criteria, but quality seems to be relatively less important, which might be related to their lack of finances. It could be the case that women are so short of finances that they have to be more focused on low costs of suppliers than on quality of goods supplied.

When it comes to selling produce, more male than female respondents sell their produce in the national markets and 13 male respondents export their product to international markets, *none of female respondents participate in such commerce, which highlights their issues related with scaling a business.*

**Access to Resources and Credit.** Women worldwide face difficulties in raising capital, which is largely due to lack of collateral.<sup>56</sup> Thus, the traditions that support male ownership of capital assets in the family, also indirectly impact women, their ability to raise capital and conduct business.

Access to resources and credit is crucial to starting and growing a business. Stereotypes, especially associated with ownership, may negatively impact women's access to credit and ability to grow their businesses. 50.4% of female and 37.1% of male respondents have mainly started their business with a loan from a bank, this highlights, that women in the region are more dependent on banks as their primary source of business financing. Additionally, none of the female respondents have started their business primarily through governmental programs or financial help of non-governmental organizations, while male respondents have started business using these resources. This might signal, that *female respondents are not equally informed about alternative opportunities for sourcing business finances.*

However, when it comes to bank loans, women may be disadvantaged especially due to their lack of capital assets which could be used as a collateral. But as the table below suggests women are not as disadvantaged in terms of capital ownership in Akhalkalaki (as this is the case in other municipalities). When it comes to largest capital assets such as square meters of land and real estate owned, women in Akhalkalaki are better off than men.

OWNERSHIP OF CAPITAL BY GENDER<sup>57</sup>

GENDER		OWNED LAND (SQ M.)	OWNED EQUIPMENT (PIECE)	OWNED REAL ESTATE (SQ M.)	OWNED MEANS OF TRANSPORTATION (PIECE)	RENTED LAND (SQ M.)	RENTED EQUIPMENT (PIECE)	RENTED REAL ESTATE (SQ M.)	RENTED MEANS OF TRANSPORTATION (PIECE)
Male	Average	77,41	1,34	82,80	,70	,95	,37	2,45	,12
Female	Average	323,12	1,52	264,18	,33	,59	1,43	4,02	,05

Source: UNDP.

Although women may have higher value of their capital assets, most female respondents received a loan less than 10,000 GEL, while the majority of male respondents received a loan from 10,000 GEL to 50,000 GEL and male respondents had also larger representation in higher loan brackets too. As it was established above, since collateral is not an issue for women to use it for widowing loans, *it may be worth considering that since female respondents do not think to have enough skills and education for running a business as male respondents have, they settle for smaller businesses.* Nevertheless, when it comes to the reasons for withdrawing a bank loan, more female than male respondent stated they withdrew a loan to cover the other loan, but more male respondents paying off their loans with a significant delay and twice more female respondents have already paid back their loans, which in this context seems unusual.

Among the respondents less female than male respondents withdrew a loan with a collateral and two times more female respondents than male respondent withdrew a subsidized loan. This, it seems that women are knowledgeable of credit structures and are more likely to limit their risks. This idea is also reinforced by the fact that female respondents more frequently turn down a loan due to high interest rates. Female respondents are also two times less likely to need an additional loan for their current business.

56. Gender and financial inclusion through the post, 2015, UN Women

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



**Access to State Programs.** Equal access to state programs is crucial for aiding economic development in the municipalities. 92.9% of female respondents and 77.6% of male respondents have not attended any training on business planning. *More female than male respondents cite physically having no access to training as the reason why they haven't attended a business-plan training.*

None of the female respondents have participated in government welfare/support programs, while 25% of male respondents have participated in such programs. Additionally, none of the female respondents have participated in a business competition program administered by the Government, while 31.9% of male respondents have participated in such a program.

*A significant part of female respondents - 45.6% stated that they have not participated in the Government programs because they did not have information about them.* This was evident when they were asked to list the programs they are eligible to participate; female respondents had a difficulty to name any specific program. Female respondents are also less likely to appeal to the local government for assistance. 85.9% of female respondent said that they almost had never done it. Though, 100% of female respondents are either partially or fully happy with how the local government responded to their issues when they applied to the authorities.

## Summary of Main Challenges and Needs

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

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• Less women than men start a business</li> <li>• Women have Insufficient management experience</li> <li>• Double, reproductive / family work for women and care for family members</li> <li>• Low income of women - A large proportion of women depend on social benefits or income from other family members</li> <li>• women have Insufficient knowledge and skills to start and develop a business to start up</li> <li>• Women have lower attendance rates for business trainings and courses</li> <li>• women lack information regarding skills training opportunities</li> <li>• Stereotypes related to women's activities and professions</li> <li>• Although women have desire to be involved, women are not well-informed when it comes to state programs that support businesses, therefore, their participation rate is low.</li> </ul>	<ul style="list-style-type: none"> <li>• to economically empower women</li> <li>• to Increase women's self-esteem</li> <li>• To inform Women and girls about the business training opportunities, which are held in the municipality</li> <li>• To inform Girls and women about the state and non-state programs regarding business development</li> <li>• Increase women's and girls' access of to equipment and technology</li> </ul>

## 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 the overall welfare of the residents. These conclusions are:

**The Municipality Has Relatively Sparse Non-Farm Economy.** This is evidenced in the relatively low number of enterprises, 23.5 enterprises per 1,000 population – (less than the national average - 48). A large share of the enterprises which are registered in the municipality, operate outside its boundaries. The municipality has moderately high population density relative to the sample. This indicator automatically puts more emphasis (compared other municipalities) on the *increasing number of registered businesses, and bringing the informal enterprises to the formal side and diversifying the economy.*

**One of the Lowest Market Potential of all Target Municipalities is a Key Challenge.** The overall market potential index of the municipality is one of the lowest (calculated by the cumulative distance from the rest of the large cities). The municipality can be categorized as Remote Rural Region.<sup>58</sup> Being away from the large cities (50k +) the municipality lacks the opportunities to leverage the advantages from which Predominantly Rural Close to Cities benefit.<sup>59</sup> The new road to Tbilisi was supposed to improve the linkages of the municipality with the main economic center of the country but the municipality lacks a larger city in the proximity.

**Weak Non-Farm Economy with Not Much Potential of Employment Growth.** 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 Manufacturing and Services are leading sectors in terms of registered active enterprises. Financial Services are distinguished by its high marginal return on labor, but its employment capacity potential is rather low. The biggest sector of the municipality, which is Trade, does not distinguish itself neither by its high productivity nor marginal return on labor, nor by its potential to create new jobs.

**Fragile Economy.** The turnover and added value of the municipality fluctuated in the past years, resulting in quite a significant volatility of the average monthly wages. However, with about 664 GEL/month, the municipality has the average wage level and the average level of productivity (24,081 GEL) among the target group of the municipalities, which is one-third of the level the leading municipality (Kazbegi) has. 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 proved by the huge differences in the productivity of the labor among several industries (e.g., productivity in Hotels and Restaurants vs Transport) as well as productivity differentials among the firms within each individual industry (e.g., Trade) measured by standard deviation from the average productivity. Proper allocation of resources will facilitate moving the labor force from low-productivity sectors to high-productivity ones and from low-productivity firms to high-productivity firms within each sector. This will increase total output of the non-farm enterprises, without too much need of additional new labor force.

**Sectors with Signs of Comparative Advantages or Regional Specialization Require Attention.** The instruments of the Shift-share Analysis and Location Quotient reveals that on the one hand, there are sectors with some signs of comparative advantages (i.e., which grew with the region-specific factors in the past few years) but without any specialization yet in the region. This group includes the following non-farm sectors - *Agriculture, Construction, Financial Services.* For this group it is important to find the *sources of such growth* and explore whether they could become key competitive sectors in the municipality. On the other hand, there are other non-farm sectors with some relative concentration and negative comparative advantages (e.g., *Natural resources, Services, Electricity, etc.*). It is important to understand why these sectors *lose sources of their competitiveness.* These two groups of sectors should be studied to understand the dynamics of their drivers and their potential.

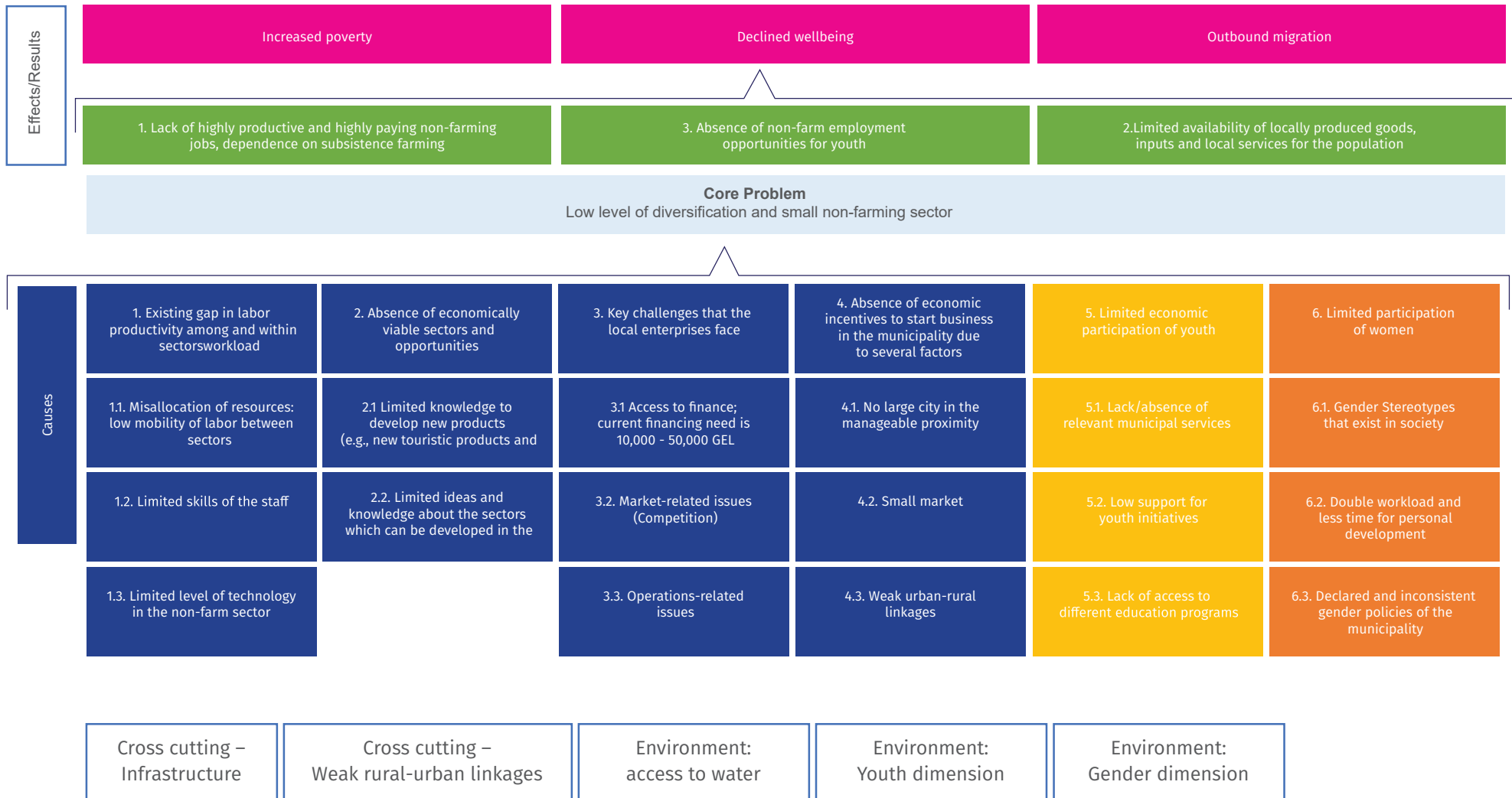
**There Are Several Key Challenges to Start a Business in the Municipality.** Identifying the challenges and obstacles to starting a business in the municipality might lead to creating more opportunities to develop non-farm enterprises in the region. There are several obstacles, out of which *expensiveness of the inputs* (most probably due to remote suppliers) is a key one. Paying bank loans have not been as problematic as it have been in the other municipalities. In the past loans borrowed were up to 10,000 GEL, whereas the 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 (Competition) and operations-related (Customer Service).

**Short-Term Needs related to Covid-19.** Estimated *weighted average indicator of its impact on formal economy will be about 27% (formal employment) and 27% (number of enterprises).*

58. Policy Note – Rural Policy 3.0. – A Framework for Rural Development, OECD, 2018

59. Policy Note – Rural Policy 3.0. – A Framework for Rural Development, OECD, 2018

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



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

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

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P1-EC01 - Technical Assistance Program</li> <li>P1-EC02 - E-Commercialization Program</li> </ul>	Outside agriculture, the enterprises which trade with the rest of the country are almost non-existent. 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"> <li>Integrating rural areas into global value chains</li> </ul>	P1-YU01 – Young CEOs Incentive Program P1-YU02 -Promotion of Youth Entrepreneurship In Rural Areas P1-YU03 – Promoting Tourism Employment Opportunities P1-GE01 – Women Participation Intervention P1-RU01 – Exploring Rural-Urban Linkages Program
<ul style="list-style-type: none"> <li>P1-EC03 - Exploring Sources. of Competitiveness</li> <li>P1-EC04 - Feasibility Studies Program</li> <li>P1-EC05-01 - Productivity Reallocation (Skills Development)</li> <li>P1-EC05-01 - Productivity Reallocation (Technology Upgrade)</li> <li>P1-EC06 - Workforce Growth Program</li> <li>P1-EC10 - Strengthening Vocational Education</li> </ul>	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"> <li>Promoting rural industry</li> </ul>	
<ul style="list-style-type: none"> <li>P1-EC07 - Access To Finance Program</li> <li>P1-EC08 - After COVID-19 Re-launch Op-Ex Financing</li> <li>P1-EC09 - After COVID-19 Compliance Financing</li> </ul>	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"> <li>Promoting access to finance, credits and markets</li> </ul>	
<ul style="list-style-type: none"> <li>P1-EC0110 -Technical Assistance Program (Tourism)</li> </ul>	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"> <li>Promoting sustainable tourism</li> </ul>	

# 4 Priority 2 (P2) Community

Social Dimension of Local Community

Healthcare Dimension of Local Community

Youth Dimension of Local Community

Gender Dimension of Local Community

## 4. PRIORITY 2 (P2) – COMMUNITY

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

### SOCIAL DIMENSION OF LOCAL COMMUNITY

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

Social protection has been recognized as an effective measure to reduce poverty and foster rural development. Expanding social protection to cover all, particularly the poorest and most vulnerable, is one of the proposed targets of the new Sustainable Development Goals. Evidence clearly shows the positive impacts of social protection, especially for poor and vulnerable rural households. In addition to removing social barriers to access social services, social protection can also reduce poverty by directly providing income or support to vulnerable households and foster local economic development by stimulating and increasing demand for goods and services, increasing labor productivity, employability, and income through increased access to social services. Social protection can contribute to strengthening resilience by breaking the vicious cycle of increased vulnerability to poverty and exclusion, and greater exposure to shocks.<sup>60</sup>

While the share of people living in poverty and extreme poverty have declined in recent years, in Georgia, the incidence of general poverty has increased from 16.4% of total households in 2015 to 19.6% in 2017; 19.6% of households, 21.7% of the population, 27.6% of children and 17.6% of pensioners live below the general poverty threshold (2.5 USD per day). The percentage of households living below the general poverty line is estimated to be 20.8% in rural settlements and 18.4% in urban settlements. An estimated 24.1% of households live below the relative poverty line in rural areas and 20.9% in urban areas.<sup>61</sup>

### Composition of Income Sources

According to the population survey, the main source of monthly income of population in the Akhalkalaki municipality are old age pension and targeted social assistance -28,7%, for 27,8% (highest between other municipalities) it is their own agricultural business and for 21,8% it is from remittances . Compared with the other municipalities, the number of households whose income comes from contract employment is lower and makes up 14,4%.<sup>62</sup>

Social assistance and remittances play an important role in wellbeing of Akhalkalaki population and after the COVID-19 pandemic the importance of the social protection network has increased.

Distribution Of Households By Main Sources Of Monthly Incomes Across Municipalities<sup>63</sup>

	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 MUNICIPALITY	22.86	4.96	9.35	46.83	6.72	9.28
4	LAGODEKHI MUNICIPALITY	19.14	7.55	26.35	24.36	8.02	14.58
5	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.

60. Source: FAO

61. The Welfare Monitoring Survey 2017 UNICEF

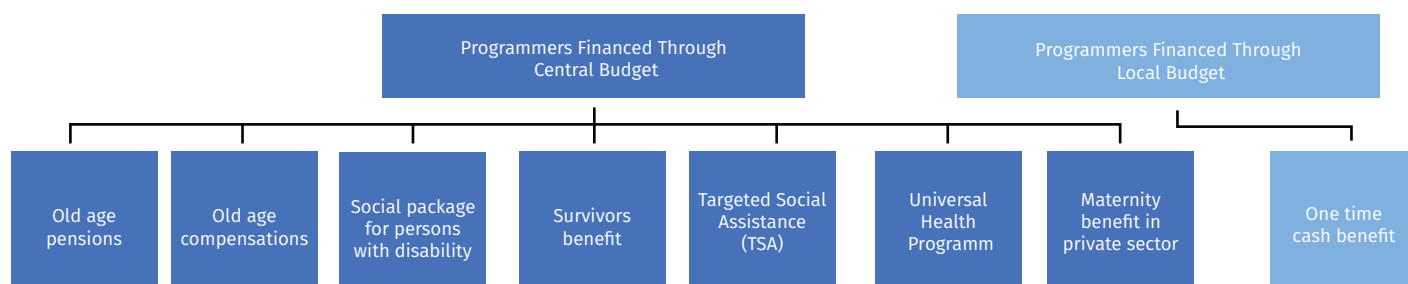
62. Population Survey on Non-Farm Economy Needs in the Target Municipalities, UNDP, 2019

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

## Mapping of Social Projection Programs

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

### SOCIAL PROTECTION PROGRAMS



Source: Social Service Agency.

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

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

### Beneficiaries of Main Social Programs At National, Regional And Municipal Levels

PROGRAMS	GEORGIA		SAMTSKHE-JAVAKHETI		AKHALKALAKI	
	Female	Male	Female	Male	Female	Male
OLD AGE PENSIONS	550 095	222 227	21 529	9 121	5 599	2 145
OLD AGE PENSIONS COMPENSATION FOR MOUNTAIN REGIONS (+20%)	47 872	23 408	14 439	6 403	5 366	2 092
SOCIAL PACKAGE FOR PERSONS WITH DISABILITIES	115 399		4 292		925	
SOCIAL PACKAGE FOR CHILDREN WITH DISABILITIES	11 463		376		79	
TARGETING SOCIAL ASSISTANCE	264 918	218 875	7 013	5 486	1 034	631

Source: Social Service Agency.

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

**Old Age Pensions.** Old age pension has an important impact on the households' poverty level. The main social transfer is old age pension (220 GEL) which plays most important role in social economic conditions of the households. In Georgia, if pension is removed from household income, an estimated 81.4% of households receiving pension income fall below the extreme poverty line, 73.2% below the relative poverty line, and 74.1% below the general poverty line.<sup>64</sup>

Old age pension is the biggest social assistance in the Akhalkalaki municipality, which covers 17.2 % of population. In Akhalkalaki municipality 7,744 (5,599 female and 2,145 male) persons received old age pensions as of May 2020. More than 96% of old age pensioners received old age pensions compensation for the mountain regions, which is the additional 20% of old age pensions (264 GEL) and from 1<sup>st</sup> of July 2020 old age pensions increased by 30 GEL for pensioners from the age 70.

64. 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 based on the assessment. There are three categories of disability: Severe disability (Group I), significant disability (Group II), and moderate disability (Group III). There is a separate status for disabled children. The person 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 receive so called Social Package based on the disability status (severe disability – 220 GEL, children with disability 220 GEL, significant disability – 140 GEL, moderate disability – 100 GEL (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 Akhalkalaki municipality disability social package was received by: 77 children with disability, 218 persons with severe disability, 603 persons with significant disability and 104 persons with moderate disability. The percentage of persons with disabilities (2,2%) to municipality population is much lower than average national level – 4%. 181 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, 189 people from Akhalkalaki municipality lost their jobs during the pandemic and received unemployment compensation (200 GEL for six month).<sup>65</sup>

65. 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

## UNEMPLOYMENT COMPENSATION - COVID-19

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

Source: Revenue Service.

**Targeted Social Assistance.** Targeted social assistance is a particular cash assistance program aimed at reducing poverty of the most vulnerable households. It should be noted, that TSA has a great impact on poverty reduction. According to UNICEF, if TSA with child assistance were removed from the household consumption, extreme poverty among children would have increased from 6.8% to 13.1%.<sup>66</sup> These findings demonstrate that TSA plus child benefit (CB) has the highest impact on children. TSA also are more focused on the households who have with children.

The program has been 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 program to ensure its continued effectiveness and to revise some of the parameters of the eligibility formula. The amounts of TSA are as follows: up to 30,000 score – 60 GEL per person; up to 57,000 score – 50 GEL per person; up to 60,000 score – 40 GEL per person; up to 65,000 score 30 GEL per person; up to 100,000 score – additional 50 GEL child (up to age 16) benefit (CB). About 3,798 (16,064 persons) households have applied TSA and registered with the Social Service Agency.

Approximately 8 % of the population of Akhalkalaki municipality identify themselves as poor, from them just 558 households (1,665 persons) received TSA. With the 3.8% of the households and 3.7% of the population of Akhalkalaki municipality, who have received targeting social assistance is one of the first place with low participation in TSA among other municipalities of Georgia. 572 (up to 16) children received TSA as of 2020.

## TARGETED SOCIAL ASSISTANCE PROGRAM BY MUNICIPALITIES

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

Source: Social Service Agency.

employment.

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

**Social Programs Funded by the Municipality Local Budget.** The Akhalkalaki municipality provides direct financial aid to war veterans and families soldiers killed in military actions, extremely poor families, families with new-born children, poor families, families with many children.

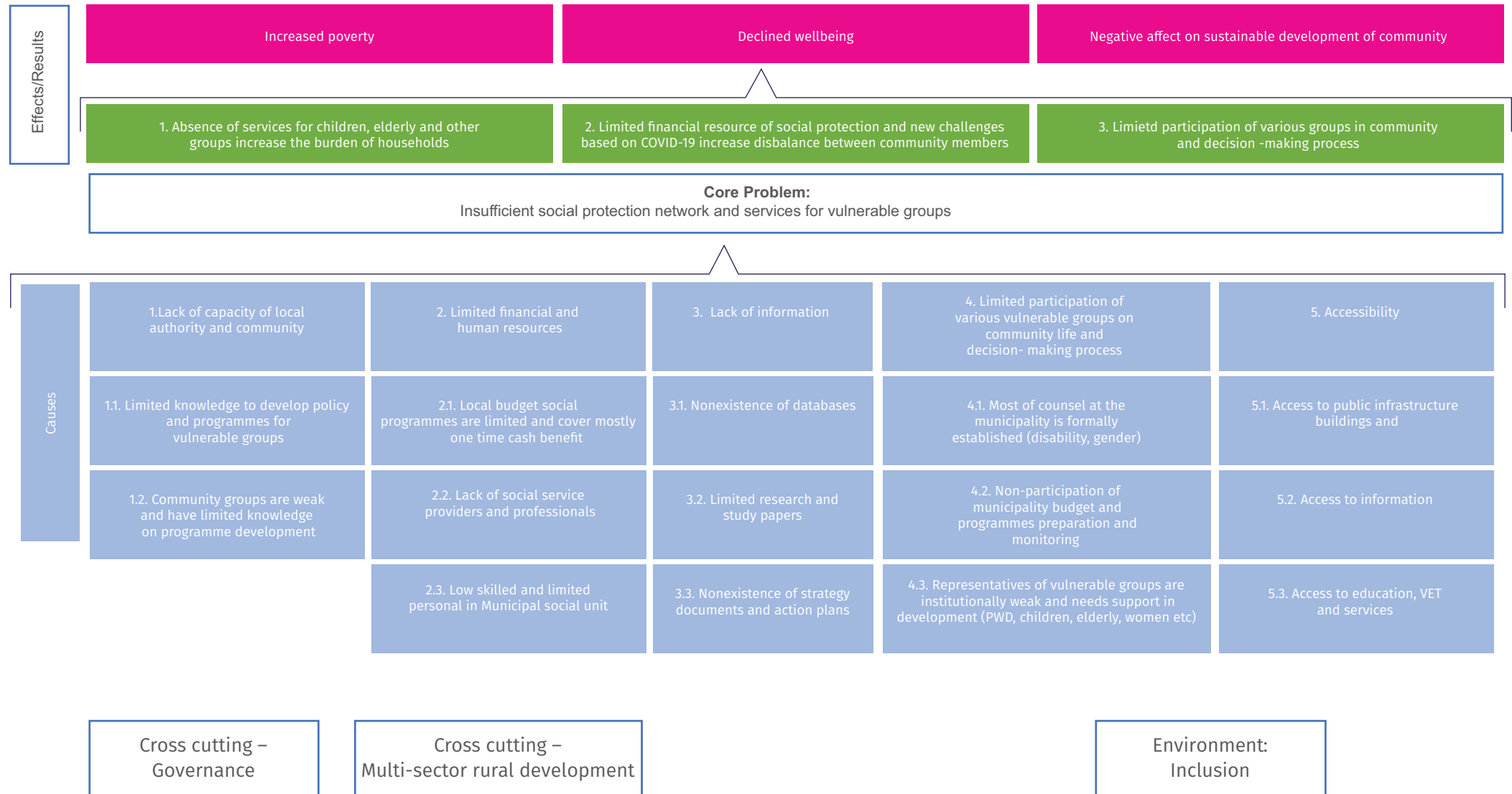
The 2019 social budget was planned at 480,211 GEL and for 2020 social budget was planned at 528,000 GEL.

As in the other municipalities, the main part of local social programs in Akhalkalaki offer one-time cash benefits, and services for vulnerable categories are virtually non-existent. At the same time in the Akhalkalaki municipality social services are not provided by the central government. It is assumed that many people with disabilities, and children from vulnerable families in Akhalkalaki 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 programs, that is social protection of the population.

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



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

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

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT
<ul style="list-style-type: none"> <li>P2-SO01- 1. Social Service Development Program</li> </ul>	<p>Social services are one of the main challenges in the Akhalkhalaki municipality. COVID- 19 generates impacts of social economic conditions for the households with vulnerable groups (children, PWD, elderly). social services for vulnerable groups are not developed. Persons with disability have no access to services at the municipality level.</p>		<ul style="list-style-type: none"> <li>Cash transfers to promote development</li> </ul>
<ul style="list-style-type: none"> <li>P2-SO02 - Training of Personnel of Local Authorities</li> </ul>	<p>Despite the recent changes (new law on social work), social units of local municipalities still have a lot of challenges - limited and unskilled personal, insufficient financial resources, professional social workers. Also, the local community who represents the vulnerable groups is still in need of support and development.</p>		<ul style="list-style-type: none"> <li>Building government capacity</li> </ul>
<ul style="list-style-type: none"> <li>P2-SO03 - Institutional and Financial Capacity Building for Service Providers and Social Enterprises</li> </ul>	<p>The most important part of inclusion vulnerable groups is giving them needed social services and support their employment. Establishment of social service providers without governmental/donor support is practically impossible especially in mountainous regions. Nowadays, persons with disability form Akhalkalaki municipality does not have any access to social services and COVID-19 impact practically isolated this category from the community. Vulnerable groups, especially in the post pandemic period, are not competitive on labor market and they need special condition and employment support. Social entrepreneurship is a great opportunity for income generation for such groups.</p>		<ul style="list-style-type: none"> <li>Promoting private-sector rural service industries</li> </ul>

## HEALTHCARE DIMENSION OF LOCAL COMMUNITY

### Main Demographic Indicators

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

Main demography Indicators at National, Regional and Municipal levels

INDICATOR	GEORGIA	SAMTKHE-JAVAKHETI	AKHALKALAKI
Total Number of life birth	51138	2107	593
Birth rate per 1000 population	13.7	13.6	13.8
Natural population growth	4614	180	126
Population growth rate per 1000 population	1.2	1.15	2.9
Total number of death	46524	1927	468
Mortality rate per 1000 population	12.5	12.4	10.9
Total number of infants deaths	416	20	4
Infant mortality per 1000 life birth	8.1	9.5	6.7
Total number of stillbirth	436	22	6
Stillbirth per 1000 births	8.5	10.4	10.1
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	23	6
Under-5 mortality rate per 1000 live births	9.8	10.9	10.1

Source: NCDC.ge.

### Immunization Coverage and Selected Communicable Diseases

Immunization is a top public health priority. Increase immunization rates and reduced preventable infectious diseases is one of the main objectives of Georgian national healthcare policy.<sup>67</sup> This is clearly demonstrated by a significant increase of funds allocated to the State Immunization Program (4 million GEL in 2012 and 22,400 million GEL in 2018). All the vaccines included in the national immunization schedule are free of charge for the population. The state purchases vaccines for immunization, which are prequalified by the World Health Organization to guarantee that only high quality and safe vaccines are used for immunization of the population. According to the NCDC, in 2018, the immunization coverage rate is significantly higher than in the previous years. The table below provides the immunization coverage data for the region and for the country for 2018.

Immunization coverage (percent) Samtskhe-Javakheti and Georgia, 2018<sup>68</sup>

	BCG	DPT+HIB+HEPB/ DPT+HIB+HEPB+IPV/DPT3	POLIO-3	MMR-1	MMR-2
Samtskhe-Javakheti	96.4%	94.4%	94.4%	96.7%	91.0%
Georgia	97.1%	92.6%	92.6%	98.7%	95.6%

Source: NCDC.ge

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

68. 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 the Samtskhe-Javakheti region while it was 18.0/100,000 for the entire country. The number of new cases of HIV in the Akhalkalaki municipality varied from 1 to 3 per year during the last five years. In 2018, there were 24 new cases of HIV registered in Samtskhe-Javakheti region, out of which three case (12.5%) were from the Akhalkalaki municipality.

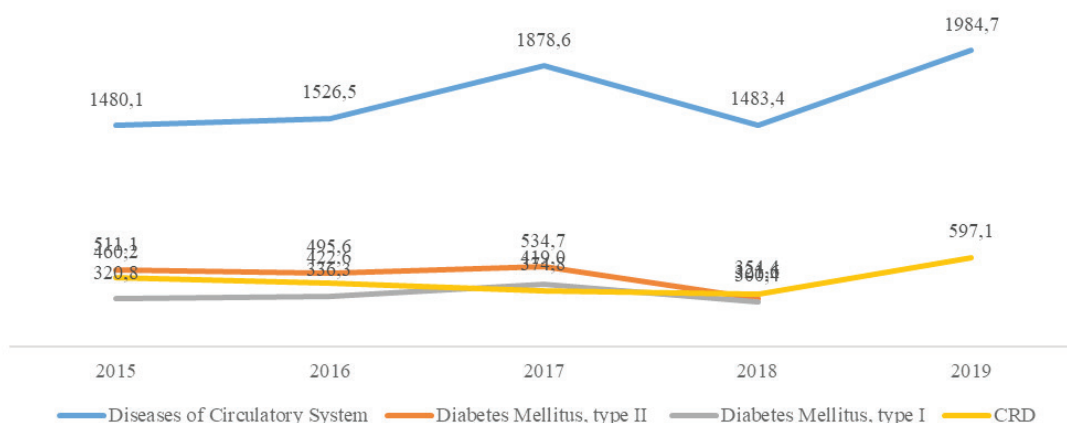
According to the 2018 data, Samtskhe-Javakheti region has the lowest rate of TB per 100,000 people among all regions of Georgia. In Akhalkalaki municipality, all the registered cases as well as new cases of Tuberculosis (all forms) have a decreasing trend during the last five years, as it is for the entire Georgia. There were 3 registered cases of TB in the municipality in 2018, which is 27.2% of all cases registered in the region (11 registered cases in Samtskhe-Javakheti region in 2018).

The number of persons covered by Hepatitis C screening is increasing in line with the number of population who tested positive. 3,518 individuals (8.5% of the entire municipality population) were screened for Hepatitis C in 2018 and 0.7% (23 individuals) tested positive, while HCV positive, while the rate among the persons screened was 7.82% for the entire country in 2018.

## Non-Communicable Diseases

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

PREVALENCE RATE OF VARIOUS DISEASES PER 100,000 POPULATION FOR THE MUNICIPALITY, 2015-2019



Source: NCDG.ge.

The prevalence of Diseases of Circulatory System in the Akhalkalaki municipality is steadily increasing during the last five years. In 2018, the prevalence per 100,000 population was much lower in the municipality compared to the figure for the entire country and it was lower compared to the regional average as well (country – 10,954.7/100,000; region - 4917.4/100,000; municipality – 1,483.4/100,000). By the end of 2019, there were 831 registered cases of diseases of the circulatory system in the municipality.

By the end of 2018, there were 128 patients (no cases under-15) with type I and 137 patients with type II Diabetes Mellitus registered in the Akhalkalaki municipality. Prevalence per 100,000 population of type I diabetes is almost similar to the prevalence rate for the county (300.4/100,000 VS 379.5/100,000 in 2018), while the rates of type II diabetes are much lower in the municipality (321.6/100,000 VS 1681.6/100,000 in 2018) and the last five-year trend is stable for both types.

There is an upward trend for Chronic Respiratory Diseases (CRD).

The incidence of Malignant Neoplasms per 100,000 population is also stable and ranged from 112.8 to 150.2 during the last five years. In 2018, the figure for the municipality was lower than the county and regional averages (in the country - 258.5/100,000; in the region - 179.3/100,000; and in the municipality – 150.2/100,000).



## Organization and Governance

The healthcare system at present is highly decentralized and was extensively privatized under the reforms implemented from 2007 to 2012. In 2012, the change of The Government brought a significant change of direction in 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.<sup>69</sup>

The polyclinics and family medicine centers coexist both in the cities and in the regional centers as well. The system of rural doctor and nurse also remains the main health care provision in the villages, providing the primary health care services in the rural areas. The rural medical 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 Ministry of Health 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 disinfection and disinfection measures as well as immunization under the National Immunization Schedule, etc.<sup>70</sup>

Municipalities, in agreement with the MoH, also implement thematic programs that complement the Ministry's healthcare programs. The Local Self-Government Code clarifies that local self-governments have the right, within their authority, to develop and implement programs to finance themselves from their own budgets. Thus, municipalities have sufficient legal grounds to independently plan, develop and implement effective and needs oriented municipal health programs.

No information is available regarding the civil society organizations active in the healthcare field.

## Financing Issues

Health care services for the Akhalkalaki population, as it is for the entire Georgia, are financed and provided through the State Health Programs. From 2013, the Universal Health Care Program is implemented in the country. Besides the UHC program, the state finances healthcare services in the 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 the Akhalkalaki municipality, "State Program of Rural Doctors" is being implemented. The Program aims at increasing the geographical and financial access of the rural population to primary health care services.

**Municipal Budget** -According to the approved 2020 budget of the Akhalkalaki municipality the budget income totals 9,535,500 GEL, out of which 485,000 GEL (5%) is allocated for health-related expenditure. Distribution of funds allocated for healthcare is as follows:

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

- 165,000 GEL - for public health issues (surveillance of sanitary and hygienic norms, prevention control measures, delivery of immunization supplies to the providers, prevention and control during epidemics, TB control, etc);
- 280,000 GEL – for inpatient medical care (the municipality offers additional funding in a pre-determined amount to the population according to their social status);
- 40,000GEL – for providing the population with medicines (financial assistance for medications in accordance with the social status of the individual and within defined limits, as well as chemotherapy and radiotherapy with a defined limit, sever ophthalmological diseases, people with disabilities, etc.)

Source: Local Authorities.

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

70. Law of Georgia on Public Health

It should be mentioned that inpatient medical care and provision of medicines is classified as a social assistance program rather than medical. With the aim of promoting a healthy lifestyle in adolescents, the Municipality allocates 768,700 GEL for supporting sports facilities, sporting events, equipping and rehabilitating entertainment and sports fields and sports buildings. Under the infrastructure development budget line, no allocations are envisioned for the rehabilitation of medical facilities or rural outpatient clinics.

## HUMAN RESOURCES

The number of physicians in the Akhalkalaki municipality increased from 63 in 2015 to 77 in 2018. The number of nurses also increased. As of 2018 there are 77 physicians (including dentists) in the municipality and 96 nurses, making up the ratio of nurses to physicians 1.2, which is higher than the same ratio for the country (0.6 in 2018). In 2018, the number of physicians per 100,000 people was lower than the regional average, and 4 times lower than in the entire Georgia (country - 784.2/100,000 with 330.3/100,000 in the region, and 180.7/100,000 in the municipality). The same indicator for nurses was also lower than the regional and country averages (494.8/100,000 for the country ; 321.9/100,000 for the region; 225.3/100,000 for the municipality -).

There are only 24 physicians in the rural areas. The number almost doubled in 2019 compared to 2015.<sup>71</sup>

## Provision of Services and Access to Health Care

As of 2019, there was one hospital with 53 hospital beds, 24 physicians in the rural areas, including one dental office, one ambulance station and one public health center in the municipality. There is also Women Consultation Center at the hospital.

Bed occupancy rate was 109.4 (187.2 for Georgia), with an average length of stay 4.2 (4.9 for Georgia) in 2018.

Utilization of Health services is low compared with the regional and national averages. In 2018, visits per capita outpatient clinics was 0.6 per year for Akhalkalaki, while the same indicator is 1.3 for the Samtskhe-Javakheti region, and 3.3 for the entire country.<sup>72</sup>

In 2019, among the number of people, who received ambulance assistance, 0.6% was due to accidents and 98.9% due to sudden illness, which is almost the same as for the entire country.<sup>8</sup>

A baseline survey to study the problems and needs of the communities in Akhalkalaki was conducted in 2017. Based on the survey results, the Local Development Strategy of Akhalkalaki was developed in 2017. According to the study results, the healthcare infrastructure is a major problem. Most of the population has a problem to access the medical facilities and pharmacies as most outpatient facilities serve 2-3-4 villages. In some places where there are medical facilities, people complain about the poor conditions in the facilities. The medical facilities need to be rehabilitated. In addition to the infrastructural problems, people are dissatisfied with the low qualification of the medical staff and pharmacists.<sup>73</sup>

According to the study findings, the residents of the Akhalkalaki, especially the young people, are dissatisfied with the sports infrastructure. Sports in the villages are in poor condition. In order to support a healthy lifestyle or sports activities, the residents demand that the sports infrastructure be developed.

According to the Concept of Promoting Economic Development of Samtskhe-Javakheti Region, the equipment of medical facilities in the region is not as good as that in the medical facilities of Tbilisi and other regions. As a result, patients often have to go to Tbilisi for complete, quality medical examinations, diagnosis and treatment, which, in turn, is associated with additional costs for the patients. According to the Samtskhe-Javakheti Regional Development Strategy, there is lack of medical specialists, especially surgeons and consequently patients seek medical advice in the capital of Georgia. Furthermore, there are 2.1 doctors per 1,000 inhabitants in the region, which is a lower rate compared to the other regions of Georgia.<sup>74</sup> Management of medical facilities is very weak. Considering the problems

71. Ncdc.ge

72. Health Care, Statistical Yearbook 2018, Georgia, NCDC

73. Baseline survey to study the problems and needs of communities to develop the LDS for Akhalkalaki, GIPA, 2017

74. Samtskhe-Javakheti Regional Development Strategy 2014-2021

regarding the modern medical equipment and the limited capabilities of medical staff, these factors negatively affect the quality of healthcare offered to the population in the region.

Problems, such as the low quality of medical care, lack of modern equipment and weak management and low qualifications of medical personnel are highlighted almost in all the municipal and regional level strategic documents, including Akhalkalaki Local Development Strategy, Concept of Promoting Economic Development of Samtskhe-Javakheti Region, Development Strategy of Samtskhe-Javakheti Region for 2014-2021, etc.

The availability of outpatient clinics that provide family planning services and consultations for women is limited in the regions, especially in the mountainous villages, including the villages in the Akhalkalaki municipality. Rural women have to go to a nearby village or a town to get services, which is associated with additional financial barriers for them. The problem of access to medical services in the villages is also coupled with lack of adequate equipment and necessary resources in the existing medical centers.<sup>75</sup>

## Rural Primary Health Care

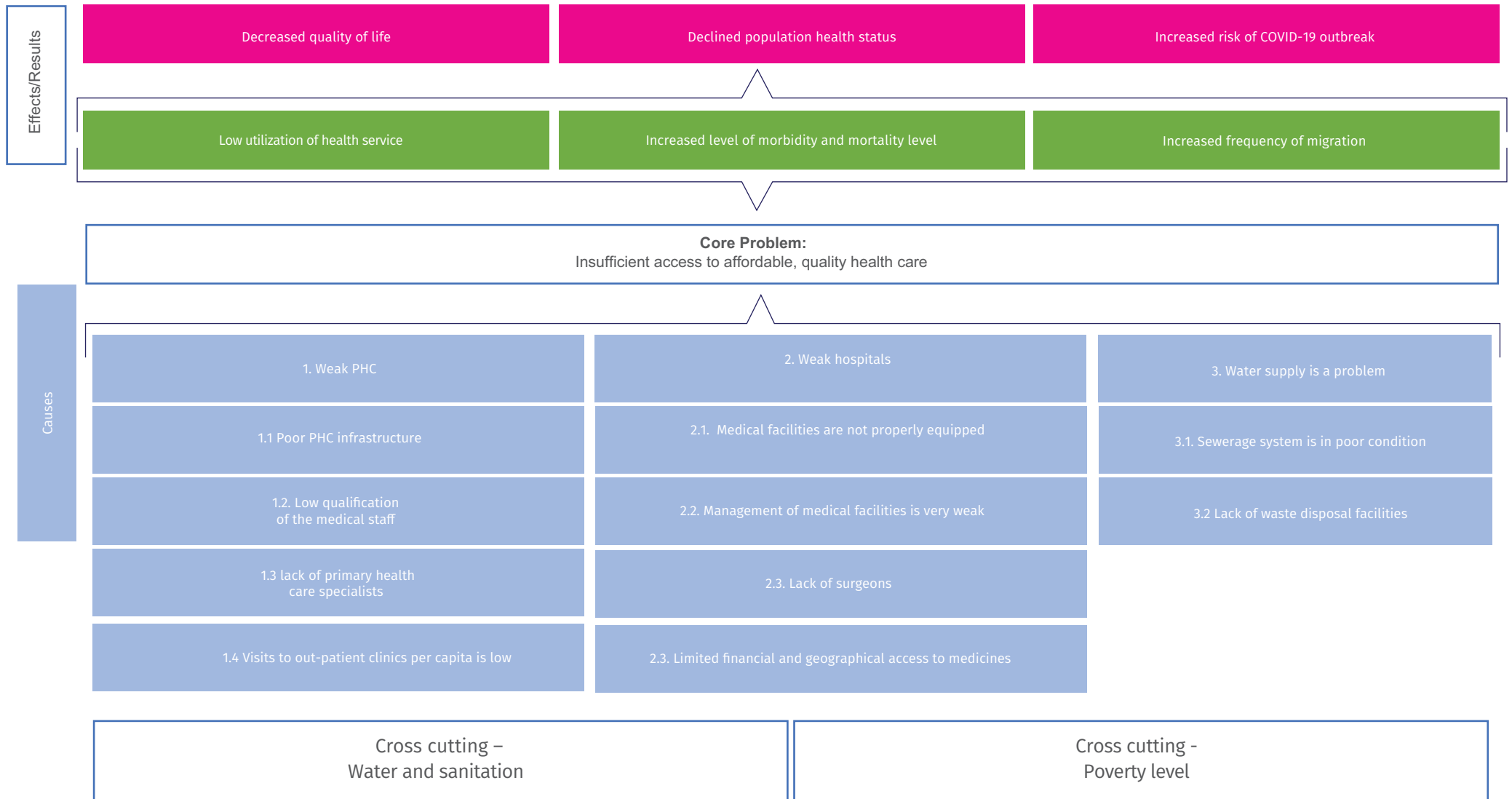
There are 24 rural doctors and 64 rural nurses employed at the rural out-patient clinics throughout the municipality. There are some villages where only nurses are functioning at Primary Healthcare (PHC) units. 4 new out-patient clinics were built in 2019-2020 and one was rehabilitated. Based on the interview with a local municipality representative almost 70% of doctors are pensioners (they are above 60 years of age). 90% of out-patient clinics need rehabilitation and reconstruction. Most often the facilities of the rural doctors are located in the old school buildings from where provide medical services (e.g., immunization). There is a shortage of medical personnel. The Akhalkalaki municipality borders two countries, and there are many ethnic minorities in the municipality and it is strategically very important to provide adequate health services at the local level.

According to the Local Population Survey conducted by UNDP in 2019, 25.3% of participants assessed the health infrastructure and services in the Akhalkalaki municipality as “fully satisfactory”, while 26.1% expressed full dissatisfaction. Only 1% of respondents with disabilities expressed full satisfaction with health infrastructure and services of the municipality.<sup>76</sup>

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





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

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



## P2 - Proposed Interventions (Healthcare Dimension of Local Community)

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

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P2-HE01 - Expansion of Program of Essential Medicines</li> </ul>	Essential medicines are those that satisfy the priority health care needs of the population. There is a need to expand this program for the population of Akhalkalaki.		<ul style="list-style-type: none"> <li>Ensuring basic health</li> </ul>	<ul style="list-style-type: none"> <li>Water and Sanitation</li> <li>Poverty Level</li> </ul>
<ul style="list-style-type: none"> <li>P2-HE02 - Health Workforce Growth Program</li> </ul>	Rural doctors play a significant role in preventing people from becoming impoverished. Rural doctors provide a range of health services to the 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. The qualified health workforce is urgently needed at hospital level.		<ul style="list-style-type: none"> <li>Ensuring basic health</li> </ul>	
<ul style="list-style-type: none"> <li>P2-HE03 – Rural Primary Health Care Facilities Improvement Program</li> </ul>	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 transitioning to electronic health information systems. However, it is compulsory for doctors and nurses to fill in annual medical form in electronic format. Access to the 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"> <li>Promoting basic physical infrastructure investments</li> </ul>	
<ul style="list-style-type: none"> <li>P2-HE04- Continued Medical Education for Medical Personnel</li> </ul>	The quality of health care services relies on a health care workforce that is young, trained, supported, and motivated to provide high-quality care. Qualified staff is particularly important to improve clinical care delivered in primary health care as well as hospital level; and engage and empowered the patient, family, and community.		<ul style="list-style-type: none"> <li>Providing education and training</li> </ul>	

## YOUTH DIMENSION OF LOCAL COMMUNITY

Several aspects comprise the youth dimension of the municipality including education, economic empowerment, participation and engagement in the community, sport and cultural life.

### Education

There are different education-related challenges in the Akhalkalaki municipality. In this case, the focus is on some issues in secondary, vocational, and higher education. There are 65 public and private general educational institutions with 7,049 students in the municipality. Compared to 2005, in 2020 the number of students dropped by 24.9%. According to 2014 Geostat data, 10.8% of 15 to 29 years old youth have higher education, while 7.72% of youth have vocational education.<sup>77</sup> Secondary school graduates have poor skills in Georgian and English languages. The qualifications of science teachers are poor, especially in physics, chemistry, mathematics, and biology, etc.<sup>78</sup>

One of the challenges in the youth development is education: the number of young people with vocational education and entrepreneurial skills is small, which hinders the development of non-farm entrepreneurship. The level of knowledge of foreign languages is also low, which is an important factor in the tourism development.

There are universities in the region – Samtskhe-Javakheti State University with its branches in Akhalkalaki and Akhaltsikhe, which offers limited educational programs to its students. 40% of secondary school graduates apply to various universities in Georgia and abroad.

**NEET Youth.** The share of youth that are neither employed nor are undergoing education or training (NEET) is quite high in Georgia. According to Geostat data, the share of NEET youth in 2018 was 31.6%.<sup>79</sup> The study which was conducted by the World Bank earlier shows that the share of NEET youth was 32.4% in 2014.<sup>80</sup> 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 Samtskhe-Javakheti region is 26.24%, which is the lowest indicator compared to the other regions of Georgia.<sup>81</sup>

NEET YOUTH IN GEORGIA BY REGIONS

REGION	%
Kakheti	37.47
Tbilisi	29.27
Shida Kartli	43.54
Kvemo Kartli	34.04
Samtskhe-Javakheti	26.24
Adjara AR	31.69
Guria	27.78
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

77. General Population Census 2014, Geostat

78. Akhalkalaki Local Development Strategy 2012-2022 2018-2020

79. Geostat 2018 (national level)

80. 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)

81. 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)

and involvement in economic activity. In terms of economic empowerment of young people, it is important to raise the level of motivation and awareness about entrepreneurship, and support their education and development of professional skills, as well as increase their access to financial resources and launch targeted youth entrepreneurship programs etc.

For economic empowerment of youth, the vision for long-term problem solutions should be created through introducing correct educational priorities. It is important that municipal authorities, via local arts and crafts institutions, offer such non-formal educational programs that will help the youth to acquire and develop entrepreneurial and economic knowledge and skills.

**Sources of Incomes.** It is interesting to assess the youth by the sources of their income in the Akhalkalaki municipality. The statistical data has revealed that 38.24% of 15-29 years of age youth are dependents on others, while 37.64% have income from their farms. 10.95% of the youth receive income from contract employment.<sup>82</sup>

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

INCOME STATUS	NUMBER
Dependent	4,030
Income from own farm	3,967
Salary from contract employment or other regular remuneration	1,154
Income from individual labor activity	543
Remittances from abroad	396
Other	153
Not specified	122
Pension	46
Other forms of government support	32
Income from own enterprise	30
Social assistance	30
Income from property	22
Total	10537

Source: Geostat.

**Economic Activity and Participation.** The population survey to identify non-farm economy needs has revealed that 34% of the young people interviewed in Akhalkalaki are employed, while 31.6% are unemployed, and 34.4% are not in the labor force. In the other municipalities, the average employment rate for the youth is higher (43.2%) with higher unemployment levels (33.9%).

2.1% of the youth employed, work in the private sector, 3.2% work in the public sector, while 26.5% are self-employed. In comparison to the other municipalities, the higher proportion of young people are employed in the private sector (10.1%), their share in the public sector employment is also higher (6.7%) while the average self-employment level is lower (16.9%).

The survey also revealed the issues of youth engagement in entrepreneurial activities. 50% of the youth surveyed had never thought about starting up a business, while 47% thought about it but were unable to do so and only 2.3% started or is planning to start a business. The findings for the other municipalities are as follows: the average proportion of the young people who have not thought about starting a business is lower (39.1%), the number of those who have thought but had a problem with starting a business is slightly higher (48.1%). In the other municipalities only 12.7% of the youth surveyed have started or are planning to start a business.<sup>83</sup>

The research results show that 80% of those who have thought about starting a business do not have relevant resources for it.

82. General Population Census 2014, Geostat

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



**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 the Akhalkalaki municipality, the program is based on the Youth Bank (YB) methodology. The project aims at improve the skills of the young people and allow them to take an active part in the development of their communities. The Proposed Youth Bank methodology, is an innovative way of increasing the youth participation by empowering them through training and offering them resources to find, fund, and manage such small youth-led initiatives that address local community issues. The project is open to young people aged 16 to 21.<sup>84</sup>

One of the programs, in which the youth from the Samtskhe-Javakheti region can participate is the EU4Youth SEAG initiative. The project supports the development of the entrepreneurial potential of young people in the field of social entrepreneurship. Specifically, it contributes to social cohesion, employment, decent work, inclusion, and reducing inequality. The project aims at providing creative young people with the necessary knowledge and skills to start sustainable social enterprises. The young participants of the Project can improve their skills, knowledge and capacities and get support through the increased access to finances, business support services, networks, and key market actors. The project is implemented by the Mercy Corps Georgia.<sup>85</sup>

## Civic/Community Engagement of Youth

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

There are several organizations in the municipality that work with youth, although none of them are youth-led organizations. Out of the mentioned organizations Akhalkalaki Youth Center and the Union of Democrat Meskhetians should be pointed out. Along with non-formal education trainings and workshops they implement various activities concerning civic activism and volunteerism, etc. The programs are funded by the United States Agency for International Development (USAID) that is implemented by the United Nations Association of Georgia (UNAG).<sup>86</sup>

In terms of the youth engagement programs, the project of the Europe Foundation (EPF) should be mentioned which is implementing Youth Integration Program in the municipality. The program is based on the Youth Bank (YB) methodology. The project aims at improving the skills of young people to enable them to take an active part in developing their community. The Proposed Youth Bank methodology, is an innovative way of increasing the youth participation by empowering them through training and offering them resources to find, fund, and manage such small youth-led initiatives that address local community issues. The project is open to young people aged 16 to 21.<sup>87</sup>

There is no local youth strategy at the municipal level. The municipality employees, who are responsible for youth issues, rarely participated in professional development programs. There are no mechanisms for the youth participation in the decision-making process. Based on the information from the municipality local youth initiatives are funded from the municipal budget. The municipal youth program does not include any of non-formal educational activities. Due to the COVID-19 pandemic, some of the youth programs are conducted online.<sup>88</sup>

## Sports and culture

Concerning the youth engagement in arts and crafts and sports activities in the Akhalkalaki municipality: the Municipality Sports School offers the following sports classes in: soccer, table tennis, rugby, karate, volleyball, and wrestling. A total of 180 students are engaged in the classes. 90 students are enrolled in the chess class. 400 students take the following sports classes in boxing, kickboxing at the Akhalkalaki Sports Compound. There is also a swimming pool in the municipality, where 70 students attend swimming lessons. Sports classes are offered in boxing, karate, wrestling in three different villages.

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

85. <https://www.seag.ge/>

86. Desk research

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

88. Information from the municipality

The Akhalkalaki arts and crafts program is broader and includes various directions (within each direction there are relevant thematic sections): the Association of Libraries comprises of the central library in the town and 16 village libraries; Clubs Association combines Akhalkalaki Culture Center and 32 clubs in the municipality villages; Music School, School of Fine arts, and Ashugi School.<sup>89</sup>

## Summary of Key Challenges and Needs

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

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• Low level of qualified teachers in schools</li> <li>• Vocational education and training programs are not available locally</li> <li>• Low engagement in non-farm entrepreneurship</li> <li>• lack of non-formal education opportunities</li> <li>• NO youth NGOs that would support youth participation in public and social life</li> <li>• Poor knowledge of Georgian and foreign languages</li> <li>• Access to the internet, especially in villages</li> </ul>	<ul style="list-style-type: none"> <li>• Offer relevant vocational education programs in light of local specificity</li> <li>• Promote volunteerism and the youth initiatives</li> <li>• Develop key personal competencies that will help the youth to overcome challenges in life.</li> <li>• engage the youth in the decision-making process</li> <li>• Support creation of youth non-governmental organizations</li> <li>• Increase access to financial resources for new startups</li> <li>• promote engagement in non-farm entrepreneurship</li> </ul>

89. Akhalkalaki municipality budget and program; public data

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



## P2 - - Proposed Interventions (Youth Dimension of Local Community)

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

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P2-YU01 - Promotion Different Ways of Youth Participation</li> </ul>	<p>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</p>		<ul style="list-style-type: none"> <li>Providing education and training</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU02 - Support to Develop Local Youth NGO</li> </ul>	<p>One of the ways of youth participation in public and civic life can be through their engagement in youth non-governmental organizations. Project implementation will support the democratic participation of young people in local community and society. Membership of youth NGO gives possibility for self-development and chance to gain knowledge about things like Environmental protection, equal rights, civil and public participation, communication skills and other useful features. It also allows young people to express themselves on behalf of their community or other youth in order to address local needs and challenges.</p>		<ul style="list-style-type: none"> <li>Building social capital</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU03 - Volunteers in Action</li> </ul>	<p>The goal of the program is to promote volunteerism, enhance civic awareness among youth, and break stereotypes around volunteerism. Program gives opportunity of increased youth participation in public and social life, to take an initiative and implement such activities that will correspond to the needs and specificities of the local communities.</p>		<ul style="list-style-type: none"> <li>Building social capital</li> </ul>	
<ul style="list-style-type: none"> <li>P2-YU04 - Akhalkalaki Municipal Local Youth Policy Strategy</li> </ul>	<p>Local self-government bodies have a special role in defining the local youth policy. Therefore, it is necessary to have a municipal strategy to support the development of youth, which will consider the specific needs and interests of young people living in the municipality that will serve to improve the situation of young people. Development and adoption of local youth strategy will have a positive impact on rural living conditions of young people and will support the diversification of economic opportunities.</p>		<ul style="list-style-type: none"> <li>Building government capacity</li> </ul>	

## GENDER DIMENSION OF LOCAL COMMUNITY

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.

**Review of Social Status.** There are only 23 women and 92 men in the City Hall. 13 men, 6 women are on managerial positions in City Hall. 2 women and 0 men are on the managerial position in the City Council.<sup>90</sup> Among the members of City Council (Sakrebulo) there are 36 men and 2 women.

In 2018, based on the decree N35 of the Municipality, Gender Equality Council of Akhalkalaki was established, which consists of 7 members (4 women and 3 men).<sup>91,92</sup> Although there are non-governmental organizations and one women's NGO in the Akhalkalaki municipality, there is no civil society representative among the members of the Gender Equality Council.

In 2018, based on the decree # 42 the Gender Equality Council of Akhalkalaki approved the Municipal Gender Equality Action Plan for 2018-2019.<sup>93</sup> One of the priorities of the plan is women's economic empowerment (Article 2.7. Article 2.8), according to which programs and activities that support the employment of the population, including professional creative educational programs for rural women and socially vulnerable women should be provided. According to the plan, financial participation in micro and small business support programs should be ensured. No funds have been allocated from the local budget for the implementation of the activities envisaged in the action plan. Since 2019, the Gender Equality Council has not approved a Gender Equality Action Plan for the following years.

The Women's Room has been operating in the municipality since 2014. One of its services is the promotion of women's economic participation and strengthening their skills. In 2019 the number of visitors is 180, from which 60 women participated in trainings. In 2020 only 15 women received services from Women's Room. No services have been provided to the population during the COVID-19 crisis.<sup>94</sup>

**Civil Society.** There are several non-governmental organizations in the Akhalkalaki municipality, among them are a women's organization named "Women of Samtskhe-Javakheti for a Peaceful Georgia", and three other organizations that implement the activities aimed at supporting women's rights and gender equality.<sup>95</sup>

As it is mentioned in Akhalkalaki Local Development Strategy, NGOs do not have information about the programs available in the municipality and the projects funded by donors. Coordination between these organizations is less productive. Interaction and cooperation with the local authorities are ineffective. Their capabilities and sustainability mechanisms are weak. In addition, they have in great need of specialists in certain professions, such as accounting and finances.<sup>96</sup>

**Employment.** In order to promote the social integration of ethnic minorities it is necessary to teach the Georgian language to them. Household jobs, such as taking care of home/yard, preparing food, doing laundry, etc. are women's responsibilities, while activities outside the home are the prerogative of men. Although physical, hard labor is largely men's responsibility, harvesting and livestock farming also requires a great deal of physical effort from women do. Important decisions are mostly made by men while women usually make day-to-day decisions, such as preparing food and taking care of children. In addition, women buy household essentials from the family budget. However, the status of "head of the family" still belongs to men. Finally, gender disbalances are revealed in the other areas and values as well, although the potential for increasing the role of women has been also observed.<sup>97</sup>

The Department of Rural Development at the Georgian Institute of Public Affairs (GIPA / GRDD) is implementing the project "Promoting a New Rural Development Approach in Akhalkalaki". The project partners are Mercy Corps, ELVA - Community Engagement and West Corc Development Partnership. The project is funded under the European Neighborhood Program for Rural and Agricultural Development (ENPARD). In the framework of the project Local Action

90. *Map of Institutional Mechanism of Gender Equality, 2020, Women's Information Center*

91. *Decree N35 of City Council of Akhalkalaki Municipality, 2018, Legislative Herald of Georgia*

92. *Map of Institutional Mechanism of Gender Equality, 2020, Women's Information Center*

93. *Decree # 42 of City Council of Akhalkalaki Municipality, 2018, Legislative Herald of Georgia*

94. *The person responsible on gender equality and women's room manager of Akhalkalaki municipality*

95. *The person responsible on gender equality and women's room manager of Akhalkalaki municipality*

96. *Akhalkalaki Local Development Strategy*

97. *Akhalkalaki Local Development Strategy*

Group (LAG) is created, which has 30 members, 22 men and 8 women. The women's organization mentioned above is not a member of LAG.

**Trust in Information Networks.** In Akhalkalaki municipality, 47,1% of women and 52,3% of men have full or high trust in the civil sector. However, more than half (52.9%) of female and 47.7% of male respondents do not trust NGOs. Female respondents have a higher confidence level in receiving information from initiative groups (50.1%) than from the media, the municipal government or the regional or central governments.

In the Akhalkalaki municipality, *women have more trust in television and print and online media than men*. 67.5% of female and 60.5% of male respondents have very high trust in television, while 53.5% of female and 52.8% of male respondents very high trust in television in print and online media. The women (35,6%) and men (36.9%) surveyed have the least trust in posters and flyers.

*Regarding International organizations such as EU and UN, 70.9% of women and 77,9% of men trust EU, while 63,5% of women and 55,7% of men trust UN. Trust in the Russian Federation in the municipality is higher than trust in the UN or the EU - 72,6% of women and 80 % of men trust the Russian Federation. There is a high distrust in Turkey in the municipality - 92,3% of female and 91,2% of male respondents do not have trust in Turkey. Trust in banks is quite high in the municipality, 64% of female and 63.6% of male respondents trust the banks.*

The respondents in the Akhalkalaki municipality were more *willing to receive information from the municipal government* (40% of female and 50.7% of male respondents were more willing to do so) than from the *central government* (37,6% women and 45,8% men), and from the *governor* (38.6% of women and 43,6% of men). These data indicate that women's expectations of receiving information from the government are lower than those of men, *indicating a low probability of women receiving information from the government and have a lack of communication with the government.*

*It is important to note that trust in information received from women's organizations is higher in the municipality than trust in information received from other local, non - governmental, international organizations and the government. It should be noted that the desire to receive information from women's organizations is quite high among male respondents, which is completely different from other municipalities. At the same time, it is interesting that there is only one women's organization in the municipality and it is likely that organizations operating in other municipalities or in the capital are operating in the Akhalkalaki municipality as well.*

The data show that receiving information from local initiative groups has a higher rating than receiving information from NGOs: 51.1% of female and 52,6% of male respondents are willing to receive information from the local initiative groups, while 37.5% of female and 44,2% of male respondents would like to receive it from NGOs. The respondents trust more the information provided by women's organizations than the information provided by the NGOs.

*48.5% of women and 55,7% of men surveyed are willing to receive information from banks. i.e. the respondents are also more willing to receive information from banks than the respondents in other target municipalities (e.g., as Dedoplistskaro, Keda and Khulo).*

**Project Funding.** No projects have been funded within the industrial segment of the state program c "Enterprise Georgia" in 2018-2019, and the number of beneficiaries funded under the micro and small entrepreneurship segment of this state program is 15, of which 4 (27%) are female beneficiaries.

Within ENPARD 2, a total of 43 projects were funded, out of which 17 projects were submitted by women.<sup>98</sup> The 2 projects were submitted by the cooperative, which has female members.

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

13.3% of women and 32.9% of men are unemployed, 39,9% of women and 45.7% of men are employed, 46.6% of women and 21.4% of men are not economically active in the Akhalkalaki municipality. *Almost half of the women are not economically active, which is probably due to the workload in the family and existing attitude in the society and stereotypes about women's activities.*

98. Local LAG



The majority of the people employed are self-employed: 26.4% of women and 35.7% of men. In the public sector 9.2% of women and 6.4% of men are employed. The private sector employs 1.7% of women and 3.7% of men. 3.7% of women and 2.6% of men are involved in a family business.

**Starting a Business.** The main reason why 49.8% of female and 52.8% of male respondents did not think about starting a business is the lack of adequate resources to start a business. In case of 8% of female and 11.7% of male respondents did not start their own businesses because they were satisfied with their income. Also, lack of business ideas is mentioned by 8.6% of female and 4.1% of male respondents. It is interesting that women cited family responsibilities (6.4%) as one of the reasons, *which in the case of women confirms double workload and family responsibilities as the main barrier to women's economic activity, plus the unequal environment for their active engagement, and the need of extra efforts to facilitate women's economic activity. This is confirmed by the respondents themselves, especially by the women, who believe that women need special support to start a business.* 82.6% of female and 78.8% of male respondents fully or partly agree with this opinion.

More than half (55.9%) of female and 48.2% of male respondents did not think about starting a business. The main reason for both, men (54%) and women (59.5%) is the lack of adequate resources to start a business. 42.1% of female and 47.8% of male respondents did think of starting a business but could not accomplish it. Only 2% of female and 4% of male respondents wanted to start a business and succeeded in it.

**Education.** There are different types of problems and needs regarding education that can be addressed at different levels, such as kindergarten, secondary education, vocational education, higher education, and training (including awareness rising).

It is important to have good quality preschool facilities that are accessible to all the parents. Preschools play an important role in social and economic life and in shaping the local community. The smooth operation of kindergartens is especially important for women, as they mainly take care of children. According to the survey, the management system of the kindergartens, nutrition and sanitation in the Akhalkalaki municipality are poor and need to be improved.<sup>99</sup>

According to local estimates, the number of secondary school students has decreased by about 40%. Almost 80% of students graduate from secondary school. Knowledge of languages (Georgian and English) among graduates is particularly low, and the Armenian-language educational programs for ethnic minorities do not correspond to the Georgian-language national curriculum. The survey conducted highlights that school teachers need trainings to improve their skills.<sup>100</sup>

The number of students who have dropped out (excluded, suspended, expelled) from the secondary schools is quite high. Based on the data of 2019, 156 students (76 girls, boy 86), while in 2015 -213 (girl-92, boy 121) dropped out the school. However, if we compare the data of 2019 and 2015, the total figure of girls and boys who dropped out has reduced by 1.3 times. This indicator is especially declining in girls from 2016 which is probably related to the tightening of the law. However, it should be noted that although the number of male students dropped out from secondary school is higher compared to that of girls who, in 2019 the percentage of girls who dropped out increased compared with boys.<sup>101</sup>

Vocational education is of low quality. People with occupations do not have relevant qualifications. They are self-taught. There are no vocational schools in Akhalkalaki municipality. The nearest vocational school is in Akhaltsikhe, however, it is quite far away for the residents. There is a need for vocational educational institutions.<sup>102</sup>

According to the Ministry of Education, the number of graduates of vocational programs at the educational institutions the number of women exceeds the number of boys from 2015 to 2019 (the exception is 2018 for which there is no data available for neither female nor male students) and in 2019 8 females and zero man graduated from the vocational programs.

According to the Ministry of Education, the number of students at the vocational education programs with suspended or terminated status is recorded only in 2017 and 2019. In 2017, a total of 33 students dropped out from school (18 women, 15 men) and 1 female student and none of male students dropped out in 2019.<sup>103</sup>

99. Baseline Survey for Akhalkalaki LDS Development Study of the Community Problems and Needs, 2017, GIPA, European Union

100. Baseline Survey for Akhalkalaki LDS Development Study of the Community Problems and Needs, 2017, GIPA, European Union

101. The number of students in secondary and vocational education, 2019 Ministry of Education, Science, Culture and Sport of Georgia

102. Baseline Survey for Akhalkalaki LDS Development Study of the Community Problems and Needs 2017, GIPA, European Union

103. Number of students with terminated and suspended status of vocational education programs, 2019 Ministry of Education



From these data we can conclude that more women dropped out from school, likely due to the patriarchal norms but the reason may also be related to starting a family.

According to local estimates, 40% of high school graduates want to continue higher education. Students study in Akhalkalaki, Yerevan and Tbilisi Universities. Now the trend is changing in favor of the Georgian-language universities.<sup>104</sup> The positive trend is probably related to the “1 + 4” program, which gives some benefits representatives of ethnic minorities, and their number annually increases from 2010.

One of the problems in the municipality is the lack of educational / training centers, including libraries.

The study mentions that it is necessary to organize trainings and consultations in various areas, eg. training of farmers. It is important to create cooperatives, use modern technologies, provide language courses and vocational trainings, conduct awareness-raising trainings for women on family conflicts, and establish demonstration plots to show tangible results.<sup>105</sup>

## Summary of Challenges and Needs

CHALLENGES	NEEDS
<ul style="list-style-type: none"> <li>• STEREOTYPES CONNECTED WITH THE ROLE OF WOMEN IN THE FAMILY AND SOCIETY, AS WELL AS STEREOTYPES IN THE LABOR MARKET</li> <li>• LACK OF WOMEN’S ORGANIZATIONS AND INITIATIVE GROUPS, ATTITUDES TOWARDS WOMEN’S ORGANIZATIONS (ONLY ONE ORGANIZATION EXISTS)</li> <li>• WEAKNESS AND CAPACITY BUILDING OF NGO AND WOMEN’S ORGANIZATIONS AND AMONG THE POPULATION</li> <li>• DOUBLE WORKLOAD OF WOMEN IN THE FAMILY. AND LACK OF TIME FOR DEVELOPMENT AND PARTICIPATION IN PUBLIC LIFE, FAMILY RESPONSIBILITIES</li> <li>• LOW RATE OF WOMEN WITH VOCATIONAL AND ESPECIALLY HIGHER EDUCATION</li> <li>• LOW ECONOMIC ACTIVITY OF WOMEN</li> <li>• LACK OF SERVICES AND PROGRAMS FOR WOMEN’S OPPORTUNITIES DEVELOPMENT</li> <li>• LOW PARTICIPATION OF WOMEN AT THE DECISION-MAKING LEVEL</li> <li>• PROBLEMS WITH THE IMPLEMENTATION AND EFFICACY OF INSTITUTIONAL WORK TAKEN BY THE GENDER EQUALITY ACTION PLAN</li> <li>• POVERTY AND MIGRATION OF MEN AND WOMEN</li> <li>• UNSATISFACTORY KINDERGARTEN INFRASTRUCTURE</li> <li>• FAULTY INFRASTRUCTURE AND ACCESS TO SERVICES - WATER, THERE IS NO MUNICIPAL TRANSPORT, UNREGULATED TRANSPORT, ETC. INSUFFICIENT NUMBER OF KINDERGARTENS IN THE MUNICIPALITY</li> <li>• LACK OF GENDER SENSITIVITY AT DECISION-MAKING LEVELS</li> <li>• INSUFFICIENT SERVICES AND PROGRAMS FOR WOMEN</li> <li>• COVID19 CRISIS AND WOMEN</li> <li>• LANGUAGE BARRIER OF ETHNIC MINORITY WOMEN</li> <li>• KINDERGARTENS</li> <li>• THE LACK OF SPORTS, CULTURAL AND EDUCATIONAL FACILITIES FOR WOMEN AND CHILDREN</li> <li>• THE LACK OF SHARING GOOD PRACTICES</li> <li>• LOW RATES OF COMMUNICATION BETWEEN WOMEN AND LOCAL GOVERNMENT</li> </ul>	<ul style="list-style-type: none"> <li>• TO ESTABLISH WOMEN’S INITIATIVE GROUPS AND WOMEN’S ORGANIZATIONS</li> <li>• TO STRENGTHEN THE EXISTING NGOS AND SUPPORT THEIR ENGAGEMENT IN THE MUNICIPAL AND OTHER PROGRAMS</li> <li>• TO RAISE THE IMAGE OF WOMEN’S ORGANIZATIONS</li> <li>• TO INCREASE THE REPRESENTATION OF WOMEN’S INITIATIVE GROUPS AND NON-GOVERNMENTAL ORGANIZATIONS IN THE GENDER EQUALITY COUNCIL</li> <li>• TO PROMOTE WOMEN IN TERMS OF HIGHER AND VOCATIONAL EDUCATION</li> <li>• TO ENSURE THE MEANINGFUL INVOLVEMENT OF WOMEN IN THE DECISION-MAKING PROCESS</li> <li>• TO ADOPT NEW GENDER EQUALITY ACTION PLAN FOR THE COMING YEARS TO REFLECT THE NEEDS OF WOMEN FOR WOMEN’S EMPOWERMENT, INCLUDING ECONOMIC EMPOWERMENT</li> <li>• TO RAISE AWARENESS OF DECISION-MAKERS ABOUT WOMEN’S RIGHTS AND GENDER EQUALITY AND INTERNATIONAL AND LOCAL OBLIGATIONS</li> <li>• TO INVOLVE WOMEN IN THE BUDGET DEVELOPMENT PROCESS OF THE MUNICIPALITY</li> <li>• TO STRENGTHEN THE CAPACITY OF THE MUNICIPAL SERVICE - WOMEN’S ROOM TO SUPPORT WOMEN AND THEIR ECONOMIC EMPOWERMENT</li> <li>• TO TAKE SPECIAL MEASURES IN TERMS OF WOMEN’S ECONOMIC EMPOWERMENT</li> <li>• TO PROVIDE INFORMATION TO WOMEN, ESPECIALLY FROM THE CENTRAL GOVERNMENT, GOVERNOR’S OFFICE AND THE MUNICIPALITY</li> <li>• TO COVER WOMEN’S ECONOMIC ACTIVITIES AND SUCCESS STORIES</li> <li>• TO CREATE EDUCATIONAL CENTERS AND LIBRARIES</li> <li>• TO ESTABLISH EDUCATIONAL ENTERTAINMENT CENTERS FOR PRESCHOOL AND JUNIOR HIGH SCHOOL STUDENTS</li> <li>• TO CREATE SPORTS AND EDUCATIONAL SPACES TAKING INTO ACCOUNT GENDER ASPECTS</li> <li>• TO SHARE WOMEN’S SUCCESS STORIES BETWEEN THE MUNICIPALITIES</li> <li>• TO CREATE DEMONSTRATION PLOTS</li> <li>• TO CONDUCT INTEGRATED ACTIVITIES FOR WOMEN OF DIFFERENT ETHNIC BACKGROUNDS DIRECTED TO SUPPORT COMMUNICATION BETWEEN THEM</li> </ul>

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

Results	Low Level of Economic Development	Women's vulnerability and poverty	Women's migration
	Women are not able to influence economic development	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

Secondary Causes	1. Women's role in family, double workload	2. Faulty and insufficient municipal infrastructure, including kindergartens	3. Limited access of women to information, services, and programs	4. Low number of existing women's organizations	5. Lack access to personal development opportunities
	1.1 Gender Stereotypes, Social and, patriarchal norms and customs	2.1 Low Gender sensitivity of decision -makers	3.1 language barrier	4.1 Weakness and capacity of women's organizations	5.1 Insufficient higher and vocational education
	1.2 Reproduction of stereotypes in the education system and on the labor market	2.2 Low involvement of women in the process of setting priorities			
	1.3 Inconsistent gender policy of the state and local municipalities	2.3 Neglected gender mainstreaming in municipal programs			

Cross-cutting:

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

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 – community, relevant to gender aspects. More detailed descriptions of all proposed interventions are provided in the Annex of this document.

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	Cross-Cutting Programs
<p><b>(Economic Participation)</b></p> <ul style="list-style-type: none"> <li>• P2-GE01- Gender Mainstreaming in Municipal Programs</li> <li>• P2-GE03 - Strengthen the Capacity of Women’s Rooms</li> </ul>	<p>The 5th goal of the 2030 Agenda for Sustainable Development Goals is Gender equality. The aim of goal 5 is to achieve gender equality and empower all women and girl. Ending all discrimination against women and girls is not only a basic human right, it’s crucial for sustainable future; it’s proven that empowering women and girls helps economic growth and development. International practice shows that low participation of women in the economy hinders economic growth and negatively affects development. Women’s economic activity in Georgia is low, which affects the quality of life of women and the well-being of their families. The situation in the municipality of Akhalkalaki is the same.</p>		<ul style="list-style-type: none"> <li>• Gender mainstreaming in development</li> </ul>	<p>Economy and infrastructure Social, health</p>
<p><b>(Engagement in Socio-economic Life)</b></p> <ul style="list-style-type: none"> <li>• P2-GE04 - Awareness-raising Campaign on Gender-Sensitivity Opinion-leader Men and Women</li> <li>• P2-GE05 - Supporting Women’s Initiatives and Community Groups</li> </ul>	<p>Ensuring women’s engagement in socio-economic life is important because the municipal programs without women’s participation cannot reflect the needs and priorities of all its population, men and women, boys and girls, including ethnic minorities. All this hinders development, human well-being and violates democratic principles.</p>		<ul style="list-style-type: none"> <li>• Gender mainstreaming in development</li> </ul>	
<p><b>(Education and Training)</b></p> <ul style="list-style-type: none"> <li>• P2-GE02. Educational Center to Support Women’s Economic Activity.</li> <li>• P2-GE06. Informal Education Courses for Children to Support Women and Their Families</li> </ul>	<p>Women face double workload and social norms in case of ethnic minorities language barrier, 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"> <li>• Gender mainstreaming in development</li> </ul>	
<p><b>(Gender-Sensitive Approach by Local Authorities)</b></p> <ul style="list-style-type: none"> <li>• Gender-sensitive Infrastructure and Programs/services By Local Authorities</li> </ul>	<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"> <li>• Gender mainstreaming in development</li> </ul>	

# **5 PRIORITY 3 (P3) – ENVIRONMENT**

**Geography and Natural Assets**

**Environmental Infrastructure and Services**

**Environmental Pressures, Impacts and Key Issues**

## 5. PRIORITY 3 (P3) – ENVIRONMENT

### GEOGRAPHY AND NATURAL ASSETS

**Location, Relief and Geology.** The Akhalkalaki municipality is situated on the Javakheti Plateau at an altitude of 1,500-3,300 m above sea level (ASL). It neighbors Aspindza on the west, Ninotsiminda on the east, Borjomi on the north-west and Tsalka on the central-east parts of the region. The southern part of the municipality borders Turkey. Total area of the municipality is 1,234.8 km<sup>2</sup>, which is 1.8% of the territory of entire country and 23.5% of the southern region of Georgia.

A large part of the region represents the Akhalkalaki Plateau, with relatively plain wavy relief, ranging on average from 1,600 m ASL to the north-west and 2,200 m ASL to the south-west. This plain surface is intercepted by numerous lakes, swampy caves, and canyon-like river gorges. Geo-morphologically, it is divided into following distinct parts: i) lowland side, ii) north lowland-hilly side, iii) southeast hilly side and iv) Nialiskuri Ridge. The Akhalkalaki Plateau stretches over 35-40 km in the meridional direction from the upper part of the Mtkvari gorge to the Javakheti Range in the south and its width is up to 25-30 km.<sup>106</sup> The uphill relief is met only in the north. The Javakheti Plateau is almost entirely surrounded by ranges, including Samsari, Trialeti, Javakheti, Nialiskuri ranges, which are significant climatic barriers to the region. More specifically, to the east it is bordered by the Abul-Samsari Range with Mount Didi Abuli (3,301 m ASL) on top of it. It is a volcanic range of the Lesser Caucasus Mountains and rises above the Javakheti and Tsalka Plateaus. The range itself is 40 km (25 mi) long and runs north to south from the Ktsia to the Paravani River gorges. Other notable peaks of the range include Mt. Tavkvetili (2,583 m or 8,474 ft), Shavnabada (2,929 m or 9,610 ft), and Samsari (3,285 m or 10,778 ft).

The Javakheti Range (also Kechut Range or Wet Mountains) is a volcanic range in southern Georgia and northern Armenia. It is about 50 km (31 mi) long and runs north to south from Trialeti to Bazum Range. The highest peak is Achkasar at an elevation 3196 m (10485 ft) above sea level. Other notable peaks include Leyli (3154), Yemlikli (3054), Garanlig (3039), Aghrigar (2973) and Shambiani (2923). The Javakheti Range is known for a lot of rainfall too. The name of Wet Mountains originated herein. The range is mainly covered with alpine meadows and grasslands. There is a number of small-sized lakes in and around the Javakheti Range. The Nialiskuri Ridge (same as Chrdili or Childir) is a sub-merged volcanic ridge in the southern part of the Javakheti Plateau. The highest place is the peak Uchtapalar (3,011 m). It has a wide toe and weakly parted slopes. Lower parts of Nialiskuri Ridge are lined with meadows developed on the black earth mountain soils, middle parts – with subalpine meadows, and upper slopes and ridges - with alpine grasses developed on the peat-meadow soils, etc.<sup>107</sup>

According to the scheme of tectonic distribution of Georgia (I. P. Gamkrelidze, 2000), the target area belongs to the Small Caucasus Folded System (III system), Artvin Bolnisi Zone (Zone III2) and Javakheti Sub-zone (Subzone III21). Stratigraphically, the municipality is represented mainly by Upper Pliocene-Lower Quaternary continental deposits, with volcanic formations, which lithologically belong to the Tsalka-Akhalkalaki series, composed of basalts, dolerites, andesite basalts and andesites. In volcanic rocks of some areas, lenses of lacustrine conglomerates, sands, sandstones and clays sediments and intermediate layers are found.<sup>108</sup> The Akhalkalaki Plateau is built with effusive rocks (volcanic rocks formed by a nonexplosive outpouring of lava in molten or plastic form). The Upper Pliocene dolerite deposits are spread on the surface, at the base of which is a volcanic series of Neogene Goderdzi Series. Lacustrine (lake) sediments are widespread in some places. The mount Samsari's floor is covered by the rocks from the mountain's last eruption.

The Akhalkalaki municipality consists of 22 administrative territorial units, which include 64 villages and Akhalkalaki town - the administrative centre of the municipality. According to the National Statistics Office of Georgia, by 1 January 2020, total population size of Akhalkalaki municipality was estimated at 39,401, with 22,202 urban population and 17,199 rural population.

**Climate.** The climate is transitional from moderately humid to arid continental mountainous climate. Winter knows little snow and cold. Average annual temperature is +4-6 ° C, January – -5, -10 ° C, July +15-16 ° C; Absolute minimum -34 ° C, -41 ° C (in the southern part), absolute maximum +30-35 ° C; Annual average precipitation – 600-750 mm. Despite

106. Source: *Seismic hazard assessment of the territories of Akhalkalaki and Korkhi HPPs*. Tbilisi. 2019. Geophysics Association of Georgia

107. Source 1) *Akhalkalaki Local Development Strategy 2018-2020*. February 2018. Akhalkalaki Local Action Group; 2) *Wikipedia*

108. Source: *Environmental Impact Assessment report (non-technical summary). Construction and operations of 9.1 MW installed capacity hydropower plant and 35 kV transmission line*. LLC Aisi. Author: Gama Consulting

seasonal unsteadiness of temperature, day and night temperature fluctuations are significant here. This makes the essential character of the continental climate in Samtskhe-Javakheti region. The impact of atmospheric processes, which is very active in whole Georgia, is weakened in Javakheti. Invasion of air masses from west or from east does not give a significant change here. In the central and open parts of the region average temperature amplitude reaches +24 °C. Duration of the sunshine is higher here and exceeds 2,500 hours in the main part of territory. An average number of days without frost are 100-130 per year. Generally South-east and North-west winds dominate in the municipality. In winter, an average wind speed is 3-4 m/sec, which is quite high. In summer wind speed is 2-3 m/sec, which is a positive factor for producing nectar (beekeeping). Heavy rains and hail are also characteristic to the target area.

**Water Resources.**<sup>109</sup> The Akhalkalaki municipality has significant water resources, which are unequally distributed between its different parts. All rivers of the municipality belong to the Kura (Mtkvari) River Basin, almost entirely covering the municipality. Total area of the basin on the target territory is 1,233.89 km<sup>2</sup>. Major tributaries of the Mtkvari River flowing within the municipality are the Paravani and Korkhi Rivers, with numerous tributaries.

*The Paravani River* originates from the southern end of the Paravani Lake at an altitude of 2,080 m ASL and flows into the Mtkvari River from the right near Khetvisi village. The total length of the river is 74 km, the total drop is 960 meters, the average slope, 13.0 ‰, the catchment area is 2,352 km<sup>2</sup>, average height – 2,120 meters. The river feeds on groundwater, snow and rain water. Under the influence of Paravani, Evening and other lakes, the flow of the Paravani River is quite regulated. Floods are known in the spring, low waters – in August – end of February. 38% of annual runoff is accounted for spring flow, 30% - for summer flow, 15% - for fall flow and 17% - for winter flow. The average annual flow at the confluence is 28.9 m<sup>3</sup>/sec. After leaving the Paravani Lake, the river flows into a valley. Then it narrows and takes on a box-like shape. From Kaurmi village to the confluence, it flows within canyon-like gorges intercepting the volcanic plateau. The width of the bottom of the valley is from 250-400 m (at source) varying up to 25-50 m (below Akhalkalaki). There are numerous small islands. The width of the river flow varies from 3 to 60 m,

Depth from 0.2 to 0.8 m, and velocity from 0.5 m /sec to 2-2.5 m /sec. Ice events occur on the river, not exceeding 4 months, with extremely rare cases of complete freezing of the river during extraordinary cold winters. The average duration of this phenomenon is 19 days and the maximum (1953-54) – 77 days. The river is used for hydropower generation and irrigation purposes.

*The Murjakhetskali River* (same as Kirkhbulakhi, Dlivistskali) is a left tributary of the Paravani River. Its total length is 32 km, catchment - the catchment area is 196 km<sup>2</sup>, and the average height is 1,980 m. It originates on the northern slope of the Nialiskuri Ridge, 2,760 m ASL. The total drop is 1,143 m, the average slope – 35.7 ‰, and the average height is 1,980 m. It feeds on groundwater, snow and rain water. Floods are known in spring, low water - in the rest of the year, the average annual flow at the confluence is 0.91 m<sup>3</sup>/sec. Used for irrigation. The village of Murjakheti is built on the river bank.

*The Korkhi (Arakvistskali, Baraletistskali) River* takes its source from the Mount Motskriskokhi (2,249.3 m ASL) at an altitude of 1,854 m ASL from the springs on the south-western slope and flows in the Paravani River from right side near Korkhi village at an altitude of 1,574 m ASL. Total length of the river 30 km, total drop 280 m, average slope 9.33 ‰, catchment – 405 km<sup>2</sup>, the average height of the basin – 2,080 m ASL meters. The river basin is located on the Akhalkalaki volcanic plateau. The eastern part of the river runs along the Samsar Ridge. North, West, South to the South-east the river basin is bordered by Tabatskuri Lake and Chobareti and Akhalkalaki rivers. The weakly fragmented relief of the river basin is characterized by depressions where small lakes and wetlands (swamps and marshes) are formed. Geologically, the basin is built of volcanic andesites and basalts covered with black soils. The river gorge from the headwater to Orja village is box-shaped and then near the confluence – V shapes. The river floodplain and its vegetation is found only within the box-like valley. Here the width varies from 5-10 to 25-30 m. During floods the floodplain is covered with a 0.5-0.7 meters high water layers. The river bed is twisted. Its width varies from 5 to 20 m, depth from 0.5 to 1.5 m, and velocity – from 0.3-1.0 m /sec to 1.8-2.5 m/sec. The river is fed by snow, rain, and groundwater. Its water regime is characterized by spring floods, relatively stable low water – in summer-fall and unstable low water – in winter. Almost 45% of annual flow is accounted for spring, 13% – for summer, 14% – for fall and 28% – for winter. Max. number of days with ice events is 88. The river is used for irrigation purposes and for rural mill work.

109. Source: 1) Ivane Javakhishvili Tbilisi state university, *Geomorphological evaluation of Akhalkalaki Municipality, Analysis of Exodynamic Processes* “, Master’s program „ *Geomorphology, Cartography and Landscape planning* “, Faculty of Exact And natural sciences, Geography Department, Tbilisi State University; 2) National Environmental Agency (NEA), MEPA. 3) *Environmental Impact Assessment report (non-technical summary). Construction and operations of 9.1 MW installed capacity hydropower plant and 35 kV transmission line.* LLC Aisi. Author: Gama Consulting.



*The Chobareti River* is a right tributary of the Paravani River. The headwaters are located on the southern slope of the Trialeti Range, at an altitude of 2,355 m ASL. The length of the river 23 km, catchment 106 km<sup>2</sup>. It feeds on snow, rain, and groundwater. Spring is characterized by floods, the rest of the year – by low waters. The average annual flow at the confluence is 0.85 m<sup>3</sup> /sec.

The Gandzikhevi River is a left tributary of the Paravani River and mostly flows in Ninotsminda municipality.

There are numerous small to large lakes in the municipality, whose description is given in table below.

#### Javakheti lakes located in Akhalkalaki municipality

#	NAME	DESCRIPTION
1	KHOZAPINI (KARTSAKHI)	Alkaline lake in the Caucasus Mountains. It sits on the international border between Georgia (53%) and Turkey (47%). The village of Kartsakhi lies near lake northeastern bank. It is the second largest lake in Georgia, covering an area of 26.3-26.6 km <sup>2</sup> at an altitude of 1,799 m ASL. It is fed by a number of creeks. During the rainy season its excess water discharges to the Mtkvari River. The catchment area of the lake is 158 km <sup>2</sup> and water volume – 19.3 km <sup>3</sup>
2	ZRESK (PASKIA, ZRES)	Located on Akhalkalaki plateau, 1720 m above sea level. Water mirror area 1.77 km, basin area 48.4 km, maximum depth 1 m, average depth 0.6 m. Fertilized with snow and rain water. The maximum level is in April-May, the minimum – in January-February. The river Murjakhetskali is connected to the lake by a canal. Used for irrigation
3	ABULI	Located on the western slope of Little Abul, at an altitude of 2,176 m ASL. Surface area is 0.9 km <sup>2</sup> , basin area - 8.3 km <sup>2</sup> , depth - 1.4 m. The lake basin extends from northwest to southeast. It feeds on snow, rain, and groundwater. Floods are in late Spring, floods are in late Summer or early Fall. It has no permanent tributaries, it is impassable, most of it is covered with algae. There is a fairly thick layer of peat in the lake. Freezes in winter. There are no fish in the lake
4	VACHIANI	Located in the vicinity of Vachiani village at an altitude of 1,737 m ASL. Surface area is 0.12 km <sup>2</sup> , maximum depth 1 m, average - 0.75 m. It is fed by snow and rain water, as well as by the canal taken from the river Murjakhetskali, used for irrigation.
5	LEVAN	An endorheic glacial lake in Georgia, Javakheti, on the Samsari ridge at an altitude of 2,565 m ASL. Surface area - 0.06 km <sup>2</sup> and catchment -: 1.38 km <sup>2</sup>
6	TABATSKURI	Located in Samtskhe - Javakheti region, on the border of Borjomi and Akhalkalaki municipalities, at an altitude of 1991 meters. Its mirror area is 14.2 km <sup>2</sup> , maximum depth is 40.2 meters, average depth is 15.5 meters. The lake's structural basin is caused by the puddling of lava flows and is replenished by underground, snow, and rain waters. In the winter, it is frozen. The lake is surrounded by the Ktsia-Tabatskuri Reserve. The water is fresh and rich in fish, crabs can be also found there. There are two villages around the lake, Tabatskuri and Moliti. The village of Tabatskuri is built on the peninsula, which is partly invaded in the lake. It makes this place even more interesting and attractive. The blue lake, expansive spaces and mountains make a spectacular sight
7	MRUDE (CARVED)	Located on the Samsari Range, 2,545 m ASL. Mirror area is 0.26 km <sup>3</sup> , maximum depth - 6.9 m. It feeds on snow, rain, and groundwater. Has high levels in May-June, low in winter. From November to May the lake is covered with ice. The water is weakly mineralized, clean, and fit for drinking

Source: Wikipedia.

The region has an important supply of drinking water, which is represented by Ablar, Bezhan, Ikhtila, Okami and Dilipi spring water sources. There are also wetlands in Baraleti valley including villages of Vachiani, Okami, Sulda, Kartsakhi, Abuli in some other villages. There are many fish in the lakes and rivers.

From the hydrogeological point of view, groundwaters of the Akhalkalaki municipality belongs to:<sup>110</sup>

- Artvini-Bolnisi belt zone/hydrogeological massif with 59 m<sup>3</sup> /sec (5.1 million m<sup>3</sup> /day-night) total resource:
  - fractured water system district of Akhalkalaki lava sheet volcanic basin)
  - Javakheti range east slope fractured waters

The Javakheti volcanic basin is particularly rich in fresh ground waters of post-volcanic origin, with total of 830,900 m<sup>3</sup>/day estimated reserves. The water of the artesian basin is characterized by a healthy degree of mineralization and has a rich ionic composition. It is non-radioactive and does not contain admixtures of metals, nitrates, or toxic compounds.<sup>111</sup>

110. Source: Fresh Groundwater Resources in Georgia and Management Problems. Giorgi Gaprindashvili. Ministry of Environmental Protection and Agriculture, National Environmental Agency. International Journal of Geosciences. Vol.5 No.9, August 2014; 2) Information bulleting of the Geology Department of the National Environmental Agency, Ministry of Environmental Protection and Agriculture: "State of the groundwaters of Georgia by 10 July 2017"

111. Source: Georgia's Fresh Mineral Water For Europe. Alexander Tvalchrelidze, D.Sc. (Geology and Mineralogy), Full Member of the Georgian Academy of Natural Sciences (Tbilisi, Georgia). Avtandil Silagadze, D.Sc. (Econ.), Corresponding Member of the Georgian National Academy of Sciences (Tbilisi, Georgia). CA&C Press AB Publishin House (Sweden)



At a limited scale, fractured and fractured/karstic system of Trialeti of the pressured water systems of Adjara-Trialeti folded mountain zone is represented in the municipality.<sup>112</sup>

**Land resources.** Total area of the agricultural lands of Akhalkalaki municipality is 95,706 ha, of which 32,003 ha are arable lands (18,163.8 ha or 57% is private), 47 ha – perennial crops (100% private), 3,487 ha – hay fields (883 ha or 25% is private) and 59,309 ha – pasture lands (20 ha or 0.03% is private). 860 ha of the municipal lands are household plots. Agriculture in the municipality is dominated by small family farms (self-employed farmers), cultivating 1.25 ha of land on average. On top of that these lands are usually fragmented into no less than 2–4 plots and mainly utilized for subsistence agriculture. The forest resource is scarce and covers only 3%–5% of the municipal territory. Javakheti Protected Areas within the Akhalkalaki municipality make up total of 13,474.24 ha, which is 10.9% of the total municipal territory. Of this, the largest areas are represented by steppes, steppe-meadows, sub-alpine and alpine meadows, and wetlands.<sup>113</sup>

**Forests.** According to the Interactive Map of Georgia of the Global Forest Watch (GFW), 2019 forest cover of Akhalkalaki municipality can be estimated at around 6,156.31 ha though, 2016 Forest Management Plan of Aspindza-Akhalkalaki Forestry Section Forest Management Plan, MEPA indicates at only 3,500 ha (3% of total territory) of forest cover. The forest management is under the responsibility of the National Forestry Agency (NFA) on the national level and the Samtskhe-Javakheti Forest Service on the regional level, i.e., the Aspindza-Akhalkalaki Forest District.<sup>114</sup> There are no areas under commercial logging in Akhalkalaki and existing forests are classified as conservation and recreation forests.<sup>115</sup> Presently, the most part of Akhalkalaki municipality, stretched over the Javakheti Plateau (Highland) is deforested is covered by herbaceous vegetation mainly composed of three communities, i.e., mountain steppe, mountain meadows, and mountain xerophilous vegetation. Consequently, the landscape of the Javakheti Highland is predominantly treeless. However, there is strong evidence that this is not determined by natural factors. The altitude up to around 2,000 m ASL and the climate with an annual precipitation of 550 mm and an average temperature of about 5° C cannot be considered an ecological limitation to tree and forest growth, respectively. Although, natural forest communities are mostly absent from the Javakheti Plateau, several small patches of natural subalpine forests still exist, including small groves of *Betula litwinowii*, *Populus tremula*, *Sorbus aucuparia*, and shrubs of the Rosaceae family, located on the eastern part of Lake Kartsakhi and beech *Krummholz* (*Fagus orientalis*) along with *Rhododendron caucasicum* located on the Mount Tavkvetili. Additionally, small strips of riparian (floodplain) forests with willows (*Salix* sp.), poplars (*Populus* sp.) and shrubs (e.g., *Euonymus europaeus*, *Ribes alpinum*, *Viburnum lantana*) can be found along the rivers. According to the palynological findings, pollen of *Pinus*, *Fagus*, and *Abies* are recorded, implying that from mid to high-altitude beech–coniferous forests expanded during the mid-Holocene on the Javakheti Plateau. Consequently, beech and conifers may have contributed to a high-altitude forest belt reaching an altitude of 2,200 m ASL. Later, the combined effects of human activities and climate are probably responsible for the substitution of *Fagus*, *Pinus*, and *Abies* forests by *Picea orientalis* in the region around 2,000 years ago followed by more or less total deforestation. Grassland became predominant on the Javakheti Plateau as a result of recent deforestation by various human activities. During the Soviet period starting in the 1960s, pine (mostly *Pinus sosnowskyi* Nakai - *Pinus sylvestris* var. *hamata* Steven) was afforested. These plantations, scattered as more or less small forest patches on the Javakheti Highland up to an altitude of 2,300 ASL., today have an age of about 20–55 years and a maximum growth height of 18 m, and are poorly managed that is demonstrated by stem numbers of more than 3,000/ha. Near the edges and on forest gaps, vegetation cover is more than 70%, mainly dominated by nitrophytic species, such as, *Urtica dioica*, *Rubus idaeus*, *Stellaria media*, *Galium verum*, *Geum rivale*, and *Rumex acetosa*. According to recent field expeditions, conducted jointly by the researchers of Ilia State University and Free University of Bozen-Bolzano, there are very few seedlings and saplings of such tree species as *Acer pseudoplatanus*, *Pinus sylvestris*, *Sorbus aucuparia*, and *S. graeca*, and also natural regeneration of pine in some stands, thus reflecting the potential of natural forest regeneration.<sup>116</sup>

112. Source: Fresh Groundwater Resources in Georgia and Management Problems. Giorgi Gprindashvili. Ministry of Environmental Protection and Agriculture, National Environmental Agency. *International Journal of Geosciences*. Vol.5 No.9, August 2014

113. Source: Agriculture profile of Akhalkalaki municipality. Annex 7 to Akhalkalaki Local Development Strategy for 2018-2022. Local Action Group. 2018

114. Source: Forest Restoration Potential in a Deforested Mountain Area: An Ecosociological Approach towards Sustainability, December 2019. *Forest Science*. DOI: 10.1093/forsci/fxz081. Authors: Stefan Zerbe, Lorenzo Pieretti, Susanne Elsen, Free University of Bozen-Bolzano; Zevva Asanidze, Iveri Asanidze, Levan Mumladze, Ilia State University

115. Source: Akhalkalaki Local Development Strategy

116. Source: Forest Restoration Potential in a Deforested Mountain Area: An Ecosociological Approach towards Sustainability December 2019. *Forest Science*. DOI: 10.1093/forsci/fxz081. Authors: Stefan Zerbe, Lorenzo Pieretti, Susanne Elsen, Free University of Bozen-Bolzano; Zevva Asanidze, Iveri Asanidze, Levan Mumladze, Ilia State University

## RECENT (1 SEP, 2020) SATELLITE IMAGERY OF AKHALKALAKI VEGETATION COVER WITH INDICATION OF FORESTS (LIGHT GRASS GREEN COLOR) AND FOREST COVER MAP OF AKHALKALAKI MUNICIPALITY



Source: Interactive Map of Georgia, Akhalkalaki forests, GFW.

**Biodiversity.** The municipality is distinguished for its unique landscapes, flora, and fauna. Most part of the region is without forest, covered with mountain and meadow plants. Diverse herbaceous grain species are dominant in meadows of mountains. Around lakes and wetlands aquatic and marsh plants are spread. Subalpine and alpine meadows begin above 2,200 m ASL. Subalpine belt (2,050-2,400 m ASL) is characterized with plants of high herbaceous, bushes and subalpine polydominant grass. Subnival plants are well presented on high mountains at the height of 2,600-2,800 m ASL, where along subnival plants we can find alpine spots. 62 species of plants are registered in subnival zone of Samsari Range, including 3 local and 14 Caucasus endemic species, while other species are spread in the South Caucasus and in Asia Minor.

In the municipality, following landscapes with associated vegetation are met:

- Steppes (grain-divers herbaceous steppes, as well as *Festuca valesiaca*, *Stipa tirsia*, *Andropogon ischaemum*, *Carex humilis* steppes);
- Bunchgrass steppe;
- Subalpine and alpine meadows;
- Fragments of alpine spots and petrophyte of subnival belt;
- Wetland plants with the species of boreal flora, which coincide the quaternary period of ice age;
- Derivatives of *Betula* pine and of *betula-decnar*. In Javakheti subalpine forests are located at 1,800-2,100 m ASL, on the east shore of the lake Kartsakhi, on the north slope of Childi Ridge, which is the remnant of the old forest. Birch (*Populus tremula*) and asp (*Betula litwinowii*) create forests. Asp occupies larger area than birch. Areas nearby the lakes are wide spread summer pastures, covered with dominant and subdominant grain diverseherbaceous plants.

The largest portion of the Javakheti Protected Areas (JPAs) is located in Akhalkalaki municipality. The total area of all categories of JPAs is 16,209.42 ha, with Akhalkalaki's share of total JPAs making up 64%. This includes about 2/3 of the Javakheti National Park (JNP) and Kartsakhi and Sulda Managed Reserves, representing wetlands. The main goals of the JPAs are as follows:

- Javakheti National Park - protection of ecosystems of national and international importance and promotion of sustainable tourism-recreational activities in the region;
- The Kartsakhi Wetland, the Sulda Wetland (Akhalkalaki municipality), the Khanchali Lake, the Bugdasheni Lake, and the Madatafi Lake – designation as internationally important wetlands under Ramsar convention, sustainable management of these important wetlands, protection of species and prevention of degradation of their habitats.

The area of protected area categories and zones is as follows:

- A) Javakheti National Park – 13,498.02 ha (Akhalkalaki and Ninotsminda);
- Aa) Strict protection zone of the park – 1,897 ha (Akhalkalaki and Ninotsminda);
- Ab) Park visitor zone – 1,136 ha (Akhalkalaki);
- Ac) Traditional use zone of the park – 10,465.02 ha (Akhalkalaki and Ninotsminda);
- B) Kartsakhi wetland managed reserve - 157.5 ha (Akhalkalaki);
- C) Sulda marsh managed reserve – 309.3 ha (Akhalkalaki);
- D) Khanchal Lake Sanctuary – 727.3 ha (Ninotsminda);
- E) Bugdasheni Lake Reserve – 119.3 ha (Ninotsminda);
- F) Madatapa Lake Preserve – 1,398 ha (Ninotsminda).

Javakheti National Park is located in the border triangle between Georgia, Armenia and Turkey. Tertiary volcanic processes between the Oligocene and the Quaternary period and the Pleistocene glacial period formed a wide plateau here. Several lakes and a slowly winding river are located in the upland depressions with an average altitude of 1,800 - 2,000 m ASL. The plateau is mainly covered with subalpine meadows, meadow-steppes and partly wetlands. Alpine meadows are located above 2,500 m. Apart from the remaining subalpine forests and pine plantations on the boundary, pristine slopes of the Kartsakhi Lake border, there are virtually no trees growing in the region. While fertile black soil allows for the cultivation of many crops, the local economy is based on dairy production.

Sulda Managed Reserve is located in a valley 5 km from the village of Suldi (see Annex 1). It is bordered on the west by the Murdkvali ridge, on the south by the village of Bozali, on the east by the village of Sulda and on the north by the village of Miasnikiani. Wetlands are mostly supplied with infiltrative water, natural streams, and surface runoff from adjacent mountain slopes. Dumping from wetlands takes place in a northerly direction, where discharge was controlled by a small, currently non-functioning dam. Extensive wetlands, including wetlands, lowlands, rivers, streams, and small lakes, are *Pelecanus crispus*, *Pelecanus onocrotalus*, *Ishkhvari*, or White-tailed deer, habitats of many species of white herons (*Egretta alba*) and ducks (*Anas spp.*), Birds of prey, creeks (*Crex crex*), bald (*Fulica atra*), many species of herons, seagulls, and sparrows. It provides excellent bird watching opportunities from the slopes bordering the wetland area to the west, especially during spring and autumn bird migrations. The Sulda wetlands, like the other four protected areas in Javakheti, are part of the potential Ramsar sites in Javakheti. The drier perimeter lowlands of the wetland areas of the reserve are used extensively for grazing by all three villagers from spring to autumn. The central part is not used for this purpose. Constantly transitional areas between wetlands and perimeter lowlands are used for grazing.

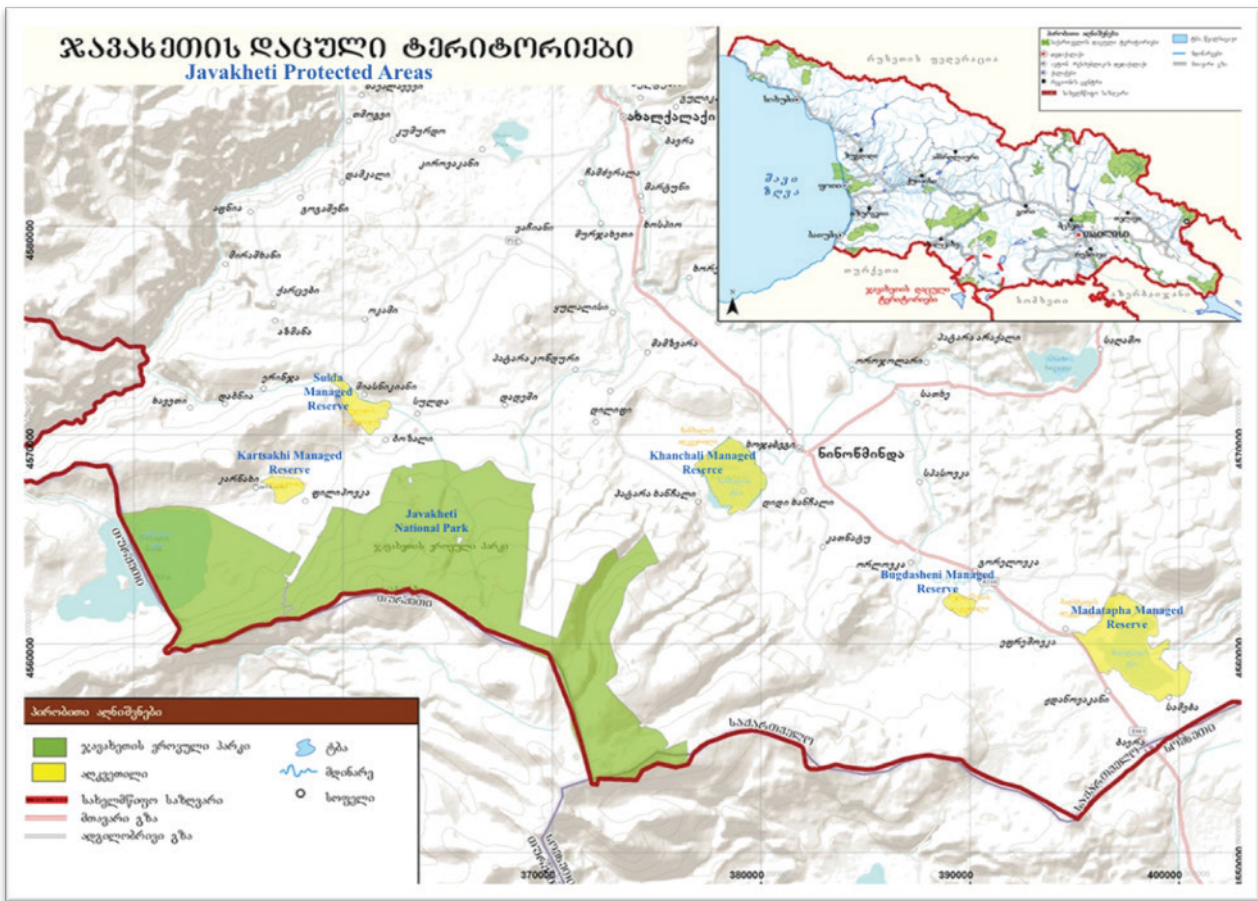
Kartsakhi Wetland is located between the villages of Kartsakhi and Filipovka. It is supplied by small streams and by the surface runoff of the surrounding mountains, it is drained through an artificial canal which flows into the Kartsakhi Lake through the village of Kartsakhi. Wetlands are periodic and are very important for migratory birds, especially in the fall.

There are almost 40 species of mammals in the Javakheti highlands, including ten species of predators and two species of ungulates. Both species of ungulates, as well as lynx and bear, rarely if ever appear in these bare areas. The most common are: *Vormela peregusna* (globally vulnerable species), otter (*Lutra lutra*), European rabbit (*Lepus europaeus*), badger (*Meles meles*), fox (*Vulpes vulpes*) and wolf (*Canis lupus*). Rabbits, foxes, and wolves are common throughout the Javakheti highlands, while sparrows are recorded only in the border area (near Lake Madatapa). Six species of mammals (mainly rodents) are endemic to the Caucasus: *Nannospalax nehringi*, *Mesocricetus brandti*, *Dagestani terracola daghestanicus*, *Nazarovs tegerus*, *Aquarius satunini Ognev*. These species are concentrated on the southern border of the region and in the mountains of Samtskhe-Javakheti. The only non-native mammal is *Ondatra (Ondatra zibethicus)*, which bred in Lake Khanchal in the mid-1980s. Since then, this species has spread to almost all lakes in Javakheti. Among the species of the "Red List" of Georgia are noteworthy: gray hamster (*Cricetulus migratorius*), Turkish hamster (*Mesocricetus brandti*), gray wolf (*Canis lupus*), otter (*Lutra lutra*) and cuckoo (*Puterius sp.*). The Javakheti Mountains are best known for their birds. More than 140 species of birds have been recorded in this area. 80-85 species are native, others are either migrants, summer visitors, or their status is unclear. Most birds are associated with upland lakes and wetlands. Seven species are globally vulnerable, several of which nest in the Javakheti highlands: including *Pelecanus crispus* on Lake Kartsakhi. Javakheti highlands are the only places in Georgia where gray cranes (*Grus grus*), gray herons (*Ardea cinerea*), white storks (*Ciconia ciconia*), Pink vulture (*Pelecanus onocrotalus*), Dalmatian pelican (*Pelecanus crispus*) and Velvet scoter (*Melanitta fusca*). Velvet scoter is found in all



large lakes. Thirteen species of amphibians and reptiles are found on the Javakheti Plateau. The Darevski snake (*Vipera darevskii*) is endemic to the Caucasus. Four species of lizards are endemic to southern Georgia, Armenia, and eastern Turkey. The aquatic fauna of the local lakes was almost untouched until the late 1950s, except for traditional fishing, which was resorted to by the population of the villages around Tabatskuri, Khanchali, Saghamo and especially Lake Paravani to feed the household. The following three species are of commercial interest to the local population: the lake trout (*Salmo fario*), the Caucasian herring (*Leuciscus cephalus orientalis*) and the Mtkvari barbel (*Barbus lacerta cyri*). In 1957-1961, fish farms were established on Tabatskuri and other large lakes. In the early 1960s, Coregonid fish species imported from northern Russia, along with the Common carp (*Cyprinus carpio*), were bred in all major lakes. Annular seabream (*Diplodus annularis*) later was introduced from southern Russia to all lakes at an altitude of 2,100 m above the Javakheti Plateau.<sup>117</sup> In rivers (e.g., Paravani and Korkhistskali rivers) following fish are found: brown trout (*Salmo trutta morfa fario*), stream trout, *Barbus lacerta* (Kura barbell), *Luciobarbus mursa*, *Barbus mursa*, *Murtsa murtsa*, Caucasian scraper (*Capoeta capoeta*), Anatolian khramulya (*Capoeta tinca*), Sevan Khramulya (*Capoeta sevangi*), common chub (*Squalius cephalus*), Caucasian Butcher chub, riffle minnow (*Alburnoides bipunctatus*), Caucasian river (same as Caspian bighead) goby (*Neogobius Ponticola*), Common dace (*Leuciscus leuciscus*, Kura loach (*Barbatula brandtii*), Kura roach (*Rutilus rutilus kurensis*).<sup>118</sup>

JAVAKHETI PROTECTED AREAS



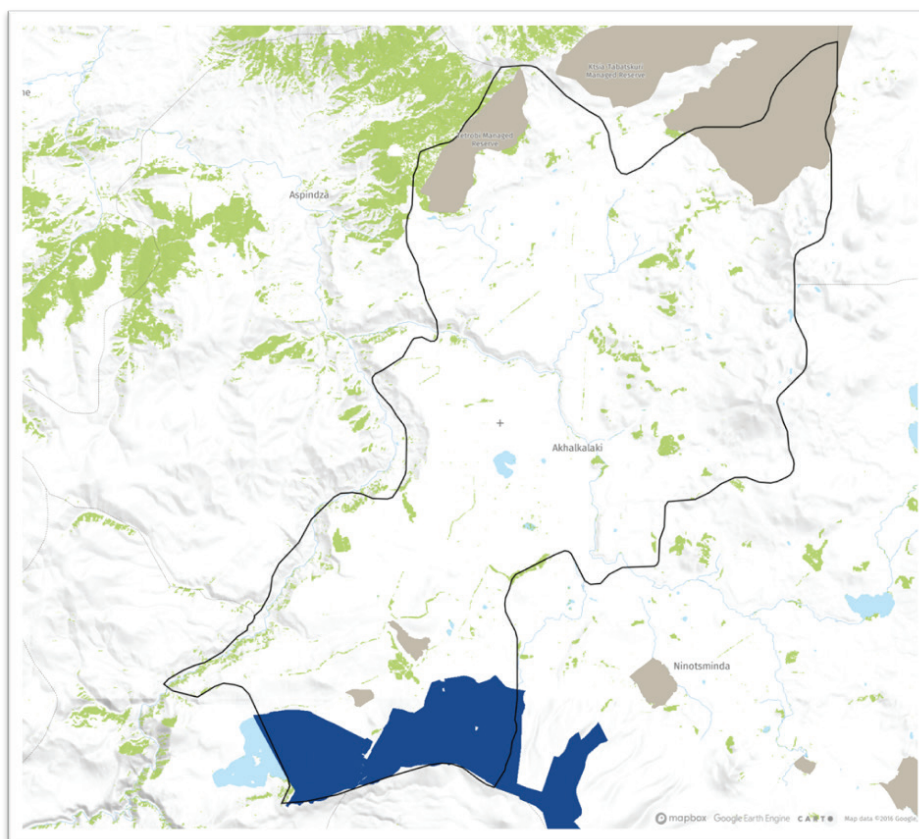
Source: Environmental Information and Education Centre, MEPA.

In addition to JPA, significant portions of Ktsia-Tabatsuri and Tetrobi managed reserves are located in Akhalkalaki municipality, which are managed by Borjomi-Khaagauli Protected Areas administration. Tetrobi Managed Reserve is located in upstream of the Chobareti River Watershed. Its total area is 3,100 ha and is represented by pine groves and local endemic plant species spread on the Javakheti Plateau. Ktsia-Tabatsuri Managed Reserve is spread over the territory of 20,476 ha and is represented by the extreme upstream course of the Ktsia (Krami) River as well as by Tabatsuri lake which is shared by both Akhalkalaki and Borjomi municipalities. Below is a map of all protected areas located in Akhalkalaki municipality.

117. Source: #85 Ordinance of the Minister of Environment and Natural Resources Protection. 25/11/2013. Georgian Herald

118. Source: Environmental Impact Assessment report (non-technical summary). Construction and operations of 9.1 MW installed capacity hydropower plant and 35 kV transmission line. LLC Aisi. Author: Gama Consulting

PROTECTED AREAS IN AKHALKALAKI MUNICIPALITY



Source: Interactive Map of Georgia; Akhalkalaki PAs.

**Mineral Resources.** Akhalkalaki municipality is rich in mineral deposits especially, in volcanic rocks, such as basalt, diorite, dacite, etc. limestone (e.g., Azarvreti), volcanic slag (e.g., Zakvi), pumice (Sulda and Okami), marble, perlite and tuff (Chobarite massif) are also worth of mentioning.

MINERAL RESOURCES OF AKHALKALAKI MUNICIPALITY

MINERAL RESOURCE / DEPOSIT	NAME	CONDITION	A	B	C1	A_B_C1	C2	P1_P2_P3	MEASUREMENT UNIT
Tufflava	Sulda	Not licensed	249000	1369000	2613000	4231000	0	0	m3
Dolerite	Chunchkha	Not licensed	379900	645600	1269500	2295000	0		m3
Marbled limestone	Tchobareti	Not licensed	0	3510000	1670000	5180000	21500000		m3
Volcanic slag	Modega	Partially licensed	2392000	8360000	12389000	23141000	0		m3
Basalt	Khando	Not licensed	248000	709000	1253000	2210000	14960000		m3
Volcanic slag	Tash-Kala	Not licensed	435900	729000	1649100	2814000	0		m3
Volcanic slag	Tash-Kala	Partially licensed	4359000	7290000	16491000	2814000	0		m3
Volcanic gravel	Arakva	Partially licensed	105000	544000	450000	1099000	0		m3
Sand	Diliska	Not licensed	0	60000	419000	479000	0		m3
Volcanic slag	Okami	Partially licensed	719000	1214000	1261000	31940000	0		m3
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	23800	0	0	9900	0	m3/d
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	23800	0	0	9900	0	m3/d
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	72000	0	0	7800	0	



Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Groundwater	Akhalkalaki lava basin springs	Not licensed	0	0	0	0	0	0	
Thermal water	Tmogvi	Licensed	0	0	0	0	0	520	m3/d

Source: National Agency of Mines.

Concerning licenses on the extraction of mineral resources, there are 34 operational licenses total of 43.77 ha land area issued mostly on the extraction of volcanic rocks (e.g., basalt, dacite, diorite, volcanic slag). Small quantities of licenses are also issued on sand and gravel extraction.

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

#	NAME	LICENSEE	DURATION		EXTRACTION QUOTA	AREA, HA
1002583	Modega volcanic slag extraction	LLC Tkhveni Mshenebeli	20.05.15	22.04.30	50000 m3	0.50
1002616	Azavreti andesite-basalt extraction	LLC Sakhata	08.06.15	09.06.20	6000 m3	0.20
1002673	Modega volcanic slag extraction	Giorgi Kiragiani	25.06.15	24.03.19	28977 მ3	0.55
1002909	Okami volcanic slag extraction	LLC Kamako	04.09.15	05.09.22	44000 m3	0.44
1002974	Gokio Adnesite-basalt extraction	LLC Sakhata	07.10.15	08.10.18	6000 m3	0.3
1002975	Azavreti andesite-basalt extraction	LLC Sakhata	07.10.15	08.10.18	6400 m3	0.32
1003308	Miasnikiani volcanic slag extraction	Andranik Khachatryan	20.01.16	21.01.21	10200 m3	0.17
1004048	Abuli sand and gravel extraction	LLC Javakhetogza	25.10.16	26.10.36	308400 m3	6.15
1004275	Khorenia dolerite extraction	LLC Javakhetogza	14.02.17	28.10.34	465500 m3	6.65
1004281	Arakva volcanic gravel extraction	LLC Javakhetogza	17.02.17	19.11.21	667m3	1.5
1004298	Khorenia andesite-dacite extraction	LLC Javakhetogza	01.03.17	21.09.22	204214 m3	2.07 ha
1004302	Khospio andesite extraction	LLC Javakhetogza	01.03.17	25.02.22	536 m3	2.99
1004312	Okami volcanic slag extraction	Ltd Hereti-95	07.03.17	08.03.22	18000 m3	0.18
1004329	Aragva volcanic gravel extraction	LLC Javakhetogza	13.03.17	18.03.26	105226 m3	2.22
1004393	Aragva volcanic gravel extraction	LLC Meeki	03.04.17	04.04.37	225 88 m3	1.16
1004543	Khando basalt extraction	LLC Elvan	15.05.17	29.04.20	15243 m3	0.29
1004625	Khando basalt extraction	Garik Zarmazian	14.06.17	29.04.20	5800 m3	0.11
1004626	Khando basalt extraction	LLC Gama service	14.06.17	29.04.20	3600 m3	0.07
1004696	Varevani basalt extraction	Garik Zarmazian	13.07.17	14.07.27	10800 m3	0.36
1004781	Okami volcanic slag extraction	LLC Kamako	10.08.17	11.08.21	70000 m3	0.7
1005179	Okami volcanic slag extraction	LLC Arkitext	26.01.18	27.01.22	31320 m3	0.3132
1005301	Okami volcanic slag extraction	Ovanes Grygorian	09.03.18	08.03.26	20026 ha	0.43
1005302	Varevani basalt extraction	Pavle Pheikrishvili	09.03.18	08.03.26	31500.00	0.63
1005410	Khorenia basalt extraction	Lusine Khachatryan	01.05.18	02.05.23	6030 m3	0.20



1005488	Okami volcanic slag extraction	Vrej Kazaryan	18.05.18 19.05.28	70700 m3	1.01
1005492	Orja Basalt extraction	Rafiq Kerophyan	22.05.18 23.05.22	12100 m3	0.24
1005534	Okami volcanic slag extraction	Tengo 2000	29.05.18 30.05.23	51940 m3	0.74
10000182	Okami volcanic slag extraction	LLC a1Pemza	04.09.18 05.09.28	75300 m3	0.51
10000223	Tashkala volcanic slag extraction	LLC Gza 2017	19.09.18 15.08.27	240707 m3	2.71
10000261	Aragva volcanic gravel extraction	LLC Meeki	08.10.18 09.10.28	306440 m3	1.5755
10000580	Khospio basalt extraction	Leila Meradiani	04.03.19 05.03.21	1875 m3	0.06
10000603	Khorenia andesite and andesite-dacite	Manasiani	12.03.19 13.03.21	5100 m3	0.17
10000696	Khando basalt extraction	Samvel Khachaturian	24.04.19 25.04.21	2360 m3	0.059
10000749	Baraleti basalt extraction	Saribek Khachaturian	20.05.19 26.01.23	6794 m3	0.1920 ha
10000750	Baraleti basalt extraction	Pharnik Mahtesyan	20.05.19 26.01.23	3000m3	0.0566
10000899	Okami volcanic slag extraction	LLC1aPemza	05.08.19 06.08.39	153100 m3	1.53
10000909	Okami volcanic slag extraction	LLC Produce Invest	09.08.19 27.01.21	15020 m3	0.2253
10000957	Modega volcanic slag extraction	LLC Tkveni Mshenebeli	10.09.19 11.09.22	29880 m3	0.25
10000962	Okami volcanic slag extraction	LLC a1Pemza	12.09.19 13.09.21	15280 m3	0.38
10000968	Khando basalt extraction	Gagik Tonakanyan	16.09.19 17.09.21	2660 m3	0.13
10000984	Khando basalt extraction	LLC Architex	17.09.19 18.09.21	12750 m3	0.26
10001087	Okami volcanic slag extraction	LLC Veli	15.11.19 30.05.28	29765m3	0.72
10001223	Okami volcanic slag extraction	LLC a1Pemza	24.12.19 25.12.29	94800 m3	0.95
10001262	Okami volcanic slag extraction	LLC a1Pemza	13.01.20 14.01.25	76500 m3	1.53
10001369	Khospio sand and gravel extraction	LLC Aral	24.03.20 5 years	319600 m3	3.20
10001461	Okami volcanic slag extraction	LLC a1Pemza	21.05.20 5 years	51650 m3	1.033

\* Orange color rows: suspended license

Source: National Agency of Mines.

**Renewable Energy Resources.**<sup>119</sup> According to the river cadaster of Georgia, theoretical hydropower potential of smaller rivers (Chobareti, Korkhi, Gandziskhevi rivers) of the Akhalkalaki municipality is 3.1 MW installed capacity and 18.6 million kWh average annual electricity generation. Concerning the Paravani River, it has huge potential which is being currently developed. In 2014, 86.54 MW rated capacity HPP was put into operation. Moreover, currently, Akhalkalaki run of the river HPP cascade project (7.7 MW rated capacity Akhalkalaki I HPP on the Paravani River and 1.8 MW rated capacity HPP on the Korkhi River) is being implemented in the municipality and 12.5 MW rated capacity Abuli and 18.39 MW Arakali HPPs are in the pipeline. All these HPPs are derivation type schemes with 4 to 7-km tunnels and 28-36-m height dams.<sup>120</sup>

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

120. Source: 1) Paravani Hydropower Project Environment And Social Impact Assessment Report. Non-technical summary. Prepared by SRF Gamma Tbilisi, 2011; 2) Scoping Statement Conclusion #46 by the Ministry of Environmental Protection and Agriculture on the Construction and Operations of Akhalkalaki HPPs, Sub-Station and a Transmission Line

According to the Wind Power Atlas of Georgia (2004), the municipality's wind power potential is mainly, within 100-250 W/m<sup>2</sup>. Significant areas also have 500-800 W/m<sup>2</sup> theoretical potential and very limited spots even 800-1,200 W/m<sup>2</sup> (Paravani), where it is possible to construct 120 MW rated capacity and 290 GWh annual average electricity generation plant.

According to global horizontal irradiation map of Georgia, long-term average daily solar energy potential in Akhalkalaki municipality is quite significant, estimated at 4.0 Kwh/m<sup>2</sup> – 4 Kwh/m<sup>2</sup> and even 4.4 Kw/m<sup>2</sup> in some limited locations. Direct normal irradiation measures from 3.6 to 4.0 Kwh/m<sup>2</sup> in most places and at 4.2 and more Kwh/m<sup>2</sup> in some limited places. Photovoltaic potential is measured at 3.8-4 Kwh/Khp (kilowattpeak) and in limited areas even higher than 4 Kwh/Khp.<sup>121</sup>

In the Akhalkalaki municipality, biomass energy in particular, biogas can be produced from livestock manure using household and larger farm-level biodigesters. Also, it can be produced from agricultural crop wastes.

## Environmental Infrastructure and Services

**Drinking Water Supply Systems.** United Water Supply Company of Georgia (UWSCG) serves 58 villages and Akhalkalaki town. In 2 villages, part of the population is supplied from springs and the rest from artesian wells, in 3 villages drinking water is supplied to local population from groundwater artesian wells and in 1 village – from springs and the lake. 80% of total population in the municipality is supplied with drinking water, but the amount of water available (flow) is insufficient for household consumption. Drinking water is delivered on a 24-hour schedule. The pipes of the drinking water supply system in Akhalkalaki town are obsolete, depreciated and the diameters of the pipes do not comply with the technical norms. Accidents often occur in the distribution network. In 10 villages of Akhalkalaki municipality, drinking water pipes are made of asbestos-concrete, which need to be replaced with pipes made of cast iron, steel, and polyethylene. Currently, the drinking water system of Khorenia, Varevani and Kartikami villages is being constructed/rehabilitated. It is also planned to rehabilitate the drinking water system in Kartsakhi, Suldi, Turtskhi-Lomaturtskhi, Trkna and Alatumani villages. The current condition of the water intake facilities (Headworks) is good for 18 villages, partially rehabilitated in 32 villages, and fully rehabilitated in 11 villages and the Akhalkalaki town. Water supply decreases during the summertime, since farmers use drinking water for irrigation purposes on their holdings. Water reservoirs for public consumption are not filtered and require proper filtration systems as currently people consume polluted water.

Utility service fees for the water supply is 0.25 GEL per month per family member and for the legal persons the fee is 4.31GEL per 1 m<sup>3</sup>. The water supply system includes 24 main water pipes - the total length of 216 km.

**Sewerage Systems.** There are no sewerage systems in rural areas of Akhalkalaki municipality. Akhalkalaki sewerage system is operated by UWSCG and it does not have wastewater treatment plant (WWTP). At present, pipes are outdated, accidents often occur in distribution network.

**Irrigation Systems.** There are 7 small-scale irrigation schemes in Akhalkalaki municipality. Majority of systems are lift systems. Below is detailed list of Akhalkalaki irrigation schemes.

121. Source: Solar resource maps of Georgia. World Bank Group, funded by ESMAP, and prepared by Solargis

## AKHALKALAKI IRRIGATION SYSTEMS

NAME	LOCATION	LENGTH	TYPE	SOURCE WATER	DESIGNED CAPACITY	TOTAL IRRIGATED AREA	LOSSES IN THE NETWORK	CONDITION	% THAT NEEDS REHABILITATION	COMMENT
Lomaturtskhi irrigation canal	Alatumani, Kochio, კობოი; Lomaturtskhi, Gadolari, Turtskhi Kotelia, Khando	21.55 km main canal	Gravitational	Bejanostskali River, near v. Latumani, engineering structure	1.0 m <sup>3</sup> /sec	Alatumani - 74 ha, AKochio - 209 ha, Lomaturtskhi - 178 ha, Gadolari - 93 ha, Turtskhi - 219 ha, Kotelia - 118 ha and Khando - 398 ha	35%	Good		In 2013-2015 the canal was rehabilitated. Annual maintenance works are conducted regularly
Koteli-Khando-Varevani pump/lift system	Koteli, Khando, Varevani	2.4 km distribution network	Pump station	Bejanostskali	0.4 m <sup>3</sup> /sec	Kotelia-177 ha; Khando - 50 ha; Varevani - 53 ha	45%	Distribution network needs rehabilitation	100	Not planned
Zaki-Khando-Kotelia lift irrigation system	Zaki, Kotelia, Aragva, Orja and Khando	8.7 km main pipe	Lift system	Bejanostskali	0.5 m <sup>3</sup> /sec	Zaki-73 ha, Kotelia - 65 ha; Aragva - 97 ha; Orja -140 ha; Khando - 367 ha	40%	Fair	50	2.3 km section was rehabilitated in 2019. Annual maintenance works are conducted regularly
Diliska-Chunchkha-Pteni lift system	Diliska-Chunchkha-Ptena	19 km main pipe	Lift system	Paravani	0.9 m <sup>3</sup> /sec	Diliska - -534 ha, Chunchka -450 ha; Ptena - 400 ha	40%	Fair	40	In 2017-2018 pump station and transmission line were rehabilitated. Networks need rehabilitation
Zsresi (Kirovakan) lift system	Zresi, Kururdo, Diliska, Chandura, Vachiani	6.54 km main pipe	Lift system	Zresi lake	1 m <sup>3</sup> /sec	Zresi - 547 ha, Kururdo - 677 ha, Diliska 136 ha, Chandura - 105 ha, Vachiani - 406 ha	30%	Good	50	In 2019, 1.3 km main pipe and 7.71 km distribution network was rehabilitated
Okami list system	Okami, Kartsebi, Apnia, Gogasheni	5.64 km main pipe	Lift system	Okamistskali	0.14 m <sup>3</sup> /sec	Okami - 90 ha, Kartsebi - 70 ha, Apnia - 60 ha, Gogasheni - 80 ha	25%			In 2017-2018 pump stations, transmission line/cable and main pipe were rehabilitated. Distribution network needs rehabilitation
Almalo-Mrjakheti lift system	Khulgumo, Gulikami, Khospio, Kulalisi, Murjakheti, Chandura, Vachiani, Diliska	10.46 main pipe	Pump stations and gravitational system	Paravani and Kirikhbulakhi	1.2 m <sup>3</sup> /sec	Khulgumo - 180 ha, Gulikami - 115 ha, Khospio - 365 ha, Kulalisi - 57 ha, Murjakheti - 488 ha, Chandura - 576 ha, Vachiani - 323 ha, Diliska - 58 ha	30%	Good		In 2015-2017 entire system was rehabilitated

Source: LLC Georgia's Amelioration.

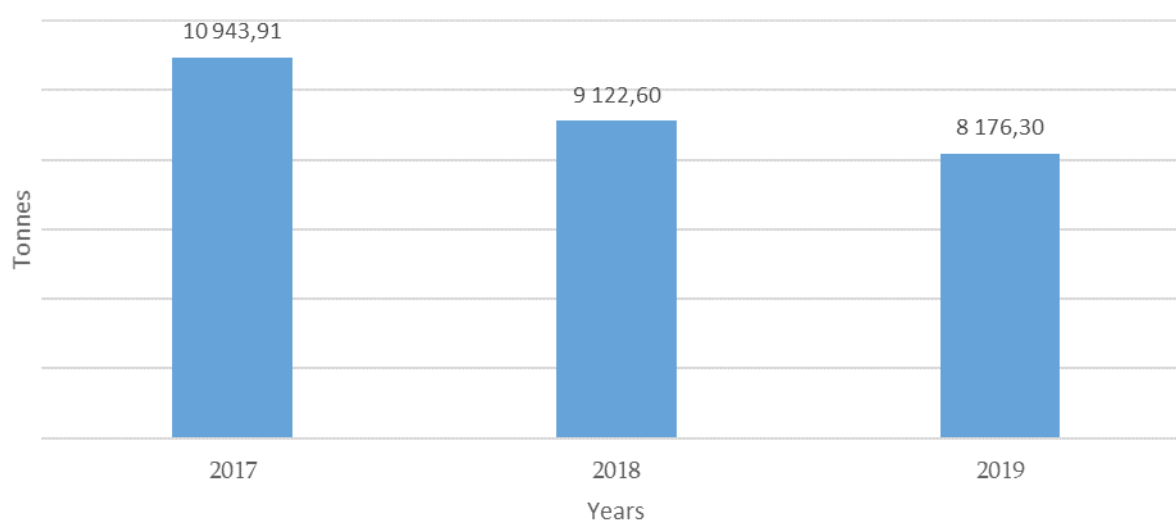
**Natural Gas and Electricity Supply** – Piped natural gas is supplied to 42 villages (out of 64 villages) and Akhalkalaki city. In 2 villages, Chunchkha and Ptena, it is planned to carry out works in 2020. In the other 20 villages, the request for the works has been transferred to the relevant agency. Akhalkalaki is fully supplied with natural gas on a 24-hour schedule. Meanwhile, electricity is provided to all settlements.

**Waste Management.**<sup>122</sup> LTD Akhalkalaki Amenity and Cleaning Service, a non-profit legal entity under Akhalkalaki municipality is responsible for delivering municipal solid waste management and street cleaning services to the customers, both residential and non-residential, together with other municipal services (e.g., planting of greenery, etc.). It collects mixed municipal solid waste from the Akhalkalaki town and from a number of villages. Service coverage in Akhalkalaki is 97% and rural areas – 50%, of which 12 villages are fully covered by the service and Vachiani, Sulda, Kartskakh, Dadesh, Kotelia – partially. Centralized MSW collection service is not provided to following administrative-territorial units/villages: Bejano, Alatubani, Merenia, Didi and Patara Samsari and Diliska. Local population here has dumpsites in each such settlement, which are cleaned once a year by the cleaning service. On average, 600 m<sup>3</sup> MSW is accumulated in these dumpsites annually. Around 4-5 pieces of 7-8 m<sup>3</sup> containers and 2 specialized vehicles are required to collect MSW from these sites every 4-5 days a week. Collection frequency is daily, twice a day in the Akhalkalaki town and once a day in villages connected to the service. MSW is at large collected through so-called “Communal Container” system. Several streets of the town with private houses do not have such system and here so-called “Bell” system (scheduled pick-up) is applied. In total, the service has 300 pieces of 1.1 m<sup>3</sup> containers and 98 pieces – 0.5 m<sup>3</sup> containers. Of this, 248 pieces 1.1 m<sup>3</sup> containers and 13 pieces of 0.5 m<sup>3</sup> containers are placed in the Akhalkalaki town. 16 pieces of 1.1m<sup>3</sup> containers need to be replaced. The service also owns 2 open GAZ53 trucks and 3 closed, compact refuse collection vehicles (RCVs) – 2 pieces of 13 m<sup>3</sup> RCVs and 1 piece of 7m<sup>3</sup> RCVs. Additional 200 pieces of 1.1 m<sup>3</sup> containers, and 2 pieces of 13 m<sup>3</sup> RCVs are needed to fully cover the entire municipality. From organizations and commercial facilities MSW is collected separately from population.

The municipality does not have source separation and recycling systems for dry recyclable fractions of the MSW as well as for household hazardous wastes. Therefore, only mixed waste is disposed at the official unsanitary landfill operated by the Solid Waste Management Company of Georgia (SWMCG). Medical wastes are collected by the licensed company who transports them for incineration. Concerning construction and demolition wastes they are mostly reused for backfilling operations.

According to the SWMCG landfill data, around 8,000 - 10,000 t of mixed MSW is disposed from the Akhalkalaki municipality. Below is detailed MSW disposal data for 2017-2019 years.

#### QUANTITY OF MSW COLLECTED AND DISPOSED BY AKHALKALAKI CLEANING AND AMENITY SERVICE



Source: SWMCG.

122. Source: 1) Draft Baseline Study Baseline Study for 39 pilot municipalities. UNDP consultancy assignment: Performance Management System for Street Cleaning and Waste Management Services in 23 Municipalities of Georgia. May 2020; 2) Akhalkalaki municipality

Concerning street cleaning, it is carried out only in the Akhalkalaki town. Central and parallel streets are cleaned daily by a team of 22 sweepers. Each sweeper cleans around 2,400 m<sup>2</sup> area. In addition, cleans other streets twice a week.

Concerning cleaning fees and their payment, for physical persons it is 0.4 GEL per person, no more than 1.2 GEL per household. Non-commercial institutions and commercial facilities pay 25 GEL/m<sup>3</sup> of MSW generated. Fee collection rate is quite high. Around 100,000 GEL was collected from customers last year according to the Cleaning Service.

## Environmental Governance

In the Akhalkalaki municipality, national-level authorities engaged in environmental management and provision of environmental services are represented by:

- Administration of JPA, Agency for Protected Areas/MEPA;
- Akhalkalaki Service Centre of UWSCG, Ministry of Regional Development and Infrastructure (MRDI);
- Akhalkalaki forestry district/section team (rangers) of the NFA, MEPA;
- Akhalkalaki Information-consultation Centre, MEPA;
- representatives of National Food Agency, MEPA;
- Agriculture mechanization centres, MEPA;
- Firefighters' and rescue team of the Firefighting and Rescue Division of the Main Department for the Management of Firefighting and Rescue Forces under the National Emergency Management Service, Ministry of Internal Affairs.

Local natural resources and environmental services, including MSW and street cleaning services are provided by departments at the municipality, LLC Akhalkalaki Amenity and Cleaning Service.

As for the non-public sector engagement in environmental management, local LAG, a multi-stakeholder forum is established in support of rural development. It is assisted by the consortium led by the GIPA under ongoing EU rural development project within the frameworks of ENPARD programme. Other active local non-governmental players are community-based organization Patrída, Association of Akhalkalakis' Potato, etc. Such nation-wide and international conservation NGOs, as WWF, IUCN and NACRES provide active support to JPAs.

## ENVIRONMENTAL PRESSURES, IMPACTS AND KEY ISSUES

### Water Resources

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

- Water uses, primarily surface water abstractions by fishery ponds and Paravani HPP, surface and groundwater abstractions for domestic purposes and at a lesser extent, surface water abstractions for industrial and irrigation water uses:
  - *Paravani run of the river HPP diverts 90% of the annual average flow (AAF) of the Paravani River to the Mtkvari River. Minimum guaranteed flow is called a "sanitary flow" to preserve ecosystems of the River. However, since there is no international standard-based methodology for calculating environmental flows in Georgia and as well, calculations are based on 1937-1986 outdated water hydrology data, without climate change (CC) impact considerations, this calculated residual flow cannot be considered as environmental flow supporting ecosystems of the Paravani River. Moreover, if there is competition between securing enough water for power generation and ensuring sufficient residual flow, there is no legal framework as well as institutional capacity to enforce any minimum residual flow*
  - *In Akhalkalaki there are approximately 35,925 m<sup>2</sup> of artificial fish ponds mostly producing trout. Total fish production is estimated at more than 94 tons per year;<sup>123</sup>*
- Inefficient water consumption by households and institutions;
- Illegal logging and subsequent deforestation and loss of source water;
- River regulation by a number of HPPs on the Paravani River, including Paravani HPP - longitudinal river continuity interruption; morphological alteration;
- Sand and gravel extraction – removal of substrate from a river channel includes dredging sand and gravel as building materials;

123. Source: Agriculture profile of Akhalkalaki municipality. Annex 7 to Akhalkalaki Local Development Strategy for 2018-2022. Local Action Group. 2018

- Intensive land use - grazing, removal of riparian vegetation, management of riparian vegetation, erosion, etc.;
- hydro-meteorological and geological hazards, including heavy rains, floods and flash-floods, and accelerated landslides and rockfalls, accelerated under ongoing climate change (CC) conditions putting significant pressures on hydro-morphology, and morphology of river bodies, including river bed and bank erosion. Naturally, the municipality, due to its climate, geological and geomorphological peculiarities, is prone to active geodynamic process. These are described in more detail below under land resources section.

It is noteworthy to mention that construction of run of the river Akhalkalaki HPPs will impose significant pressures on river flow, hydro-morphology, and morphology.

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

- Effluent discharges from sewerage systems;
- Non-point (diffused) source pollution from:
  - Nutrient loss from agriculture (irrigation and livestock) by surface runoff, soil erosion, etc.
  - Sediment loss (by soil, bank and riverbed erosion);
  - Leachates from peat latrines;
  - Drainage water from open storm-water drainage systems and unconnected autonomous household sewers, mainly discharging waters in smaller streams/creeks or drainage canals;
  - Leachates and drainage water from illegal dumpsites –dire situation is in villages without centralized MSW collection systems (5-6 villages);
  - CC and climate-induced hydrological and geological hazards (floods, flashflood landslides, mudflows) – 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, in storage/regulation reservoirs 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 concentrations of pollutants into surface Below are major water use indicators for the municipality.

**2018 Major Water USE Indicators for the Municipality<sup>124</sup>**

PARAMETER	MEANING
# of water users	16
Quantity of water abstracted from water source, million m3/y, including:	13.57
Groundwater	8.38
Quantity of water consumed, million m3/y, including:*	10.57
water consumed by households (drinking water supply systems)	3.2
water consumed by industry	0.11
Water consumed by irrigation	0.56
Water consumed by fisheries ponds	6.69
Losses during transportation	3
Wastewater discharges	6.72

\* Water use by Paravani HPP is not reported.

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

**Impacts.** Taking into consideration absent studies/data on hydro-morphological and water quality impacts of existing pressures, we may only judge on possible impacts of existing pressures.

124. 2018 water accounting data were not used, since water abstractions for drinking water supply and irrigation were not reported by users and registered by MEPA. Thus, 2018 data were highly under-representative. Besides, 2018 waste use accounting data do not contain water abstractions and used for irrigation purposes therefore, these data are also under-representative



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

- Shortage of source water due to:
  - *Sub-standard/absent centralized drinking water supply systems; inefficient and competitive water uses for irrigation causing drinking water shortage in many villages of the municipality;*
  - *Deforestation caused by unsustainable, including illegal logging leading to increased water shortage.*
- Destruction of river hydrology (environmental flow), morphology and hydro-morphology (change in channel and bed bottom morphology, volume, stream velocity, bank erosion, accumulation of sediments, alteration of riparian habitats) due to:
  - *Water abstractions and flow diversion;*
  - *CC and climate-induced natural hazards including floods and flash-floods that are intensified under CC impacts, may cause river bed and bank erosion and thus, change its natural morphology and hydro-morphology.*

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

- Deterioration of surface water quality as a result of:
  - *Point source pollution – surface waters downstream Akhalkalaki can be considered as “possibly at risk” because of loads of BOD, COD, nitrates, and phosphates;*
  - *Diffused agriculture (livestock, crop) source pollution by nutrients.*
- Deterioration of surface water quality against suspended solid, nutrients and pesticides due to agricultural and surface run-off and soil erosion (cultivated areas and in particular, perennial crops, irrigated areas, streams, and the rivers in the settlements downstream the rivers, etc.);
- Deterioration of surface water quality against common physics and chemical parameters and priority and non-priority substances under Water Framework Directive (WFD):
  - *Sand and gravel extraction that may have impacts on the river in terms of increased suspended solid and decreased dissolved oxygen.*
- Deterioration of drinking water quality in villages with and without drinking water systems – pollution of drinking water with e. coli, other bacteria, and suspended solids (in rainy seasons) in wells, headworks, reservoirs, and distribution networks due to non-existent drinking water treatments. As there is no current empirical evidence for such impacts, due to absent drinking water quality monitoring in rural areas, sources/watersheds of drinking water sources can be considered “possibly at risk”, requiring detailed assessments of quality of drinking water source in villages.

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



KEY WATER MANAGEMENT CHALLENGES OF THE MUNICIPALITY

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

## Land Resources

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

- Unsustainable land management practices:
  - *Unsustainable pasturing, specifically overgrazing in JNP. In western part of the National Park overgrazing extent reaches 150-200%; grazing and land cultivation pressures are also significant in south and south-east slopes, slopes of gorges and canyons, steppes, meadow-steppes and lands around Sulda and Kartskakhi. Shepherds from Sagarejo and Marneuli municipalities use significant part of JNP as summer pastures. They build here temporary plastic shacks/tents at an altitude from 2,300 to 2,600 m ASL and stay here from May through September. They rent these areas annually and mostly graze sheep and at a lesser extend cattle and goats. On an average, each shelter is occupied by 2.5 households and each household keeps a herd of 1,500 sheep heads, 100 heads of cattle and up to 6 horses/donkeys. In total, there are up to 30 shelters. In summer time, 45,000 sheep heads and 3,000 cattle are grazed on the territory of the JNP;*<sup>125</sup>
  - *Unsustainable land cultivation – excessive land tilling;*
  - *Application of monocultures;*
  - *Application significant loads of fertilizers and pesticides, etc.*
- Unsustainable, including illegal logging (is discussed in detailed below under forest management section);
- Nutrient loads from agriculture runoff;
- Uncontrolled/illegal waste dumping – drainage waters and leachates from illegal dumpsites;
- Dumping/improper disposal of dead animals and/or their parts;
- Open pit mining – sand and gravel and volcanic rock extraction – sediment movement and land erosion;
- Natural hazards (floods, flash-floods, drought, strong winds) which are accelerated by ongoing CC and are predetermined by multiple human factors, including absent/crumbling flood control infrastructure (storm water drainage and flood control structures) – naturally, Javakheti and particularly in the Akhalkalaki district belongs to semi-arid areas. Under on-going CC, extreme climate indices including drought index that enhances desertification processes. Dry wind, which in winter time reach 3-4 m/sec on average, also lead to wind erosion. The area of the municipality is especially in the high risk of hail. In the last decade, natural disasters have created a threat to both habitats and agricultural territories.

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

- Land erosion, loss of fertile soil – degradation of arable and pasture lands as a result of transhumance and overgrazing, inefficient irrigation, intensive land ploughing and tilling;
- Desertification – overgrazing, deforestation, intensive land ploughing, unsustainable irrigation coupled with increased droughts and dry winds further exasperate desertification processes;
- Riverbank erosion and flash floods in the municipality cause considerable damage not only to agricultural lands, but also to the topsoil, infrastructure and pose a danger to residential areas;
- Degradation of high ecological value natural landscapes, including floodplain forests, sub-alpine and alpine meadows;
- Soil contamination from surface and agriculture runoff, illegal waste dumping, including dumping and/or improper disposal (burial) of dead animals, littering and use of agrochemicals.

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

125. Source: 2020 Management Plan for Javakheti Protected Areas. Nature and Development. Contract: CNF/2019/TAGA-GEO-068

KEY LAND MANAGEMENT CHALLENGES OF THE MUNICIPALITY

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Soil quantity	Pasture degradation	Uncontrolled grazing/overgrazing, transhumance	Low awareness of shepherds, absence of proper zoning or other regulatory or economic mechanisms for sustainable pasture management; absence of effective mechanisms for law enforcement; local farmers' low awareness of sustainable water, land use, and agriculture practices; lack of scientific knowledge on human and climate change impacts on land erosion, etc.	<ul style="list-style-type: none"> <li>Carrying out of inventory of eroded and degraded agriculture lands;</li> <li>Carrying out of pasture inventories and development of pasture management plan for the municipality; setting of grazing norms for pastures and implementation of sustainable pasture management measures; implementation of sustainable pasture management measures: grazing regulation, control, fencing, erosion control measures, cleaning of pastures from stones, implementation of weed control measures, introduction of grazing schedules and pasture rotation approaches, awareness raising of herders on sustainable pasturing, etc.; improvement of law enforcement on illegal grazing;</li> <li>Study of soil quality and implementation of relevant land reclamation practices;</li> <li>Development of disaster preparedness and response and climate resilience plans;</li> <li>Rehabilitation of DRR infrastructure;</li> <li>Restoration/improvement of hydrometric, agrometeorological, and geological monitoring, hazard assessment and establishment of multi-hazard yearly warning systems;</li> <li>Support to organic farming;</li> <li>Promotion and revival of traditional farming and herding practices;</li> <li>Strengthening law enforcement capacity and raising awareness and capacities of farmers;</li> <li>Implementation of land reclamation/erosion control measures;</li> <li>Improvement of municipal, household hazardous and C&amp;DW waste management including waste collection and disposal; introduction of source separation system;</li> <li>Inventory of animal wastes and their dumping/burial sites; elaboration of measures for decontamination of contaminated sites; clean-up and remediation of existing animal waste dumping/disposal sites; setting proper regulatory and control mechanism and improvement of law enforcement.</li> </ul>
	Erosion of ploughed lands and loss of productive soil; flooding of agricultural lands and household properties, including household holdings.	Unsustainable agricultural practices - unsustainable agricultural techniques and practices (e.g., extensive land cultivation - deep ploughing/tilling, no crop rotation); Absence of erosion control and land reclamation measures; Absence/dire condition of DRR infrastructure; Overgrazing; Uncontrolled and unsustainable timber harvesting; climate induced natural hazards in particular, floods, flash-floods and droughts	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 and data on CC and climate-induced natural hazards and their impacts on land resources; absent multi-hazard early warning system.	
		Unsustainable land use practices; change in climate factors	Unsustainable land use practices; Climate change	
Soil quality	Pollution of soil	Leaching of pollutants from waste dumps and burial sites, open-pit mines, and pit latrines; urban and agriculture runoff; discharge of untreated wastewaters onto the earth's surface; ploughing plastic mulch into ploughed lands.	Improper use of agrochemicals; poor knowledge on the optimal agrochemical inputs; absence of regulatory and law enforcement mechanisms for soil quality; absence of effective environmental pollution control regulatory and/or economic mechanisms; absence of financial, technical and human resources for implementing effective environmental control policies, including policies for waste and wastewater management; low awareness of farmers on organic farming and damages of using plastic as mulch material	

## Forest Resources

**Pressures.** Major anthropogenic and natural pressures on forest resources of Akhalkalaki municipality are imposed by:

- Unsustainable logging:
  - *Unsustainable wood cutting, with young healthy trees cut in easily accessible areas/clearcutting;*
  - *Absent/insufficient sanitary cutting;*
  - *Absent/extremely limited cleaning of forests from fallen trees;*
  - *Illegal wood cutting for fire wood and timber production* – due to the absence of large forest areas, forest timber resources are hardly collected for commercial purposes. These resources are basically used for individual purposes to produce fuel wood and timber as construction material. *Betula pubescens var. litwinowii, Carpinus betulus, Fagus orientalis, Pinus nigra, P. sylvestris var. hamata, Quercus macranthera, Sorbus aucuparia, Salix excels* are used as construction materials, while *Acer pseudplatanus, Carpinus betulus, C. orientalis, Betula pubescens var. litwinowii, Fagus orientalis, Juniperus oblonga, Malus orientalis, Pinus sylvestris, Pyrus caucasica, Prunus cerasifera, Quercus macranthera, Rhamnus palasii, Sorbus aucuparia, S. graeca, Salix excelsa, S. caprea* are cut to produce fuelwood.

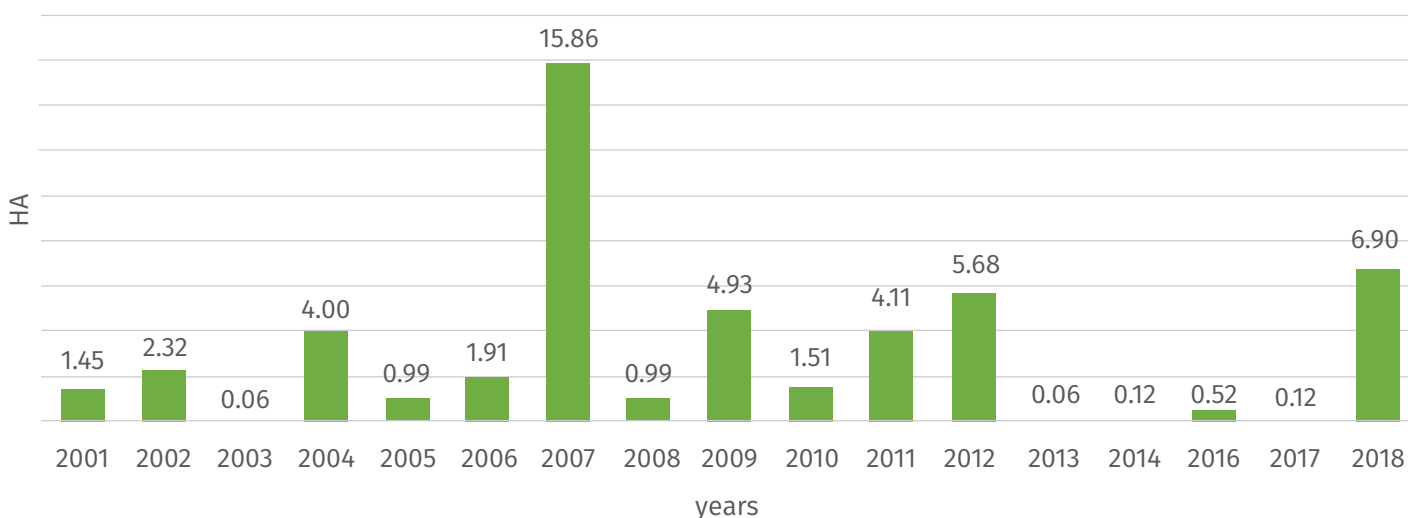
Timber and fuelwood resources are controlled and more or less equally distributed among local villagers by the local forestry department. Some private households use pruned branches of cultivated trees during the winter from their gardens or more often buy firewood from other municipalities of Samtskhe-Javakheti. One household requires 5 - 6 m<sup>3</sup> firewood during the winter, which they buy on local markets where it is sold from other regions or municipalities, respectively. Illegal logging also happens both in state forests and small forest groves of JPA.
- Livestock grazing in forest areas;
- Illegal waste dumping and littering by tourists and local population in easily accessible forest areas which are used for rest and recuperation (recreation) by locals and tourists;
- CC and CC-induced climate extremes, e.g., increased temperature and dry days/drought causing water shortage and thus, drying of trees as well as forest fires; increased heavy rains, floods and flash-floods, causing inundation of large areas, including forested areas.

It is noteworthy to mention that due to absence of large forested areas and lack of coniferous tree groves, forest fires are not frequent phenomena in Akhalkalaki. From 2015 through 2019, only 1 forest fire was registered in the Akhalkalaki segment of the state forest on 2 ha area, which didn't cause any damage to trees.<sup>126</sup>

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

- Deforestation - according to GFW, Georgia's interactive map, by 2019 Akhalkalaki municipality lost 52 ha tree cover, equivalent to 0.88% decrease in tree cover since 2001.

TREE COVER LOSS IN AKHALKALAKI MUNICIPALITY



Source: Georgia Interactive Map. GFW.

126. NFA

Against the loss, the municipality gained roughly 370 ha tree cover, overweighing the tree cover loss. Below is a map of deforested and afforested areas. Areas with tree cover loss are represented as red dotted areas and those with tree cover gain – as blue dotted areas.

TREE COVER GAIN-LOSS IN AKHALKALAKI MUNICIPALITY



Source: Interactive map of Georgia, GFW.

- Deteriorated forest quality
  - Loss of young and mature healthy wood trees and increase in the number of overmature and old trees as well as rotten and dead trees;
  - Reduced density of forest groves;
  - Eroded soils of forests.

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



KEY FOREST MANAGEMENT CHALLENGES

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Quantity and quality of timber resources	Deforestation/reduction of forest area and timber resources; reduction of forest density, change in species composition, age, and state of the forests	Unsustainable use of timber resources, including uncontrolled/illegal cutting of trees for firewood and construction material; uncontrolled non-timber resource harvesting; overgrazing in forest ecosystems; insufficient forest maintenance and restoration; pollution of forests with litter; climate-induced natural hazards, proliferation of pest diseases; forest fires.	Unsustainable logging methods, e.g., clearcutting, cutting of healthy trees; lack/absent forest protection measures; lack of financial and technical resources to carry out sanitary cuttings, pest control and afforestation/ reforestation and forest measures; underutilization of alternative energy sources; poor municipal solid waste management and law enforcement; low socioeconomic level of local population with limited/no access to secure energy sources (e.g., gas); poor monitoring systems; poor effective law-enforcement system; low awareness of local stakeholders and tourists on the value of forests, sustainable forestry, forest fires, etc.; climate change; poor knowledge and preparedness capacity on CC-induced natural hazards, including forest fires.	<ul style="list-style-type: none"> <li>▪ Carrying out of all types of cutting based on annual average wood stock increment;</li> <li>▪ 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.;</li> <li>▪ Identification and delineation of high ecological value sections for biodiversity conservation with red list, relict and endemic species and carrying out biodiversity monitoring, conservation, and protection measures there;</li> <li>▪ Improvement of forest monitoring system and conducting of continuous observation over state of the forests, implemented forestry measures, impacts of natural hazards, etc.;</li> <li>▪ Implementation of erosion control measures;</li> <li>▪ Construction/rehabilitation of forest access roads taking into account the environmental safeguards;</li> <li>▪ Setting of livestock grazing norms and rules and improving law enforcement capacities;</li> <li>▪ Provision of piped gas supply to local communities;</li> <li>▪ Support to implementation of energy efficiency (high-efficiency wood stoves, etc.) and alternative energy source (biogas, solar water heaters, etc.) utilization initiatives at community and household levels;</li> <li>▪ Calculation of exact demand for firewood and sustainable logging norms;</li> <li>▪ Carrying out of pest assessment, monitoring and control measure (e.g., installation of pheromone traps);</li> <li>▪ Implementation of selective sanitary cutting in slightly degraded sections and clearcutting in sections with over 30% of dried and dying trees;</li> <li>▪ Implementation of reforestation/afforestation measures;</li> <li>▪ Implementation natural regeneration support measures, including soil cultivation, seeding, fencing, etc.</li> <li>• Awareness raising of local communities, shepherds, and tourists on the value of forest resources and sustainable forestry;</li> <li>• Improvement of municipal solid waste management and law enforcement; awareness raising of local population and other stakeholders on the negative impacts of littering on forest ecosystems;</li> <li>• Promotion and revival of traditional herding practices;</li> <li>• Strengthening law enforcement and firefighting capacities as well as infrastructure of relevant authorities; awareness raising of key stakeholders on forest fires.</li> </ul>

**Biodiversity**

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

- Overgrazing – As it was discussed under the section of pressure and impacts on land resources, above, the majority of the territory of the JNP is used by nomadic shepherds from the Sagarejo and Marneuli districts as summer pastures without any regulation and control and the number of livestock is significant on these territories that cause significant land erosion and degradation of steppes and meadow-steps

- Poaching and other illegal activities within protected areas:127
  - 2014 – 19 cases of the violation of protection regime, 6 cases of illegal hunting, 1 case of illegal fishing, 1 case of illegal grazing and 1 case of illegal occupation of the territory
  - 2015 – 18 cases of the violation of protection regime, 1 case of illegal fishing, 4 cases of illegal grazing and 2 other cases
  - 2016 – 2 cases of the violation of protection regime, 2 cases of occupation of the territory and 6 cases of illegal grazing
  - 2017 – 3 cases of illegal timber cutting, 11 cases of illegal grazing and 1 case of illegal fishing
  - 2018 – 9 cases of illegal grazing, 1 case of waste dumping/littering and 4 other cases
  - 2019 – 1 case of violation of protection region, 2 cases of waste dumping/littering, 2 cases of occupation of the territory and 9 cases of illegal grazing
- Water abstractions and river regulation affecting aquatic ecosystems and biota;
- Pollution of freshwaters (rivers and lakes) – effluent and nutrient discharges from households and livestock farms and grazing areas. This may have negative impacts on aquatic biota and their habitats;
- Leachates from illegal dumpsites located in front and within forests, on river banks and river beds; littering in JPA by visitors;
- Dredging from river beds and banks/terraces (sand and gravel extraction);
- Violation of comfort and damage caused by visitors and local population – this is not considered a topical issue at this stage, however, given the current trend, the annual increase in the number of visitors underscores the importance of the issue;
- Forest fires – regardless of the relatively low susceptibility of Akhalkalaki forests to forest fires, existence of limited areas of coniferous forest groves under the risk of forest fires;
- Introduction of invasive species e.g., Carassius carassius and crowfish in Kartsakhi and other lakes used for fishing;
- CC and CC induced natural hazards – climate induced hydrometeorological hazards which are accelerated by ongoing CC, pose significant threat to natural ecosystems. Climate change can be considered in relation to other pressures, such as alien invasive species, forest fires and pests.

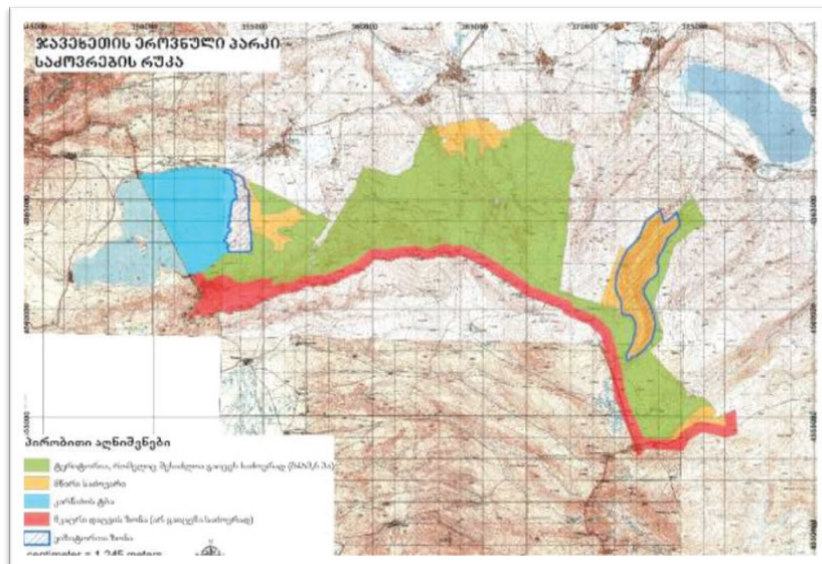
**Impacts.** Major impacts on biodiversity of Akhalkalaki municipality are as follows:

- Degradation, fragmentation, and loss of habitats/ecosystems, particularly, those of steppes, meadow-steppes and sub-alpine and alpine meadows used as pastures, small patches of mixed and coniferous forests, wetlands, and aquatic ecosystems;
- loss of terrestrial species and aquatic biota, including native and endemic species.

The maps of degraded pastures and forest areas under relatively high risk of forest fires are given below.

**PASTURES OF JAVAKHETI PA (PROTECTED AREA). GREEN**

(COLOR INDICATES AT NON-DEGRADED AREAS; ORANGE COLOR – AT PASTURE AREAS IN FAIR CONDITION AND RED COLOR – AT HEAVILY DEGRADED AREAS WHERE GRAZING SHOULD BE FULLY BANNED)







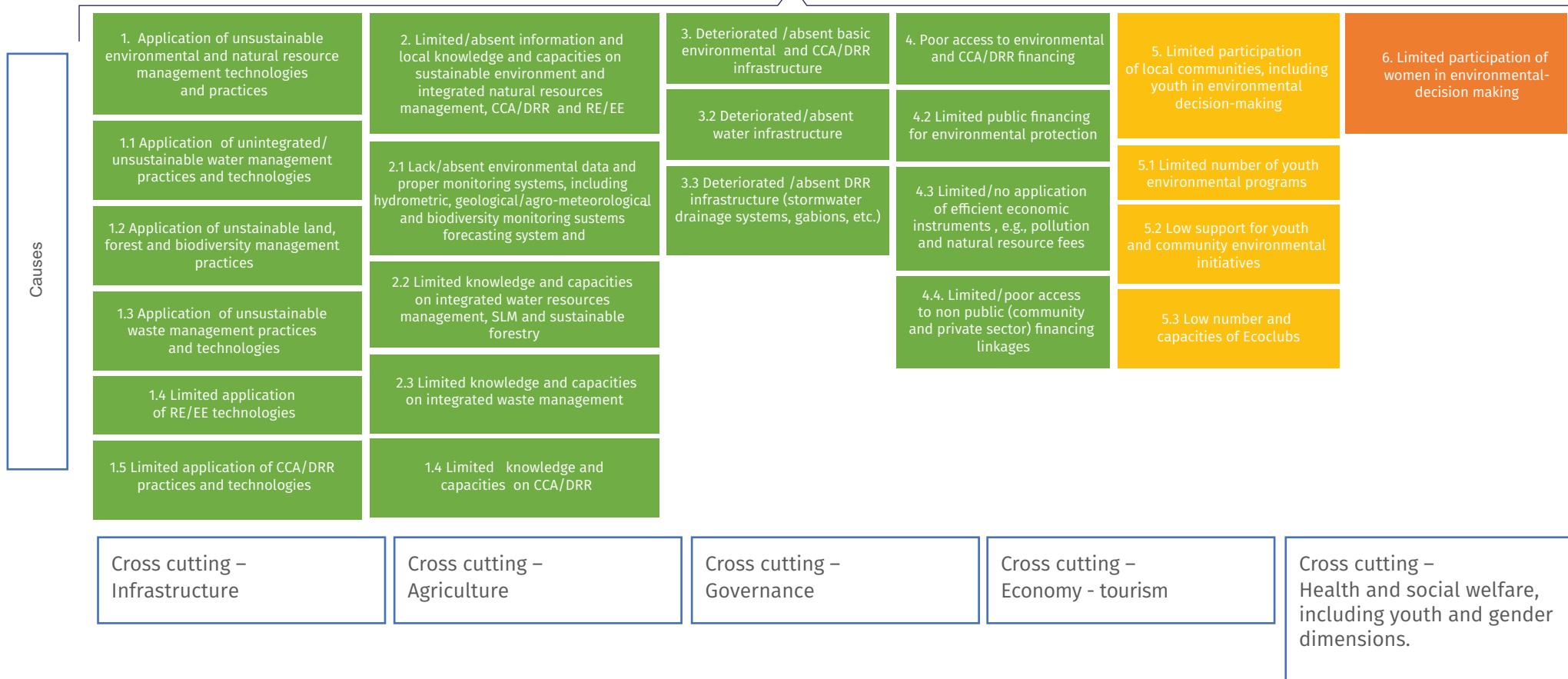
KEY BIODIVERSITY MANAGEMENT CHALLENGES

TYPE OF CHALLENGE/ISSUE	CHALLENGE/ISSUE	IMMEDIATE/UNDERLYING CAUSES	ROOT CAUSES	NEEDS
Ecosystems/ habitats and species	<ul style="list-style-type: none"> <li>• Degradation (destruction, modification, and transformation) of natural ecosystems and biomes</li> <li>• Loss of native species</li> </ul>	Overgrazing and illegal grazing; intensive logging, including illegal logging; distribution of invasive species; spread of pests, poaching, unsustainable tourism; forest fires; littering; sand and gravel extraction; pollution of water courses with nutrients, suspended solids, etc., water abstractions and river regulation; littering inside and outside PAs; CC and climate-induced natural hazards	Inadequate legal-regulatory, policy and institutional frameworks for biodiversity conservation and sustainable utilization; absence of sustainable pasture management regulatory and implementation, including monitoring and control mechanisms; poor biodiversity monitoring and law enforcement capacity within and outside PAs, including lack of technical and financial resources and qualified staff; poor capacities for firefighting; poor/no pest control; high poverty level and low environmental awareness in the local population, lack of knowledge and data on CC and natural hazards impacts on biodiversity; low capacity of local municipality and PA staff in the area of disaster preparedness and response; absent water and soil pollution abatement technologies; dilapidated DRR infrastructure and lack of finances to rehabilitate/build this infrastructure.	<ul style="list-style-type: none"> <li>• Improvement of law enforcement mechanisms and enhancing capacities of the rangers to protect biodiversity against poachers and illegal forest loggers;</li> <li>• Establishment of sustainable rules to control hunting and fishing;</li> <li>• Establishment of effective regulatory and implementation mechanisms for alpine pasture management;</li> <li>• Development and implementation of programs for monitoring and controlling invasive species as well as keystone species;</li> <li>• Raising public awareness on the using importance of local biodiversity and sustainable practices;</li> <li>• Developing of sanitation infrastructure in the PA;</li> <li>• Promotion of extra-curricular environmental educational activities through Ecoclubs</li> <li>• Implementation of non-structural and structural measures to reduce/avoid forest and land degradation</li> <li>• Promotion of eco and PA-based tourism</li> <li>• Application of alternative energy sources and energy efficient technologies;</li> <li>• Assessment of climate impacts on PA forests and biodiversity;</li> <li>• Improvement of water infrastructure;</li> <li>• Implementation of sustainable land management practices, including integrated pest management practices;</li> <li>• Assessment of environmental impacts of dredging; setting of environmental requirements for licensees of sand and gravel extraction;</li> <li>• Implementation of wetland and mountainous forest restoration measures;</li> <li>• Strengthening DRR/preparedness and response capacities of the staff of local municipality and ranges as well as volunteers;</li> <li>• Development and implementation of PA waste management plan: estimation of total quantity of waste generated in PAs, including projections; study of waste composition; calculation of container needs based on WGI and MSW projections; identification of proper container design and spatial locations of containers; purchase of containers and placing the in PA entrances and picnic areas, introduction of source separation program (preferably, two to three container based for dry and wet fractions and biowaste; starting of simple aerobic composting of green waste, putting warning posters/banners on the policy “what is taken in, the same is taken out”, periodic monitoring of trails, putting video traps and improving law enforcement, implementation of periodic PA site clean-up actions with participation of local population, including Ecoclubs members, implementation of outreach and advocacy campaigns against littering and waste dumping.</li> </ul>

### P3 - (Environment) - Problem Tree

Effects/Results	Decreased natural resource base as a major source of local livelihoods and thus, increased rural poverty	Declined environmental quality, public health, and wellbeing	Lost economic assets and deteriorated livelihoods and thus, hindered rural development
	2. Degraded terrestrial and aquatic ecosystems, modified river bodies, floodplain zones, forests, arable and pasture lands	2. Deteriorated water and soil quality	3. Enhanced climate-induced natural hazards (landslides, mudflows, rockfalls, flashflood)

**Core Problem:** Human and climate change induced environmental degradation



### P3 - (Environment) - Proposed Intervention Actions

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

PROPOSED INTERVENTIONS	DETAILED COMMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	OECD REFERENCE POLICY INSTRUMENT	CROSS-CUTTING PROGRAMS
<ul style="list-style-type: none"> <li>P3-EN01 - Integrated Natural Resources Management</li> </ul>	<p>The intervention aims at increasing the knowledge, capacities and application of sustainable environmental and natural resource management policies, practices, and technologies Akhalkalaki 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, besides, it hinders rural development (agriculture, tourism, etc.). In terms of natural resources management, the focus will be made on soft and hard measures that will remove/reduce anthropogenic and natural pressures on water, land, and biological resources (zones, Javakheti PA, Tetrobi Managed Reserve, including sub-alpine and alpine pastures, highland volcanic ecosystems –lakes and wetlands etc. 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 as NEAP, rural development strategy, agriculture development strategy, irrigation development strategy, regional development strategy, tourism development strategy, Samtskhe-Javakheti regional development strategy, local development strategy, municipal waste management plan. Moreover, many measures to be implemented under the given intervention were identified as priorities by local stakeholders, including LAG members during consultations conducted under ENPARD 2 and ENPARD 3.</p>		<ul style="list-style-type: none"> <li>Ensuring environmental sustainability</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Infrastructure, off-farm economy, public health, tourism, DRR, governance</p>
<ul style="list-style-type: none"> <li>P3-EN02 - Support to Enhancement of Community Resilience to Climate-Induced Natural Hazards</li> </ul>	<p>The intervention aims at enhancing local resilience to climate-induced natural hazards –mudflows, landslides, flashfloods, avalanches, 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 and APA rangers), local municipality and communities, including school children. This will be achieved through knowledge building (update of existing CC vulnerability and risk assessment study, creating disaster preparedness skills development, developing/expanding hydrometric, 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 underlying root causes for degradation of local environment, natural resources, and economic assets. CCA/DRR as part of the climate action is one of the key priorities of NEAP, rural and agricultural development strategies, national DRR strategy and action plan, regional development strategy, rural development strategy, local development strategy. Moreover, CCA/DRR was identified as one of the top priorities by local stakeholders, including LAG members during ENPARD 2 and ENPARD 3 projects.</p>		<ul style="list-style-type: none"> <li>Resilience to CC</li> </ul>	

# 6 Cross-cutting Priorities (p4)

Geography and Natural Assets

Environmental Infrastructure and Services

Environmental Pressures, Impacts and Key Issues

## 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 Infrastructure<sup>128</sup>

General infrastructure is utmost important for development of local business. The possibility 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 such problems as poor road infrastructure, the possibility of household participation in non-agricultural business reduces substantially (0.552 times). In compliance with these findings, when the conditions of local infrastructure is better, the possibility of households' engagement in non-farm activity increases as well (2.39 times).

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

For the Akhalkalaki population, the most pressing problem is the poor conditions of roads, absence of gasification, kindergartens, and irrigation.

THE MOST IMPORTANT PROBLEMS IN THE SETTLEMENT<sup>129</sup>

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

Source: UNDP.

Compared with other municipalities, Akhalkalaki scores considerably low on road utilities, healthcare facilities, and kindergartens.

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

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



EVALUATION OF THE ENVIRONMENT - INFRASTRUCTURE AND SERVICES - ACROSS MUNICIPALITIES<sup>130</sup>

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

Source: UNDP.

EVALUATION OF THE ENVIRONMENT - INFRASTRUCTURE AND SERVICES - ACROSS MUNICIPALITIES<sup>131</sup>

	WASTE DISPOSAL (REMOVAL, RECYCLING, ETC)	INTERNET	HEALTHCARE FACILITIES	EDUCATION SERVICES	SPORT-RECREATION FACILITIES	KINDERGARTENS	"WOMEN'S ROOM"/WOMEN'S ORGANIZATIONS
Keda	4.62	3.76	4.38	4.55	3.93	4.67	3.45
Khulo	2.47	2.28	3.76	4.11	3.28	3.63	1.88
Dedoplistskaro	4.11	3.51	4.24	4.20	3.33	4.49	2.43
Lagodekhi	3.64	4.29	4.23	4.21	3.29	3.93	2.87
Kazbegi	4.68	4.24	3.28	4.21	3.58	4.34	1.97
<b>Akhalkalaki</b>	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 the internal rural roads of Akhalkalaki municipality is 413 km (310 km under management of Akhalkalaki city hall). 90% of the roads in the Akhalkalaki town are asphalted. Most of the roads (234 km) to the villages are covered with gravel and around 30% are asphalted. Due to the absence of proper water drainage, many of the rural roads get damaged every year. 25.2% of the population in Akhalkalaki is concerned with the poor road conditions is.<sup>132</sup>

**Water Supply:** In the Akhalkalaki town, the pipes of the drinking water system are old, depreciated and the diameters of the pipes do not comply with the technical norms. Water leaks often occur in drinking water lines. In 10 villages of Akhalkalaki municipality, drinking water pipes are made of asbestos-concrete, which needs to be replaced. 80% of the municipality's population is supplied with drinking water, but the amount (volume) of available water is insufficient for household consumption. Drinking water is supplied on a 24-hour schedule. Currently, the drinking water system of the villages of Khorenia, Varevani and Kartikami is being rehabilitated. It is also planned to rehabilitate the drinking water system of the villages of Kartsakhi, Suldi, Turtskhi-Lomurtskh, Tkrna and Alatumani. As of today, 58 villages in the municipality are supplied with water from the springs, 2 villages are supplied from both the springs and the wells, 3 villages are supplied from wells, and one village is supplied both from the springs and the lake. The current condition of the water reservoir facilities for 18 villages is good, they need to be partially rehabilitated in 32 villages, while they are fully rehabilitated in 11 villages and the town of Akhalkalaki. Three villages don't have any water reservoirs.

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

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

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



**Sewage System:** There is no sewerage system in the villages of Akhalkalaki municipality. The sewerage system of Akhalkalaki town does not have a treatment facility. Sewerage system pipes are outdated with frequent leakages.

**Natural Gas and Electricity:** Natural gas is supplied to 42 out of 64 villages in the municipality. In 2 villages, Chunchkha and Ptena, it is planned to supply natural gas in 2020. In the other 20 villages, the work orders have been submitted to the relevant agency. The town of Akhalkalaki is fully supplied with natural gas on a 24-hour schedule. 100% of the population has electricity supply. However, electric grids are old and subject to replacement. The absence of gasification is perceived as the most important problem in Akhalkalaki (8.4%), compared with the other IRDG target municipalities.<sup>133</sup>

**Public Schools:** 65 schools operate throughout the municipality, with 7,045 students. 36 public schools require minor rehabilitation work. Construction of new buildings are required for 3 schools and construction for 2 of them is underway. 2 schools are scheduled for major repairs.

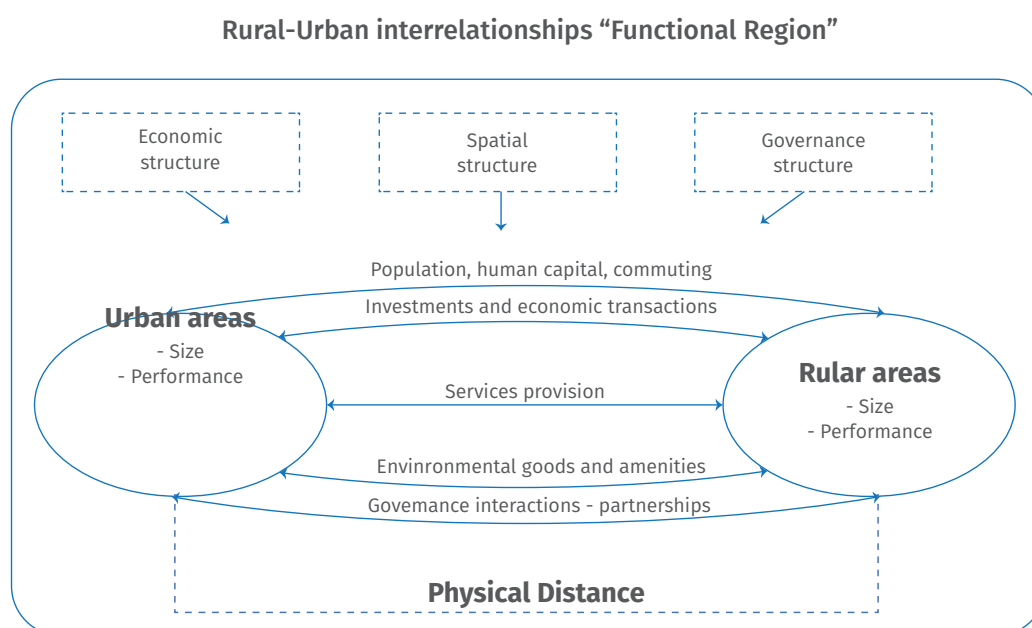
**Kindergartens:** Municipality has 12 kindergartens, with total of 1,006 children. It is planned to build 1 kindergarten in the village of Kumurdo in 2020. 4 kindergartens require rehabilitation. Across the municipalities, in the higher proportion of population in the Akhalkalaki municipality are especially concerned that there is no kindergarten (5.3%).<sup>134</sup>

## RURAL-URBAN LINKAGES

### Functional Regions Concept

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

The modern approach in development policy highlights the poverty-reducing interrelationships 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 include flows of people, goods, money (e.g., in the form of remittances), technology, knowledge, information, and waste. Rural-urban partnerships facilitates identifying different drivers of interactions and provides the rationale for possible policy interventions within the functional region.



Source: OECD approach<sup>135</sup>.

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

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

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

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

## Demographic Linkages

Based on the Population Census (2014Y), the rural population in the Akhalkalaki municipality reached 81.6% (36,775) of total population, and the urban population amounted 18.4% (8,295). The number of internal migrants is not known.

The key factors that facilitate migration flows to urban areas are social relations and networks. The number of emigrants from the municipality is relatively low and equals 801 (448 Men, 353 Women). Remittances from migrants can contribute to improvement of welfare of rural households and to development of rural settlements.

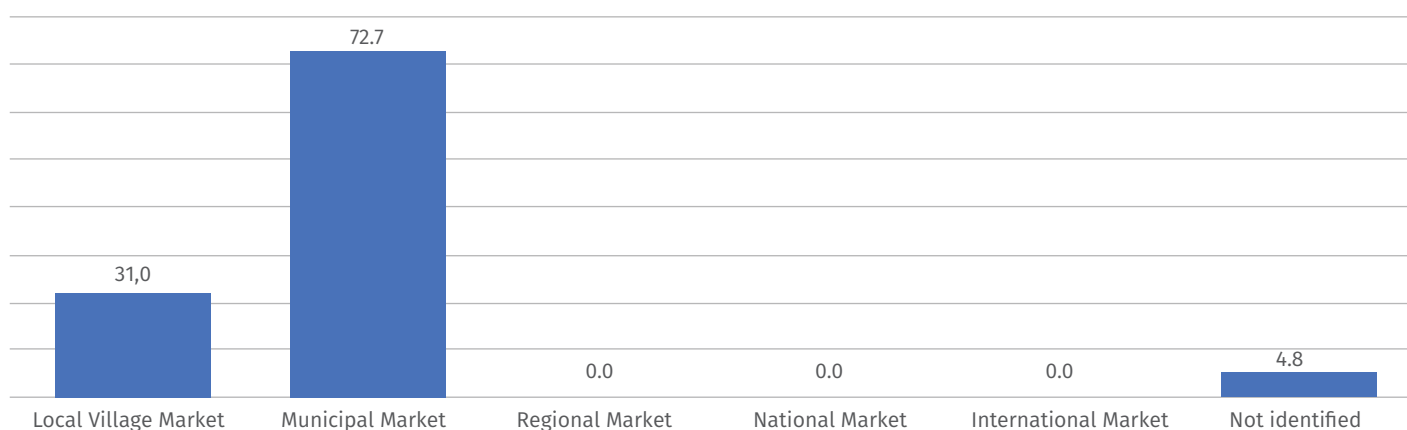
## Economic Transactions and Innovative Activity

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

**Flow of Goods.** An important component of rural-urban linkages is the flow of goods between urban and rural areas. The structure of rural businesses in the municipality, which has access to the markets, demonstrates that rural entrepreneurs have strong connections with local village (31%) and municipal (59%) markets, and very weak access to regional (8.5%), national (0.8%) and international markets (0.2%). These are flows of agricultural produce to urban and peri-urban areas.

The portion of products produced by rural businesses which are sold in different markets is shown in the chart below.

AVERAGE PERCENTAGE OF PRODUCTS, PRODUCED BY RURAL BUSINESSES, SOLD IN DIFFERENT MARKETS<sup>136</sup>



Source: UNDP, 2019.

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

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

Geographical Location Of The Employment Facility And Number Of Persons Employed <sup>137</sup>

SECTOR	LOCATION	FROM MUNICIPAL CENTER	FROM VILLAGE	TOTAL
EMPLOYED IN THE PUBLIC SECTOR	To Village/ Town	75	1650	1725
		10.4%	85.8%	65.2%
	To Municipal Center	204	112	316
		28.2%	5.8%	11.9%
	To City	444	162	606
		61.4%	8.4%	22.9%
<b>Total</b>		<b>723</b>	<b>1924</b>	<b>2647</b>
		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EMPLOYED IN THE PRIVATE SECTOR	To Village/ Town	0	139	139
		0.0%	43.2%	17.1%
	To Municipal Center	0	0	0
		0.0%	0.0%	0.0%
	To City	491	183	674
		100.0%	56.8%	82.9%
<b>Total</b>		<b>491</b>	<b>322</b>	<b>813</b>
		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
SELF-EMPLOYED	To Village/ Town	298	9281	9579
		47.5%	96.5%	93.5%
	To Municipal Center	137	187	324
		21.9%	1.9%	3.2%
	To City	192	150	342
		30.6%	1.6%	3.3%
<b>Total</b>		<b>627</b>	<b>9618</b>	<b>10245</b>
		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
EMPLOYED IN THE FAMILY BUSINESS	To Village/Town	134	641	775
		35.9%	100.0%	76.4%
	To Municipal Center	67	0	67
		18.0%	0.0%	6.6%
	To City	172	0	172
		46.1%	0.0%	17.0%
<b>Total</b>		<b>373</b>	<b>641</b>	<b>1014</b>
		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: UNDP, 2019.

## Market Potential and Role of Intermediary Cities

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

Based on the methodology used by the World Bank (2018a), market potential of a city is determined by the access of the city 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.<sup>138</sup> Similar approach could be used to assess the potential of the municipality.

According to the methodology, the Akhalkalaki municipality is among the most *economically disadvantaged* municipalities of the target group, considering its distance to large cities. The municipality ranks 6<sup>th</sup> among the target 8 municipalities and it can be categorized as a Remote Rural Region.<sup>139</sup>

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

138. South Caucasus in Motion, The World Bank, 2019

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

## MARKET POTENTIAL INDEX FOR THE MUNICIPALITY

DISTANCES TO MAJOR CITIES (KM)	MAJOR CITIES /POPULATION			MARKET POTENTIAL		
	BATUMI	TBILISI	KUTAISI	WEIGHTED INDICATOR	RANK AMONG 8	INDEX
	116000	1140700	138200			
Tetrtskaro	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. As the municipality is away from the large (50k +) cities, it lacks the opportunities to leverage the advantages which Predominantly Rural Close to Cities have.<sup>140</sup>

140. Policy Note – Rural Policy 3.0. – A Framework for Rural Development, OECD, 2018

# 7 Annex

**Interventions**

**List Of References And Sources Of Information**

**List Of Consulted Key Stakeholders**

**Team Of Experts**

**Potential Skills Demand-supply Balance**

**Social Programs**

**Methodology Of Ssa/location Quotient**

# 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 customized technical assistance to the municipality administration, the regional DMO 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 include developing new tourism products and experiences, with the international appeal and creating opportunities to include them in 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 the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by facilitating identifying new feasible business ideas.							
IMPLEMENTATION MODALITIES	The initial stage of screening ideas can be carried out by IRDG project, which will include commissioning international consultants in the relevant sectors (e.g., Birdwatching expert). Once the capacity of the DMO and the government is in place, the second stage of the program can be implemented by them.							
FACILITATING ARRANGEMENTS	Some synergies can be achieved in connection to GNTA, international and donor organizations (e.g., USAID, ADA), which are working in the same sectors and areas in the municipality/region.							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing the products and assisting the enterprises of the youth and women as well as IDPs and other vulnerable groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Future owners and employees of the tourism enterprises created or involved into the global value chains. <u>Indirect beneficiaries:</u> The local community as a result of greater economic diversification.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Collecting and screening the ideas and enterprises/organizations for the program; 2. Commissioning consultants for technical assistance work. <u>Outputs:</u> a) Number of existing companies involved in the national/international value chains b) Number of newly created products of national/international appeal.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							100,000 – 150,000	The local authorities in the municipality, the regional DMO, in coordination with the responsible parties.
2.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							50,000-100,000	The local authorities in the municipality, and the regional government, in coordination with the responsible parties
2.								



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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							80,000-120,000	The local authorities in the municipality, the regional government, in coordination with the responsible parties.
2.								
3.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							100,000 - 170 000	The local authorities in the municipality, the regional government, in coordination with the responsible parties
2.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							150,000-250,000	The local authorities in the municipality, the regional government, in coordination with the responsible parties.
2.								
3.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							150,000-250,000	The local authorities in the municipality, 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 labor force, resulting in unpaid work in the economy. The objective of this intervention is to increase qualified supply of local labor force through the means of: a) promotion of participation of women in labor force and alleviating the restrictive social norms; b) providing the sufficient skillset, leading to productive jobs c) providing local high-quality services for childcare to enable them free up some time. While all the approaches are justified to stimulate and empower women to be involved in the economy to a greater extent, component “a” requires immediate attention, whereas “b” objective can be addressed through other interventions and “c” also should be further explored and addressed as part of the interventions under the broader Society priority.</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 increasing overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities). This initiative will complement and make a perfect synergy with the ongoing IRDG project by stimulating more active involvement of women in entrepreneurship and economic activity.</p>
IMPLEMENTATION MODALITIES	<p>IRDG program can specify the design of the campaign program. The program can be implemented by ARDA. A creative agency could be used to come up with the message box and work on the campaign program.</p>
FACILITATING ARRANGEMENTS	<p>When it comes to the workforce development as well as technology transfer, some synergies can be achieved with the other ongoing donor projects as well as the program implemented by Enterprise Georgia and GITA.</p>
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>Specific focus should be made on developing skills of the youth and women as well as IDPs and other vulnerable groups.</p>
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> The women employees of the municipality. <u>Indirect beneficiaries:</u> The employers, who will benefit from better trained staff, as well as the local community as a result of greater economic diversification.</p>
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Design the campaign; 2. Carry out the campaign. <u>Outputs:</u> a) Campaign brief and design, b) The campaign conducted.</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	The local authorities in the municipality, the regional government, in coordination with the responsible parties
2.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.1.							30,000 – 50,000	The local authorities in the municipality, 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.



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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							1,000,000-5,000,000	The local authorities in the municipality, the regional government, in coordination with the responsible parties
2.								
3.								
4.								

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

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							400,000-500,000	The local authorities in the municipality, the regional government, in coordination with the responsible parties.
2.								
3.								
4.								

ACTION TITLE	P1-EC10 - STRENGTHENING VOCATIONAL EDUCATION
RATIONALE	The project aims at developing a flexible vocational education mechanism that would be suitable for labor market requirements. This will provide for the development of competences for the economically active population in the municipality. Also, the objectives of the project are training of competitive staff for the local labor market and their employment. The national, regional, or municipal strategic documents, as well as based on the qualitative research conducted, tourism, environmental protection and construction are the most priority sectors in the Akhalkalaki municipality. Several directions of tourism (ecotourism, rural tourism, adventure tourism, and mountain tourism) have been identified, where qualified labor is required.
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 1 (1.2. Limited Skills). Preparing the workforce for the tourism sector is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity). This initiative will complement and make a perfect synergy with the ongoing IRDG project, by facilitating development of the skills.
IMPLEMENTATION MODALITIES	At the initial stage, the activities will be carried out as part of the IRDG project. Further activities should continue as part of the public-private partnership. The Ministry of Education and Science will finance the implementation of vocational training programs.
FACILITATING ARRANGEMENTS	Some synergies can be achieved in connection to Ministry of Education and Science and donor organizations, who are working in the same sectors and areas in the municipality/ region.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus will be made on the youth and women as well vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The local community. <u>Indirect beneficiaries:</u> Future owners and employees of the tourism enterprises created or involved in the global value chains.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> Activities from Activity 1 through Activity 6. (Creating the environment and implementing the training courses and programs). <u>Outputs:</u> 1. The capacity of educational institutions strengthened; 2. Qualified teaching staff have been trained. 3. Market-oriented, flexible training/retraining programs have been developed. 4. An optimal and affordable educational network created.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2021	2022	2023	2024	APPROX. COSTS (GEL)	RESPONSIBLE PARTY/ COUNTERPART
1. CREATING A LEARNING ENVIRONMENT	■				100 000	The local authorities in the municipality, the regional government, in coordination with the responsible parties.
2. TEACHERS TRAINING IN PEDAGOGICAL AND PROFESSIONAL SKILLS	■				40 000	
3. IMPLEMENTATION OF TRAINING COURSES IN TOURISM VOCATIONS		■	■		30 000	
4. IMPLEMENTATION OF TRAINING COURSES IN ENTREPRENEURSHIP		■	■	■	30 000	
5. IMPLEMENTATION OF TRAINING COURSES IN CONSTRUCTION VOCATIONS		■	■	■	30 000	
6. IMPLEMENTATION OF TRAINING COURSES IN ENVIRONMENTAL PROTECTION VOCATIONS		■	■	■	20 000	
<b>TOTAL</b>					<b>250 000</b>	

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 to the existing companies to hire more young people on the positions of CEO/Manager. This can be accomplished by a financial subsidy as well as other types of assistance to the existing local enterprises to attract young managers, possibly from the same municipality, with higher education and skills and with innovative mindset. This initiative will complement and make a perfect synergy with and complement the ongoing IRDG project by stimulating more active involvement of the youth in entrepreneurship and economic activity (For instance, as an experiment, the scheme might involve subsidizing the salary of the young managers up to 50% during 1-15 years).							
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 5. Promoting economic participation of youth and increasing overall output of the local economy is in line with the Local Development Strategy as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).							
IMPLEMENTATION MODALITIES	IRDG program can 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 can be achieved with the other donor ongoing projects as well as the program implemented by Enterprise Georgia and GITA. Besides a direct subsidy, other types of financial assistance, such as income tax relief/arrangements can also be considered and discussed with the GoG.							
SPECIFIC MEASURES FOR COVID-19	None identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on developing potential of female managers as well as IDPs and other vulnerable groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Local youth (potential candidates of for the program as well as eligible enterprises. <u>Indirect beneficiaries:</u> The local community as a result of greater economic diversification.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Write a detailed program. 2. Secure funds. 3. Identify and accept applications from eligible sectors and enterprises. 4. Launch the program. <u>Outputs:</u> a) Program concept document b) Accepted budget c) Subsidized companies (up 5 companies in each sector)							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							300,000 – 500,000	The local authorities in the municipality, the regional government, 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 the youth entrepreneurship will become a priority of the youth program at 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 business plans, will learn how to find financial resources as well as develop their entrepreneurial skills. The program will allow the local youth to make existing state and donor organizations grant programs more accessible for them.
RELEVANCE	The lack of youth participation in non-farm entrepreneurship in one of the main challenges of the local economy. Therefore, getting involved in entrepreneurship is one of the means for the local youth for their future employment and diversification of the local economy. The intervention addresses the root-cause Group 5 (Limited economic participation of youth). The intervention is in line with Local Development Strategy of the municipality as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural- related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on 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 the existing municipal youth program. On the second stage youth entrepreneurship program shall 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	<u>Direct beneficiaries:</u> The youth from the remote areas of the municipality. <u>Indirect beneficiaries:</u> Municipal employees, local community members.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Concluding the Agreement with local municipality. 2. Developing the youth entrepreneurship program. 3. Implementing training modules. <u>Outputs:</u> 1) The updated municipal youth program 2) Up to 100 youth participated in the program; 3) Up to 30 new start-up ideas generated by the local youth.

**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	The local authorities in the municipality, in coordination with the responsible parties.
2.								
3.								

ACTION TITLE	P1-YU03 - YOUTH INNOVATION CENTER
RATIONALE	Modern business is unimaginable without the development of innovative technologies. Consequently, the use of these technologies is more important in the rural and remote areas. The aim of the Youth Innovation Centre is to raise awareness in the field of innovation and technology, to bring together young people with ideas and intellectual skills, and to support access to modern technologies. The Youth Innovation Centre will help reduce the outflow of young people, will support employment of the youth and diversification of the local economy. The Center will provide unique opportunities for the youth to learn: how to use ICT for promotion of non-farm entrepreneurship, and what is 3D modelling and design, and the basics of animation and programing. Participants will be able to develop their own ideas based on local needs and get support for project implementation.
RELEVANCE	Establishing the Youth Innovation Center is in line of the priority direction of the Georgian Innovation and Technology Agency GITA to open techno-parks, innovation centers and industrial laboratories. With this regard cooperation with GITA and IRDG project will create synergy to support the local youth. GITA has already established infrastructure of the Innovation Centre in Akhmeta and Rukhi. The intervention addresses the root-cause Group 5 (Limited economic participation of youth). Development of innovative skills is in line with Local Development Strategy of the municipality as well as Rural Development Strategy of Georgia (namely, Strategic Objective 2 and 3 of 4.2.1. Priority Area 1: Economy and Competitiveness: Objective 2: Diversification of the rural economy through strengthening the agricultural-related value chain and promoting various sustainable non-agricultural activities. Objective 3: The development of tourism in rural areas, based on rural specificity and unique cultural identity).
IMPLEMENTATION MODALITIES	At the first stage, consultations with the local authorities should be carried out with the aim to provide relevant space for the Centre. At the second stage, the partnership-agreement with Georgian Innovation and Technology Agency should be reached and a relevant program direction should be developed.
FACILITATING ARRANGEMENTS	Joint efforts of local municipality, GITA and IRDG project will create synergy for successful implementation of the project. The knowledge and skills acquired at the youth innovation center, are directly linked to the improved socio-economic conditions and diversification of opportunities for the youth.
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	N/A
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth in the municipality; <u>Indirect beneficiaries:</u> The youth from the municipality who will be able to take part in programs and activities planned by the Program participants.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Agreement with the local municipality; 2. Partnership-agreement with GITA; 3. Develop training module about innovation technologies based on local needs; 4. Identification and the selection of participants, who are interested in new technologies. <u>Outputs:</u> a) Space for the Centre provided. b) The Youth Innovation Center established. c) Relevant training module about innovation technologies; d) Program participants visited FabLab Tech Park in Tbilisi.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							100,000 – 150,000	The local authorities in the municipality, GITA 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><b>Program Goal:</b> Increasing incomes of the municipality residents through non-farm employment and diversified economy</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>Increase income from employment and entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Survey of businesses operating in the municipality</li> <li>Survey of households in the municipality</li> <li>Official statistics of Geostat</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other economic fundamentals remain stable</li> </ul>
<p><b>Project Purpose:</b> Maximizing overall output and value added in the municipality with limited existing labor supply, through reducing resource misallocation among and within individual sectors in the municipality, activating the youth and women, and providing business opportunities to the local population</p>	<ul style="list-style-type: none"> <li>Dispersion of productivity of individual firms within each of the industries is reduced considerably measured by the size of standard deviation in relation to the mean</li> <li>Differences of the productivity of various sectors became smaller</li> <li>Overall output and value added by business sectors is increased</li> <li>More youth and women are involved in the economy (labor force, entrepreneurship)</li> </ul>	<ul style="list-style-type: none"> <li>Survey of businesses operating in the municipality</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other production factors such access to capital does not become limited and the sectors demand continue to grow.</li> </ul>
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>Employees of the selected industries trained</li> <li>Feasibility studies/investment proposals prepared</li> <li>New competitive sectors identified</li> <li>Additional financial incentives provided</li> <li>Additional incentives provided to youth and women to be involved into the economy</li> <li>Facilitating arrangements made related to rural-urban linkages</li> <li>Capacity of the regional DMO improved and assistance provided</li> <li>New VET courses are developed and offered locally</li> </ul>	<ul style="list-style-type: none"> <li>At least 2 industries, with high dispersion of productivity among firms within the sectors and 2 industries, whose productivity are lower than the other sectors are addressed</li> <li>At least 10 people retrained in each selected sector</li> <li>At least 5 new feasibilities are prepared for non-farm businesses</li> <li>New 10-20 new VET courses are offered locally</li> <li>At least 2-3 projects are implemented under rural-urban linkages auspices</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Periodic assessments</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that the people with new skills find new and better jobs in the same of different industry in the same municipality and they do not reallocate elsewhere</li> <li>Another key assumption is that new feasibility studies stimulate local and other entrepreneurs</li> <li>There are enough economically feasible applications for financing</li> </ul>
<p><b>Inputs: Activities and Types of Resources:</b> Design and implement programs under P1 (From P1-EC01 through P1-EC10 which are related to: a) Promoting rural industries; b) Promoting access to finance, credits, and markets; c) Integrating rural areas into global value chains; d) Promoting sustainable tourism. On top of that, implement cross-cutting programs related to a) Activating youth women and involving them into the economy (P1-YU01, P1-YU02; P1-YU03 P1-GE01); b) Exploring and promoting rural-urban linkages (P1-RU01)</p>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>The key assumptions are that: a) There is enough interest among the people from the industry to upgrade skills b) The best trainers and the best training modules are selected c) there are enough feasible ideas.</li> </ul>

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

ACTION TITLE	P2-SO01- SOCIAL SERVICE DEVELOPMENT PROGRAM							
RATIONALE	The main challenges for all municipalities in Georgia are: lack of services for vulnerable groups and adequate social protection of local population. Local municipality social programs are limited and do not cover all groups of population. One-time cash benefits are ineffective. For providing adequate services and supporting inclusion of vulnerable groups, the municipality needs relevant databases and information on real needs of vulnerable groups, based on the assessment. All stakeholders agree that existing municipal social programs are limited, are not effective and the transformation of cash benefits into services is a main challenge for all the municipalities.							
RELEVANCE	This program addresses the causes of the main problem from the Problem Tree Causes Group 2 and 3, namely Items 2.1, and 3.1, 3.2, 3.3							
IMPLEMENTATION MODALITIES	The central government and the local municipality.							
FACILITATING ARRANGEMENTS	When it comes to the social service development, some synergies can be achieved with the other ongoing donor projects.							
SPECIFIC MEASURES FOR COVID-19	Fully related to the needs created by COVID-19							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on children, PWD, households who received TSA.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> children from vulnerable families, persons and children with disabilities, and the elderly. <u>Indirect beneficiaries:</u> local community, who will benefit from reduced social risks, as well as the local community as a result of inclusion of various groups.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Develop the databases of vulnerable groups. 2. Detailed assessments of needs of vulnerable groups in each of the 8 municipalities. 3. Transformation of local budget social programs from one-time cash benefit into services. <u>Outputs:</u> 1) Complete databases of vulnerable groups. 2) Needs assessment reports. 3) New social services portfolio for the municipality.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							15 000	The local authorities in the municipality, in coordination with the responsible parties.
2.							30 000	
3.							250 000	

ACTION TITLE	P2-SO02 - 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 at 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 members, who represents the vulnerable groups still need support and development. The new Law on Social Service increases 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, namely Items 1.1 and 1.2.
IMPLEMENTATION MODALITIES	The local municipality and the central government.
FACILITATING ARRANGEMENTS	When it comes to the trainings of the municipality staff, some synergies can be achieved with the other ongoing donor projects.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on representatives of vulnerable groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The employees of the municipality. <u>Indirect beneficiaries:</u> The local community as a result of effective social policy and programs.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> Increase capacity of Social Unit at the municipality. <u>Output:</u> 1) Training materials and manuals developed; 2) Trained staff at the Social unit (5 persons) in the local authorities.

PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							15 000	The local authorities in the municipality, in coordination with the responsible parties.

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

**PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.**

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							20 000	The local authorities in the municipality, in coordination with the responsible parties.
2.							300 000	

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

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

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b> Development of inclusive community.</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>Decrease of poverty in vulnerable groups and increase social services in Akhalkalaki municipality</li> </ul>	<ul style="list-style-type: none"> <li>Social service agency reports</li> <li>The Akhalkalaki municipality social programs</li> <li>The social programs for Akhalkalaki municipality</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that other economic fundamentals and state budget remain stable</li> </ul>
<p><b>Project Purpose:</b> Development of social services and programs for vulnerable groups and decrease poverty and increase wellbeing of local community members</p>	<ul style="list-style-type: none"> <li>The number of vulnerable groups household in TSA is decreased</li> <li>The number of persons form vulnerable groups receiving social services is decreased</li> <li>The number of persons form vulnerable groups working goes up</li> </ul>	<ul style="list-style-type: none"> <li>SSA monthly report</li> <li>Local municipality programs report</li> <li>Household survey</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that the local municipality budget is increased progressively, and donors supports social programs</li> </ul>
<p><b>Outputs</b></p> <ul style="list-style-type: none"> <li>Development of the new social services for vulnerable groups</li> <li>Development local social protection schemes for vulnerable groups;</li> <li>Increased participation of representatives of vulnerable groups in decision making process</li> <li>Income generation programs created for vulnerable groups.</li> </ul>	<ul style="list-style-type: none"> <li>At least 2 new services will be developed</li> <li>At least 2 new social protection programs form local budget will be developed</li> <li>effectiveness will be increased</li> <li>New Social enterprises/ social services give possibility most vulnerable groups income generation.</li> </ul>	<ul style="list-style-type: none"> <li>Project reports</li> <li>Municipal reports</li> </ul>	<ul style="list-style-type: none"> <li>The key assumption is that representatives of municipality agreed on real changes in social programs</li> <li>Another key assumption is that a donor organization will support creation of new services/ social enterprises</li> </ul>
<p><b>Inputs: Activities and Types of Resources</b> Activities envisioned by the proposed interventions from P2-SO01 through P2-SO03, including:</p> <ol style="list-style-type: none"> <li>Trainings of local municipality staff</li> <li>Trainings of community members</li> <li>Creation of data base of vulnerable groups</li> <li>Needs assessment of vulnerable groups</li> <li>Development of new social protection schemes and services based on the need assessment with participation of community members</li> <li>Increase capacity of municipalities social unit</li> </ol>	<ul style="list-style-type: none"> <li>To be developed</li> </ul>	<ul style="list-style-type: none"> <li>Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>The key assumptions are that: a) There is enough interest among the representatives of community and the municipality. b) The best trainers and the best training modules are selected. c) there will be donor support in addition to the local budget to finance some activities.</li> </ul>

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

ACTION TITLE	P2-HE01 - EXPANSION OF THE PROGRAM OF ESSENTIAL MEDICINES
RATIONALE	Currently there is a program to provide the local population with medicine funded by the municipality. Financial assistance for medications corresponds to the social status of the individual and is provided within the defined limits. Assistance is provided for chemotherapy and radiotherapy within the defined limit, severe ophthalmological diseases, people with disabilities, etc. However, people complain about access to pharmacies as well as low qualification of pharmacists. Moreover, the poverty level is extremely high in the District, therefore people have limited financial and geographical access to medicines.
RELEVANCE	Essential medicines are always available within the functioning health systems in adequate amounts, in the appropriate dosages, and with assured quality, and at a price the individuals and the community can afford. Essential medicines are selected with due regard to disease prevalence and public health relevance, evidence of clinical efficacy and safety, and comparative costs and cost-effectiveness.
IMPLEMENTATION MODALITIES	1) Advocacy meetings to increase allocation of essential medicines in the Municipality. 2) Advocacy meetings to expand target groups that will receive financing for essential medicines.
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health, Social Service Agency
SPECIFIC MEASURES FOR COVID-19	N/A.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs, maternal and child health issues, youth, chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : Representatives of the municipality, representatives of local health sector. <u>Indirect beneficiaries</u> : The local community in Akhalkalaki
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs</u> : 1.1) Allocation of money; 1.2) Rural doctors and nurses. <u>Outputs</u> : (1) Access to medicines increased.

### PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							40 000	The local authorities in the municipality, in coordination with the responsible parties.
2.							40 000	



ACTION TITLE	P2-HE02 - HEALTH WORKFORCE GROWTH PROGRAM
RATIONALE	There is a lack of primary health care specialists in the villages as well as specialists at the hospital level. Village doctor and nurse services are developed very weakly, due to shortage of qualified staff and lack of relevant infrastructure. Plus, most of the current doctors are pensioners. The objective of this intervention is to increase supply of young, qualified doctors in Akhalkalaki. The Municipality is struggling to attract and keep enough physicians in the villages as well as in the center. Therefore, a large share of the population continues to seek outpatient medical care in other places.
RELEVANCE	The health workforce is central to managing and delivering health services especially in rural areas. Akhalkalaki faces 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 the district and in the 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 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 Akhalkalaki.
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health, Tbilisi State Medical University, Professional Associations
SPECIFIC MEASURES FOR COVID-19	Current PHC personnel is taking an intensive training on COVID-19 presumptive case management at PHC within various donor-funded programs. This topic should remain the priority and might be included in training programs on as needed basis.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs, maternal and child health issues, on the youth, and chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Rural doctors and nurses, medical personnel at the hospital level. <u>Indirect beneficiaries:</u> The population of Akhalkalaki.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1.1) Financial incentives 1.2) Training 1.3) Improve working conditions. <u>Outputs:</u> (1) Increased number of rural doctors and specialist at the hospital level.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							30 000	The local authorities in 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	The Akhalkalaki Municipal budget includes the infrastructure development budget line, mainly for road, transportation, water system developments, construction, and rehabilitation of communal infrastructure, etc. There are no allocations 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 the rural out-patient clinics in Akhalkalaki. In majority of cases, outpatient do not have buildings. Mostly rural doctors assess the conditions of their facilities as bad or satisfactory. Water and sewage systems are out of order almost in all the facilities and represents a major problem for the staff. Most of them require Refurbishment .
RELEVANCE	Health care infrastructure constitutes a major component of the structural quality of a health system. <b>A well-developed health care infrastructure is the key determinant of good health.</b> 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 the communities, homes, schools, marketplaces, and healthcare facilities will help prevent human-to-human transmission of the viruses, including the COVID-19.
IMPLEMENTATION MODALITIES	Solving infrastructural problems of rural outpatient clinics based on their needs. The urgent priority is to install water and sewage systems. Construction of new outpatient clinics for villages.
FACILITATING ARRANGEMENTS	Ensuring allocation of funding from Municipal Budget, namely from the infrastructure budget line
SPECIFIC MEASURES FOR COVID-19	All relevant arrangements for safeguarding COVID-19 specific hygienic measures should be ensured for all the rural outpatient clinics in the Municipality.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs.
Description of direct and indirect beneficiaries	<u>Direct beneficiaries:</u> Rural doctors and nurses. <u>Indirect beneficiaries:</u> The population in Akhalkalaki.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1.1) Rehabilitating, building; 1.2) Water and sanitation 1.3) Waste management. <u>Outputs:</u> a) Adequate health care infrastructure at rural out-patient clinics . 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	The local authorities in the municipality, in coordination with the responsible parties
2.							65 000	
3.							65 000	

ACTION TITLE	P2-HE04 - CONTINUED MEDICAL EDUCATION FOR MEDICAL PERSONNEL
RATIONALE	Low qualification of medical personnel is often highlighted in the regional and municipal level documents while assessing the health sector in Akhalkalaki. During the development of the presented document, information was collected regarding the operation, needs and challenges of rural outpatient clinics in Akhalkalaki. One of the most important issues named by rural doctors and nurses was the need for more frequent trainings in PHC topics.
RELEVANCE	The health workforce is central to managing and delivering health services especially in rural areas. Lifelong learning and continued education are essential element of practice and service for doctors and nurses. Health professionals should take frequent trainings to keep their knowledge and skills up to date in order to provide the high-quality health services to their patients.
IMPLEMENTATION MODALITIES	Plan and implement on-site and virtual trainings for rural doctors and nurses. Training topics should be selected based on the specific needs and priority areas for the municipality (it would be beneficial to conduct small-scale needs assessment among PHC personnel to determine priority areas for development).
FACILITATING ARRANGEMENTS	Collaboration with Ministry of Health and Continuous Medical Education programs, 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 on as needed basis .
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific focus should be made on the people with disabilities and their needs, maternal and child health issues, the youth, chronic diseases, etc.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Rural doctors and nurses, other medical personal. <u>Indirect beneficiaries:</u> The population of Akhalkalaki.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1.1) Continuous education 1.2) Training. <u>Outputs:</u> (1) Increased knowledge of medical personal. (2) Improved quality of services provided by medical staff in Akhalkalaki.

**PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.**

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							15 000	The local authorities in the municipality, in coordination with the responsible parties
2.							15 000	

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

Project Title: **Patient Centered Care and Better Population Health**

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

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

ACTION TITLE	P2-YU01 - PROMOTION DIFFERENT WAYS OF YOUTH PARTICIPATION
RATIONALE	The analysis has revealed that there is a lack of the youth engagement in the decision-making process. On one hand, the municipal youth programs do not support participatory youth programs, and on the other hand, the youth does not have enough experience, skills, and knowledge in order to use different youth participation opportunities. 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 the youth engagement in the decision-making process. To overcome this 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. Thus, the 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 3.
IMPLEMENTATION MODALITIES	Under the project, the local youth will have an opportunity to attend the specially designed training program about different ways of youth participation. According to the Council of Europe's Youth Department there are 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	Participation of ethnic minority youth and women will be ensured in different implemented activities.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The active youth from the rural areas of the municipality; <u>Indirect beneficiaries:</u> The local youth and community who will be able to benefit from the results of the youth participation.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Presenting a project idea to the local municipal authorities; 2. Developing a training program; 3. Implementing the training for the local youth. <u>Outputs:</u> a) Agreement on cooperation reached with the municipality; b) Relevant training program is created c) The 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	The authorities in the municipality, Youth Agency, in coordination with the responsible parties
2.							15,000	
3.							10,000	
TOTAL							30,000	

ACTION TITLE	P2-YU02 - SUPPORT TO DEVELOP A LOCAL YOUTH NGO
RATIONALE	One of the ways of the youth participation in public and civic life can be through their engagement in youth non-governmental organizations. Unfortunately, there is a lack of this opportunity in the municipality. Being part of a youth NGO allows the young people to express themselves and on behalf of their communities, or the other youth in order to address local needs and challenges. Membership of youth NGO provides opportunities for self-development and a chance to gain knowledge about such issues as environmental protection, equal rights, civil and public participation, communication skills and other useful topics.
RELEVANCE	Project implementation will support increasing the democratic participation of young people in the local community and society, which was identified as a need of the Akhalkalaki youth. As far as there is no local youth-led organization in the municipality, supporting the development of such an organization will have a positive impact on creating opportunities for the local youth. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 2.
IMPLEMENTATION MODALITIES	Under the program, youth capacity building projects will be implemented in order to equip the youth with knowledge and skills on how to create and manage youth NGOs. Participants will be able to participate in trainings and get information on the following topics: a) What is the purpose of NGO; b) How to Register NGO; c) Fundraising; d) Project management. After the training participants can register youth NGOs based on their local community needs, develop new project ideas, and participate in public and social life.
FACILITATING ARRANGEMENTS	Support from the local LAG will contribute to the project implementation.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The project will focus on ethnic minority youth, women, and other vulnerable youth groups .
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> 15-25-year-old youth living in the municipality. <u>Indirect beneficiaries:</u> The local population who will benefit from initiatives of new NGOs.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Develop training module; 2. Identify and select participants; 3. Implement the training module; 4. Establish the youth NGO. <u>Outputs:</u> a) Up to 25 participants trained; b) Up to 3 new youth NGO established.

## 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 partners, in coordination with the responsible parties
2.							5,000	
3.							30,000	
4.							5,000	
TOTAL							50,000	



ACTION TITLE	P2-YU03 - VOLUNTEERS IN ACTION
RATIONALE	The research analysis has identified that there are especially low levels of civic activism of the youth. Young people do not use their free time rationally, they are less involved in the decision-making process and other social activities. Hence, the program for civic and social stimulation of the youth – “Volunteers in Action” is proposed. The program will promote the youth participation in public life and improve the social environment in the rural areas.
RELEVANCE	Activities envisaged as part of the program are directly related to the local needs that have been identified in the present report. Promotion of volunteerism is also one of the priorities of State Youth Agency. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 2.
IMPLEMENTATION MODALITIES	<p>The goal of the program is to promote volunteerism, enhance civic awareness among the youth, and break down the stereotypes around volunteerism. Volunteers selected under the program will implement such activities that will meet the needs and specificities of the local communities. The young people selected as part of the program will take a 5-day preparatory training course on different topics and mechanisms of volunteerism.</p> <ul style="list-style-type: none"> <li>• Volunteerism and recruiting volunteers</li> <li>• Planning and implementation of volunteer initiatives</li> <li>• Lobbying and advocacy skills</li> <li>• Communication and presentation skills</li> <li>• Writing projects and raising funds</li> </ul>
FACILITATING ARRANGEMENTS	The program will cover all the villages of municipality and will contribute to the improvement of the social environment in the rural areas.
SPECIFIC MEASURES FOR COVID-19	N/A
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The project will focus on the youth, women, and other vulnerable youth groups.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> 16-24-year-old youth from the rural areas in the municipality.  <u>Indirect beneficiaries:</u> The youth and local community members who will be able to take part in the programs and activities planned by the program participants.</p>
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Working with the representatives of the municipality; 2. Developing a training program; 3. Selecting the participants and conducting a 5-day training; 4. Project implementation.</p> <p><u>Outputs:</u> a) Up to 30 trained young volunteers; b) 30 local youth activities.</p>

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							5,000	Local LAG, Municipality local authority, Youth Agency, in coordination with the responsible parties
2.							10,000	
3.							5,000	
4.							20,000	
TOTAL							40,000	

ACTION TITLE	P2-YU04 – AKHALKALAKI MUNICIPAL LOCAL YOUTH POLICY STRATEGY
RATIONALE	Local self-government bodies have a special role in defining the local youth policy. Therefore, it is necessary to have a municipal strategy to support the development of the youth, and which will consider the specific needs and interests of young people living in the municipality and improve the conditions for the young people. Development and adoption of local youth strategy will have a positive impact on rural living conditions of young people and will support the diversification of economic opportunities.
RELEVANCE	Developing the local youth policy through researching and analyzing the needs of the young people living in the municipality is one of the main fields of work of the State Youth Agency. With this regard, the local needs of the youth policy are in line with the national youth strategy. This program addresses the causes of the main problem from the Problem Tree (Youth Dimension of Society) Causes Group 1.
IMPLEMENTATION MODALITIES	Local youth strategy aims to create an environment where young people have decent employment opportunities, access to quality education, are active citizens, live in a healthy and safe environment, and have the opportunities of self-realization, and where they enjoy equal opportunities, tolerate, and cooperate.
FACILITATING ARRANGEMENTS	Joint efforts of local government, State Youth Agency and donor organization will create synergy to successfully implement the project.
SPECIFIC MEASURES FOR COVID-19	None identified
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	When drafting the local youth strategy, the youth, women, IDPs, and other vulnerable youth groups will be focused on .
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> The local youth of municipality as well as the municipal authorities. <u>Indirect beneficiaries:</u> The youth and local population who will be able to benefit from the newly developed youth strategy.
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Working with local and regional stakeholders; 2. Preparing a framework agreement with local stakeholders; 3. Partner organization on research has developed questionnaire; 4. Conducting a research on the needs of the youth; 5. Developing and adopting the local youth strategy. <u>Outputs:</u> a) Agreement on cooperation reached and signed with the municipality; b) Existing local programs analyzed; c) Research and needs analysis of youth conducted; d) Partner organization for research implementation identified.

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE PARTY / COUNTERPART
1.							10,000	The local authorities in the municipality, partner organization and Youth Agency, in coordination with the responsible parties
2.							10,000	
3.							10,000	
4.							30,000	
5.							50,000	
TOTAL							110,000	

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

Project Title: Increasing Youth Engagement in Community

NARRATIVE SUMMARY	OBJECTIVE VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program goal:</b> Increase the youth engagement in the public and social life through supporting the local youth , and the stakeholders in the municipality who are responsible for the youth.</p>	<p><b>Measure of Goal Achievement:</b></p> <ul style="list-style-type: none"> <li>• Municipal local youth policy adopted</li> <li>• Different ways of youth participation in decision making process have been determined</li> <li>• The number of the youth involved in volunteerism activities</li> </ul>	<ul style="list-style-type: none"> <li>• Study on the local youth participation and inclusion in public and social life</li> </ul>	<ul style="list-style-type: none"> <li>• All counterparts will have corresponding commitment for cooperation</li> </ul>
<p><b>Project Purpose:</b> Promote innovative ways of youth participation, volunteerism, and providing the youth with opportunities for active citizenship</p>	<ul style="list-style-type: none"> <li>• Trainings on different ways of youth participation has been conducted</li> <li>• Youth involvement in volunteerism has increased</li> <li>• Youth NGO has established</li> </ul>	<ul style="list-style-type: none"> <li>• Local youth strategy has been adopted</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that Active youth participation and inclusion will have a positive impact on Increasing youth engagement in the community</li> <li>• Municipal Budget for youth programs will be increased, donor financial support will be available</li> </ul>
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>• Agreement on cooperation reached with the municipality</li> <li>• Different TCs are developed and offered locally</li> <li>• Existing local programs analyzed</li> <li>• Research and needs analysis of youth conducted</li> <li>• Local youth NGO established</li> <li>• Youth activism and volunteerism promoted</li> </ul>	<ul style="list-style-type: none"> <li>• At least 120 young people from the rural areas are trained about youth NGO development</li> <li>• At least 6 youth NGO have been registered</li> <li>• At least 60 local youth volunteer activities implemented</li> <li>• Survey of local youth needs assessment conducted</li> <li>• Trainings on 5 different ways of youth participation conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Partner organization's evaluation report about the engagement of youth</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that local youth strategy will support the youth economic empowerment</li> <li>• Local youth will be motivated to take active part in new opportunities provided by volunteerism and the youth engagement programs</li> <li>• Trained youth will have multiplying effect in municipal administrative units and the level of inclusion will be increased</li> </ul>
<p><b>Inputs: Activities and Types of Resources:</b> Design and implement programs under P2 (From P2-YU01 through P2-YU04 which are related to: a) Providing education and training; b) Building government capacity; c) Building social capital</p>	<ul style="list-style-type: none"> <li>• To be developed</li> </ul>	<ul style="list-style-type: none"> <li>• Project manager's evaluation report</li> </ul>	<p>The key assumptions are that: a) Municipal authorities will fully support the project ideas; b) Partner organization will be fully able to fulfil their own responsibility; c) The youth is committed to take part in volunteer activities.</p>

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

ACTION TITLE	P2-GE01. GENDER MAINSTREAMING IN MUNICIPAL PROGRAMS
RATIONALE	<p>In 2018, based on the Decree N35 of the Municipality, Gender Equality Council of Akhalkalaki<sup>2</sup> was established, which consists of 7 members (4 women and 3 men).<sup>3</sup> Although there are non-governmental organizations and one women's NGO in Akhalkalaki municipality, there is no civil society representative among the members of the Gender Equality Council. In 2018, based on the decree # 42 the Gender Equality Council of Akhalkalaki approved the Municipal Gender Equality Action Plan for 2018-2019.<sup>4</sup> One of the priorities of the plan is women's economic empowerment (Article 2.7. Article 2.8), according to which programs and activities that support the employment of the population, including professional creative educational programs should be guaranteed for rural women and socially vulnerable women. According to the plan, financial participation in micro and small business support programs should be ensured. No funds have been allocated from the local budget for the implementation of the activities envisaged in the action plan. Since 2019, the Gender Equality Council has not adopted a Gender Equality Action Plan for the following years.</p> <p>In Akhalkalaki municipality, 47,1% of women and 52,3% of men have full or high trust in the civil sector. Women have a higher confidence level in receiving information from initiative groups than from the media, the municipal government or the regional or central governments. 50.1% of female respondents trust information received from local initiative groups.</p>
RELEVANCE	<p>On the one hand, the municipality is responsible to fulfil the obligations taken under the GE Action Plan including the part of women's economic empowerment, and on the other hand, the municipality should adopt Gender Equality Strategy and new GE Action Plan for 2020-21 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.</p>
IMPLEMENTATION MODALITIES	<p>The Gender Equality Council, based on the needs of the population, including women with different ethnic backgrounds and vulnerable groups, will ensure gender mainstreaming and introducing gender sensitive programs and projects in the municipality. It should be initiated that the Women's organization become a member of the GE council.</p>
FACILITATING ARRANGEMENTS	<ul style="list-style-type: none"> <li>• Meeting with Gender Equality Council existing at the municipality</li> <li>• Initiation of women's organization to become a member of the GE council</li> <li>• Meeting with local CSOs and women in the community, including women with different ethnic backgrounds</li> <li>• Support the municipality to conduct needs assessment survey, which is one of the current obligations as well</li> <li>• Advocacy for the community should be included in the priorities of the municipality</li> <li>• Development of municipal communication strategy with the involvement of local and regional women's organizations</li> </ul>
SPECIFIC MEASURES FOR COVID-19	<ul style="list-style-type: none"> <li>• Emergency Response Plan supporting women's economic activities during crises to be created and adopted by the municipality, which includes priorities of women with different ethnic and religious minority backgrounds and other vulnerable groups, and is also available in the ethnic minority languages</li> <li>• Specific budget to be allocated for the implementation of the Response Plan</li> </ul>
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>Specific focus should be made on vulnerable people, including women with different ethnic backgrounds, persons with disabilities, single mothers, as well as other groups identified to be included in the process of developing the municipal Gender Equality Action Plan, as well as during elaboration of Emergency Response Plan.</p>
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> Representatives of the Gender Equality Council of the municipality, women's organizations and other local CSOs and opinion leader women, women with different ethnic backgrounds. <u>Indirect beneficiaries:</u> Population of Akhalkalaki municipality.</p>
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. Meeting with stakeholders; 2. Meeting with local and regional women's organizations, CSOs and women, including women with different ethnic backgrounds 3. Developing the municipal communication strategy 4. Conducting the needs assessment survey 5. Advocacy. <u>Outputs:</u> a) Adopted Gender Equality Action Plan with a focus on women's economic empowerment. b) Allocated budget for action plan. c) women's organizations engaged in the work of GE council. d) The municipal communication strategy document, which includes the positive reputation and potential of local women's organizations.</p>

### PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-2							21,000	Municipality, in coordination with the responsible parties.
1-3							22,000	
4-5							25,000	

ACTION TITLE		P2-GE02. EDUCATIONAL CENTER TO SUPPORT WOMEN'S ECONOMIC ACTIVITY						
RATIONALE	<p>Systemic gender inequality in employment deepens poverty, economic insecurity and reduces opportunities for girls and women. Vocational education is at a low level. People with occupations do not have professional qualifications. They are self-taught. There are no vocational schools in the Akhalkalaki municipality.</p> <p>13.3% of women and 32.9% of men are unemployed in Akhalkalaki municipality, 46.6% of women and 21.4% of men are not economically active. Almost half of the women are not economically active, which is probably due to the workload in the family and existing attitude in the society and stereotypes about women's duties.</p> <p>It is interesting that women cited family responsibilities (6.4%), and men lack of knowledge / skills (5.3%) as a reason why they did not think about starting a business. In the case of women it confirms double workload and family responsibilities as the main barrier to women's economic activity, plus unequal environment for their active engagement, and the need of extra efforts to facilitate women's economic activity.</p>							
RELEVANCE	<p>According to Target 4.4. of SDG 4 by 2030, number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship should be substantially increased the and according to Target 10.2 of SDG 10 by 2030, promotion of the social, economic and political inclusion of all irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status should be ensured.</p>							
IMPLEMENTATION MODALITIES	<p>The educational center will offer an educational program to women with different ethnic backgrounds, which will focus on supporting women's participation, confidence building, educative and informative aspects of business development and empowerment. The program will help the women living in the region to expand professional horizons and strive for career and personal goals. The ethnic and religious minority women will also be engaged in the program and translation will be provided if necessary.</p>							
FACILITATING ARRANGEMENTS	<p>1.Active advocacy with the municipality to take the responsibility of co-funding of the center. 2. To revise the existing database of women of Women's Room in order to identify women, including those from ethnic and religious minority groups, who wish to be engaged in economic activities.</p>							
SPECIFIC MEASURES FOR COVID-19	<p>A special group, which will include women, including ethnic and religious minority 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.</p>							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	<p>During the selection process of participants, representatives of all groups, including women with different ethnic backgrounds will be given a priority.</p>							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<p><u>Direct beneficiaries:</u> Women engaged in economic activities; <u>Indirect beneficiaries:</u> Their families and the community.</p>							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u> 1. To set up well-equipped Education Center with a library for women's economic empowerment. 2. To train the staff members who manage the operations of the Center. 3. To develop a program to support women's economic activity. 4. To advocate for municipal co-funding to develop the Center.</p> <p><u>Outputs:</u> a) The established Education Center that functions well with the purpose of women's empowerment. b) The program for women's economic development is in place. c) 500 women are trained. D) The Municipality took responsibility to co-fund the Center.</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-4							26,000	Municipality, in coordination with the responsible parties
2-4							27,000	
2-4							30,000	

ACTION TITLE	P2-GE03. 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 at the community meetings during field visits. Women's Room Manager in Akhalkalaki is also responsible for gender issues and is a member of the Gender Equality Council.							
RELEVANCE	WIC developed the 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. The capacities of the WR Managers are often limited and need to be further improved. Besides, collecting the data of the visitors by the WR did and creating a database are important.							
IMPLEMENTATION MODALITIES	The activities of Women's Room should be directed towards women's empowerment, including economic empowerment, should be included in the Gender Equality Action Plan and the budget should be allocated. As the population of Akhalkalaki have high trust in information received from NGOs and community groups, Women's Room, as well as the municipality should cooperate with these organizations and use them as information disseminators between the population and the local government.							
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> <li>1. Meeting with Women's Room Manager and representative of GE Council</li> <li>2. Women's Room Manager to create a database of relevant programs and program providers</li> <li>3. Women's Room to elaborate Action Plan of Women's Room</li> <li>4. Women's room to develop a database of ethnic and religious minority women</li> <li>5. Action Plan of Women's Room to be supported by the Gender Equality Council of the municipality</li> <li>6. The Women's Room Manager to provide women with information, including in the ethnic minority languages, about the existing services and possibilities for their economic empowerment and to support their participation in them. The women's NGOs and community groups should be actively involved in this process.</li> </ol>							
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, including economic challenges, during the crisis.							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	With inspiration "to leave no one behind" the Women's Room Manager will be responsible to reach out and provide information to every member of the community, including the most vulnerable ones, including ethnic and religious minority women, with active involvement of women's organizations and community-based groups.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Women, including women with different ethnic backgrounds and Women's Room Managers; <u>Indirect beneficiaries:</u> Gender Equality Council of Municipality of Akhalkalaki.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. Meeting with WR Manager and GE representatives; 2. Creating the database of services and programs, translated into ethnic minority languages; 3. Developing the Action Plan of Women's Room; 4. Supporting the Action Plan of Women's Room by the GE Council; 5. Disseminating information on women's empowerment among the different communities with the assistance of women's NGOs and community groups. <u>Outputs:</u> a) Created Database of programs and services into ethnic minority languages; b) Created Action Plan of WR; c) Municipal support and budget allocation for specific activities; d) Informed population about the existing services and programs for women's empowerment.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-5							15,000	Municipality, in coordination with the responsible parties
1-5							17,000	
1-5							18,000	

ACTION TITLE		P2-GE04. AWARENESS-RAISING CAMPAIGN ON GENDER SENSITIVITY OF OPINION-LEADER MEN AND WOMEN						
RATIONALE	There are stereotypical attitudes towards women in the society. Double workload of women and unpaid household work limit their opportunities and lower their self-esteem. Therefore, all these decrease opportunities for women to be involved in social and economic life.							
RELEVANCE	The Constitution and other policy documents of Georgia recognize that real equality and women's participation in social and economic processes are crucial. In the Gender Policy localization process, the municipalities also have the obligation of women's empowerment and engagement. Despite all this, the existing stereotypes and social norms hinder the advancement of real equality. Moreover, according to the Target 5C of SDG 5, Government should Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.							
IMPLEMENTATION MODALITIES	The campaign will cover all communities and not only the municipal center. In this process the local government and opinion leader women and men and local and regional women's NGOs should be involved.							
FACILITATING ARRANGEMENTS	Awareness campaign to cover all communities, including vulnerable population. Opinion leaders, including men and women from ethnic minority settlements will be identified in each community and the media campaign will also be conducted.							
SPECIFIC MEASURES FOR COVID-19	During COVID-19 women have limited the access to some services and information. Opinion-leaders will be engaged in the information dissemination campaigns.							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	The activity will ensure the engagement of men and women of ethnic and religious minorities, and other vulnerable groups of different communities of the municipality.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Opinion leaders, women, and girls, with different ethnic and religious background; <u>Indirect beneficiaries:</u> The population of the municipality.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> 1. To identify opinion leaders 2. Trained opinion leaders. 3. To hold a campaign, especially during the important days of women's activism. 4. Opinion leaders are engaged in the activities of the municipality. <u>Outputs:</u> a) The database of opinion leader women and men is created in different communities. b) Increased gender sensitivity of opinion leaders. c) Opinion-leaders involved in the awareness raising campaign of the population and in the GE policy activities of the municipality.							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-4							17,000	The Municipality, in coordination with the responsible parties.
2-4							19,000	
2-4							22,000	



ACTION TITLE	P2-GE05. SUPPORTING WOMEN'S INITIATIVES AND COMMUNITY GROUPS							
RATIONALE	There are several non-governmental organizations in the Akhalkalaki municipality. Among them are: one women's organization - "Women of Samtskhe-Javakheti for a Peaceful Georgia", and three organizations that carry out activities aimed at supporting women's rights and gender equality. However, none of them are engaged in the work of GE council and Women's Rooms. It should also be noted that 50.1% of the population have high or full trust in the information received from the CBOs. i.e. they trust CBOs and women's organizations more than the media, the government and etc.							
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, from ethnic and religious groups will be involved in the process. The grants will be issued for women's initiative groups in cooperation with the municipality.							
FACILITATING ARRANGEMENTS	<ol style="list-style-type: none"> <li>1. To initiate the establishment of the community groups.</li> <li>2. To issue grants to support the initiatives of community groups in cooperation with the municipality.</li> <li>3. To conduct awareness raising activities to support CSOs and CBOs involvement in the municipal policy development and share success stories.</li> </ol>							
SPECIFIC MEASURES FOR COVID-19	In case of the additional waves of the COVID-19, women's special needs will be supported during the crisis period. The information and other materials will be disseminated in the ethnic minority languages as well.							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Women's Room managers and the representatives of the Mayor in the administrative units of all the communities will be informed about the possibilities to be involved in community groups, etc.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> : Leader women from communities, including ethnic and religious minority women; <u>Indirect beneficiaries</u> : The community and the families of the women.							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs</u>: 1. To identify opinion leader women from different ethnic backgrounds. 2. To inform women about CBOs. 3. To initiate creation of CBOs; 4. Capacity building of CBOs; 5. To issue small grants to support CBO initiatives. 6. To support involvement of CSO/CBOs into the municipal policy development.</p> <p><u>Outputs</u>: 1. Created CBOs; 2. Awareness-raised, confident leader women; 3. Grants issued and initiatives supported. 4. Engaged CSOs/CBOs in GE Council and municipal policy development.</p>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-6							40,000	The Municipality, in coordination with the responsible parties.
1-6							45,000	
1-6							50,000	

ACTION TITLE	P2-GE06. INFORMAL EDUCATION COURSES FOR CHILDREN TO SUPPORT WOMEN AND THEIR FAMILIES
RATIONALE	As women do double workload, which hinder them from active economic engagement and development opportunities, their children also have limited access to informal education, as there are no NGOs in the municipality. Moreover, there are no alternative education spaces for children apart from school and kindergartens, which, in the case of Akhalkalaki, have problems of sanitation, nutrition, and management system.
RELEVANCE	According to the Target 5.4 of the SDG 5 unpaid care and domestic work of women should be recognized and valued through the provision of public services, infrastructure, and social protection policies. By creating informal education space for children, women will be “freed” from this responsibility a bit and will have opportunity for personal development as well.
IMPLEMENTATION MODALITIES	To create different groups (based on age) for children and informal education program, which will be implemented in cooperation with the municipality in the space of Women’s Room, designated for women and children.
FACILITATING ARRANGEMENTS	<ul style="list-style-type: none"> <li>• To meet with the municipality.</li> <li>• To announce a competition on creating of informal education innovative programs.</li> </ul>
SPECIFIC MEASURES FOR COVID-19	In case of other waves of COVID, the program developed will be conducted online.
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Specific groups will be created to involve children with disabilities as well.
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries:</u> Children; <u>Indirect Beneficiaries:</u> Women and their families.
DESCRIPTION OF INPUTS AND OUTPUTS	<p>Inputs: 1. Agreement with the municipality regarding the initiative; 2. To announce a competition on developing an innovative program; 3. To implement the program in the space of Women’s Room.</p> <p>Outputs: a) Elaborated Innovative Program; b) Awareness-raised children</p>

## PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.

N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1-3							15,000	The Municipality, in coordination with the responsible parties.
1-3							20,000	
1-3							25,000	

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

SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><b>Program Goal:</b> Boosted economic activity of women and improved conditions for their engagement</p>	<p><b>Measure of Goal Achievement:</b> Allocated municipal financial resources/services offered by the state and non-state actors for women and the number of women/girls who received and used these services</p>	<ul style="list-style-type: none"> <li>• Municipal allocated Budget</li> <li>• The list of women / CBOs /entrepreneurs who received benefits from the municipality, state, and non-state actors</li> <li>• Independent assessment reports of CSOs and the Ombudsman</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that for the municipality women’s empowerment becomes a priority and it continues programs that support improvement of women’s conditions</li> <li>• Another assumption is that other state –non-state services are available for women and girls</li> </ul>
<p><b>Project Purpose:</b> Improving conditions for women so that they have access to education, information and opportunities for economic engagement and activity</p>	<ul style="list-style-type: none"> <li>• Women’s initiatives and engagement for economic development</li> </ul>	<ul style="list-style-type: none"> <li>• Women’s proposals</li> <li>• WR database of economically active women</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that women are confident enough to start economic activities</li> </ul>
<p><b>Outputs:</b></p> <ul style="list-style-type: none"> <li>• Adopted Gender Equality Action Plan with a focus on women’s economic empowerment</li> <li>• Allocated budget for the action plan</li> <li>• Women’s organizations engaged in the work of GE council</li> <li>• Municipal Communication Strategy Document, which includes the positive reputation and potential of local women’s organizations</li> <li>• Education Center established that functions well in the direction of women’s empowerment</li> <li>• The program for women’s economic development elaborated</li> <li>• 500 women trained</li> <li>• The Municipality took responsibility to co-fund the Center</li> <li>• Database of programs and services created into ethnic minority languages</li> <li>• The Action Plan of WR developed</li> <li>• Municipal support and budget allocation for specific activities;</li> <li>• Informed population about existing services and programs for women’s empowerment</li> <li>• Database of opinion leader women and men is created in different communities;</li> <li>• Gender sensitivity of opinion leaders increased</li> <li>• Opinion-leaders involved in the awareness raising campaign of the population and in the GE policy activities of the municipality</li> <li>• CBOs established;</li> <li>• Awareness-raised, confident leader women;</li> <li>• Grants issued and initiatives supported</li> <li>• CSOs/CBOs engaged in GE Council and the municipal policy developed</li> <li>• Innovative Program developed;</li> <li>• The level of awareness raised.</li> </ul>	<ul style="list-style-type: none"> <li>• GE Action Plan adopted with its program and awareness-raising part focused on economic empowerment of women</li> <li>• At least 8,000 GEL allocated for economic empowerment of women</li> <li>• Education Center founded for women’s empowerment</li> <li>• 1 training program developed and up to 500 women trained</li> <li>• At least 10% of users of the WR have used the programs and services from the database</li> <li>• At least 5,000-6,000GEL allocated for specific activities of WR</li> <li>• Communication strategy is created in which women’s organizations are engaged and communication channels are specified</li> <li>• At least 21 CBO’s established i.e. 1 CBO in each community</li> <li>• At least 5 grants awarded for initiatives</li> <li>• At least 10,000 GEL allocated for the grants for CBO initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Periodic assessments</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumption is that women’s economic empowerment is a priority of the municipality, budget is allocated and the municipal population, especially women receive education, information on property rights and credits, and use programs and services from the database</li> <li>• Another key assumption is that the municipal programs are planned with informed participation of women and girls</li> <li>• Another key assumption is that municipality, men, and religious leaders are more gender sensitive.</li> </ul>
<p><b>Inputs, Activities and Types of Resources:</b> Design and implement programs under P2 (From P2-GE01 through P2-GE06 which are related to: a) Gender Mainstreaming in Municipal Programs b) Set up Educational Center to support women’s economic activity. c) Strengthen the Capacity of Women’s Rooms d) Awareness-raising Campaign on gender sensitivity among the opinion-leader men and women e) Support Women’s Initiatives and Community Groups f) Initiate informal education courses for children to support women and their families.</p>	<ul style="list-style-type: none"> <li>• To be developed</li> </ul>	<ul style="list-style-type: none"> <li>• Project reports and budgets</li> </ul>	<ul style="list-style-type: none"> <li>• The key assumptions are that: a) women are mobilized and ready to receive services and be empowered economically</li> <li>• Another key assumption is that the municipality is also supporting women’s economic participation, and men are more gender-sensitive and support women’s initiatives as well.</li> </ul>

## P3 - (Environment) - Interventions

ACTION TITLE		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 the Akhalkalaki municipality. In the area of environmental protection, the special focus will be made on MSW, since municipal waste is one of the major pressures on all natural resources and, it hinders rural development (agriculture, tourism, etc.). In terms of natural resources management, the focus will be made on soft and hard measures that will remove/reduce anthropogenic and natural pressures on water, land, and biological resources.							
RELEVANCE	The intervention will address key environmental (in particular, waste management) and natural resource (water, land, and biological resources, including forests) management issues and some of their critical underlying/ 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, Local development strategy, Municipal solid waste management plan, and Javakheti protected area management plan; Moreover, measures to be implemented under the given intervention were identified as priorities by local stakeholders, including LAG members during 2 consultations conducted under ENPARD 2 and ENPARD 3.							
IMPLEMENTATION MODALITIES	National-wide environmental NGO/NGOs with strong experience in integrated natural resource management and grassroots network, cooperate with local NGO(s), municipality and LAG. Small-scale initiatives (small grants) should ensure co-funding from project proponents/grant recipients either cash or in-kind. Co-funding from any of following source will be allowed: state and local budget, private investment, NGO/SCO funding, international donor financing. The project can be implemented in cooperation with UNDP/GEF small-grants program, 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.							
FACILITATING ARRANGEMENTS	Joint efforts of the MEPA, MRDI, Ministry of Economy and Sustainable Development, local municipality, LAG, community-based organizations/community incentive groups, other local NGOs and private sector will create a synergy to successfully implement the project.							
SPECIFIC MEASURES FOR COVID-19	Not identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Along with local authorities and farmers, specific focus will be made on rural communities, school children and women.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> of the program are local communities, where pilot activities will be implemented, the local municipality, farmers, Akhalkalaki-Aspindza forestry unit of NFA/MEPA, Administrations of Javakheti and Borjomi-Kharagauli (Ktsia-Tabatskuri and Tetrobi Managed Reserves) PAs, school children, women. <u>Indirect beneficiary</u> is general public.							
DESCRIPTION OF INPUTS AND OUTPUTS	<p><u>Inputs:</u></p> <ul style="list-style-type: none"> <li>• Consultants to conduct field and desk studies and development of policy documents</li> <li>• Meetings, consultations with local stakeholders</li> <li>• Training, education information and promo materials</li> <li>• Meetings and consultations with the local population</li> <li>• Small grant financing for community initiatives</li> <li>• Eco-awards</li> </ul> <p><u>Outputs and output targets:</u></p> <p>1.1 Studies on natural resources conducted in the priority areas - at least 4 studies in water, land, forest and biodiversity management, including PA forest inventory and biodiversity monitoring</p> <p>1.2 Policy/planning frameworks developed in priority areas - at least 4 strategic/planning documents</p> <p>1.3 Local stakeholder consultations on priority interventions and other issues – at least 8 consultations</p> <p>1.4 Small-scale community environmental and natural resource management initiatives - at least 25 sustainable environment and integrated natural resources management initiatives to be implemented in all 22 administrative-territorial units, state forests and Javakheti and Borjomi-Kharagauli PAs, etc.</p> <p>1.5 Awareness raising seminars for local communities and other stakeholders – at least 5 trainings</p> <p>1.6 Ecoclubs/school children initiatives:</p> <ul style="list-style-type: none"> <li>○ at least 22 awareness raising seminars/trainings, consultations, meetings</li> <li>○ at least 4 on-the-ground environmental awareness actions (e.g., clean-up, greening, etc.)</li> <li>○ at least 4 research/education excursions</li> <li>○ at least 22 eco-awards for Ecoclubs member and nonmember school children.</li> </ul>							
PROPOSED TIMELINE OF IMPLEMENTATION AND ESTIMATE OF COSTS.								
N	2020	2021	2022	2023	2024	2025	APPROX. COSTS (GEL)	RESPONSIBLE
1.1							100,000	National-wide NGO in a partnership with local NGO and in close cooperation with relevant national authorities, local municipality, LAG and local communities
1.2							60,000	
1.3							40,000	
1.4							1,000,000	
1.5							50,000	
1.6							150,000	
TOTAL							1,500,000	

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, flashfloods, and wild fires which are major natural pressures on natural and economic assets causing deterioration of local environment and livelihood and ultimately leading to increased rural poverty and hindered rural development. The intervention will focus on awareness raising and CCA/DRR prevention, preparedness and response capacity building of national authorities represented in the target municipality (forest and PA rangers), the municipality and communities, including school children. This will be achieved through knowledge building (update of existing CC vulnerability and risk assessment study, creating disaster preparedness skills development, developing/expanding hydrometric, geological and agro-meteorological monitoring network and supporting design and implementation of CCA/DRR measures, such as rehabilitation/construction of stormwater drainage systems, river bank revetment structures, slope stabilization and erosion control measures, afforestation/reforestation, etc.							
RELEVANCE	The intervention will address key CCA/DRR issues that are one of the key underlying and/or root causes for degradation of local environment, natural resources and economic assets. CCA/DRR as part of the climate action is one of the key priorities of NEAP, rural and agricultural development strategies, national DRR strategy and action plan, Regional development strategy, Lcal development strategy, Chorokhi-Adjaristskali river basin draft management plan. Moreover, CCA/DRR was identified as one of the top priorities by local stakeholders, including LAG members during ENPARD 2 and ENPARD 3 projects.							
IMPLEMENTATION MODALITIES	National-wide environmental NGO in a partnership with local NGO(s) and close cooperation with National Environmental Agency/MEPA, NFA/MEPA, State Emergency Management Service/MoIA, the local municipality, community-based organizations/local NGOs and LAG. The project can be implemented in a close cooperation with UNDP/GCF MHEWS project.							
FACILITATING ARRANGEMENTS	Joint efforts of National and local NGOs, central government – MEPA, MRDI, Emergency Management Service/MoIA, the local municipality, LAG and private sector will create synergy to successfully implement the project.							
SPECIFIC MEASURES FOR COVID-19	Not identified							
SPECIFIC MEASURES FOR TARGETING THE NEEDS FROM SPECIAL GROUPS	Along with the government and local communities special focus will be made on schoolchildren and women.							
DESCRIPTION OF DIRECT AND INDIRECT BENEFICIARIES	<u>Direct beneficiaries</u> of the program are local municipality, local communities, including youth, farmers, MEPA, schoolchildren. <u>Indirect beneficiaries</u> : The community at large.							
DESCRIPTION OF INPUTS AND OUTPUTS	<u>Inputs:</u> <ul style="list-style-type: none"> <li>• Consultants to conduct CC vulnerability and disaster risk assessment study and develop policy recommendations</li> <li>• Consultants to support development of disaster preparedness and response plan and CCA/DRR plan</li> <li>• Meetings trainings, consultations with local stakeholders, including the youth</li> <li>• Training, information, and education materials</li> <li>• Hydrometeorological, geo-hazard monitoring (inclinometers, Doppler/video monitoring equipment) and agrometeorological equipment</li> <li>• Consultants to design and monitor implementation of structural and non-structural CCA/DRR measures</li> <li>• Small grants for on-the-ground structural and non-structural CCA/DRR measures</li> </ul> <u>Outputs:</u> <p>1.1 CC and vulnerability, hazard and risk mapping and assessment, including assessment for each community – 1 study</p> <p>1.2 CCA/DRR policy/planning documents – 1 CCA/DRR/resilience plan and 1 disaster preparedness and response plan</p> <p>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</p> <p>1.4 Awareness raising seminars and trainings of local stakeholders – at least 43 trainings/seminars:</p> <ul style="list-style-type: none"> <li>○ 25 (including 20 administrative territorial-units, local municipality, staff of Akhalkalaki forestry section and administration of JAVAKHETI PA)</li> <li>○ 20 in public schools/Ecoclubs of each administrative territorial unit</li> </ul> <p>1.5 Purchase and installation of hydro-meteorological, geological, and agrometeorological equipment – 2 hydro-meteorological stations and 2 hydro-meteorological posts, 2 agrometeorological stations, inclinometers, doplers (at least 20 units), fire-fighting equipment</p> <p>1.6 At least 25 on-the-ground CCA/DRR initiatives</p>							
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 relevant national authorities, local municipality, LAG and communities
1.2							20,000	
1.3							20,000	
1.4							60,000	
1.5							900,000	
1.6							1,000,000	
TOTAL							2,040,000	

### P3 - (Environment) - Results Framework

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

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

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



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## LIST OF CONSULTED KEY STAKEHOLDERS

NAME	ORGANIZATION	POSITION
Shalva Berdzenishvili	Administration of State Representative-Governor in Samtskhe -Javakheti Region	Deputy Representative-Governor
Marina Gachechiladze	Administration of State Representative-Governor in Samtskhe -Javakheti Region	Head of Regional Development Service
Iurik Unanian	Local Authority/Mayors office	Mayor
Armen Maragozyan	Local Authority/Mayors office	Deputy Mayor
Tereza Chivchian	Akhalkalaki LAG	Representative
Apetnak Zandarian	Akhalkalaki LAG	Representative
Sergey Khachatryan	Akhalkalaki LAG	Representative
Makhare Matukatsov	Akhalkalaki LAG	Representative

## TEAM OF EXPERTS

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

## POTENTIAL SKILLS DEMAND-SUPPLY BALANCE

### Problems and Challenges





NECESSARY SKILLS	CURRENT SITUATION
<p><b>TOURISM</b></p> <ul style="list-style-type: none"> <li>• MANAGEMENT SKILLS FOR FAMILY HOTELS</li> <li>• SKILLS FOR HOTEL SERVICES</li> <li>• COOKING SKILLS</li> <li>• HIKING GUIDE SKILLS</li> <li>• CULTURAL HERITAGE GUIDE SKILLS</li> <li>• AGRO-ECOTOURISM GUIDE SKILLS</li> </ul>	<p>NONE OF THE COLLEGES IN AKHALKALAKI MUNICIPALITY PROVIDE VOCATIONAL EDUCATION OR VOCATIONAL TRAINING / RETRAINING ACCORDING TO THE FOLLOWING TOPICS:</p> <ul style="list-style-type: none"> <li>• FAMILY HOTELS MANAGEMENT</li> <li>• AGRO-ECOTOURISM GUIDE</li> <li>• CULTURAL HERITAGE GUIDE</li> <li>• HOTELS SERVICE</li> <li>• HIKING GUIDE</li> <li>• COOKER</li> </ul> <p>AKHALKALAKI ADULT EDUCATION CENTER HAS SHORT-TERM, NON-FORMAL EDUCATION COURSES FOR GUIDES.</p>
<p><b>BUSINESS</b></p> <ul style="list-style-type: none"> <li>• ENTREPRENEURIAL SKILLS AND KNOWLEDGE</li> <li>• AGRO BUSINESS MANAGEMENT SKILLS</li> <li>• ACCOUNTING</li> </ul>	<p>AKHALKALAKI ADULT EDUCATION CENTER HAS SHORT-TERM, NON-FORMAL EDUCATION COURSES FOR SMALL ENTREPRENEURSHIP, ACCOUNTING.</p>
<p><b>AGRICULTURE</b></p> <ul style="list-style-type: none"> <li>• BEEKEEPING SKILLS</li> <li>• FISHING SKILLS</li> <li>• AGRONOMY SKILLS</li> <li>• ANIMAL BREEDING AND CARE OF SKILLS</li> <li>• VETERINARY SERVICE SKILLS</li> <li>• AGRO MECHANIZATION</li> </ul>	<p>OPIZARI COLLEGE IMPLEMENTS ALL PROGRAMS IN AKHALTSIKHE</p>
<p><b>CONSTRUCTION</b></p> <ul style="list-style-type: none"> <li>• PIPE WELDING SKILLS</li> <li>• ELECTRICIAN SKILLS</li> <li>• CARPENTER SKILLS</li> </ul>	<p>AKHALKALAKI ADULT EDUCATION CENTER DOES NOT HAVE NONE OF PROGRAMS</p> <p>“OPIZARI” COLLEGE PROVIDES THE “WELDING” AND „ELECTRICITY” PROGRAMS IN AKHALTSIKHE</p>
<p><b>ENVIRONMENTAL PROTECTION</b></p> <ul style="list-style-type: none"> <li>• PASTURE PROTECTION AND MANAGEMENT SKILLS</li> <li>• WASTE MANAGEMENT SKILLS</li> </ul>	<p>NONE OF THE COLLEGE PROVIDE VOCATIONAL EDUCATION OR VOCATIONAL TRAINING/RETRAINING ON THE FOLLOWING VOCATIONS:</p> <ul style="list-style-type: none"> <li>• WASTE MANAGEMENT</li> <li>• PASTURE PROTECTION AND MANAGEMENT</li> </ul>

## Required Vocations and Readiness of The Vocational Education System

REQUIRED VOCATIONS	RELEVANT PROGRAMS	LEARNING ENVIRONMENT	HR	FORM OF VOCATIONAL TRAINING OR RETRAINING
<b>TOURISM</b>	1	2	3	4
HOTELS SERVICE	Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Teaching - dual
FAMILY HOTELS MANAGEMENT	Does not exist	Exists	Does not exist	Vocational retraining
COOKER	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Teaching - dual
HIKING GUIDE	Exists in Adventure Tourism School	Exists	Exists	Teaching / Certificate Programs
Cultural heritage guide	Does not exist	Exists sectoral program	Exists	Vocational retraining
AGRO-ECOTOURISM GUIDE	Does not exist	Exists	Does not exist	Vocational retraining
<b>BUSINESS</b>	1	2	3	4
ENTREPRENEURSHIP AGRO BUSINESS MANAGEMENT ACCOUNTING	Partially exists in Opizari College	Exists	Exists	Vocational retraining
<b>AGRICULTURE</b>	1	2	3	4
BEEKEEPING FISHERY AGRONOMY AGRO MECHANIZATION CATTLE-BREEDING VETERINARY	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki ; Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Teaching - dual
<b>CONSTRUCTION</b>	1	2	3	4
WELDING	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki; Exists in Opizari College	Does not exist in Akhalkalaki Exists in Opizari College	Teaching - modular
ELECTRICITY				
CARPENTER				
<b>ENVIRONMENTAL PROTECTION</b>	1	2	3	4
WASTE MANAGEMENT	Does not exist	Does not exist	Does not exist	Vocational retraining - dual
PASTURE PROTECTION AND MANAGEMENT				

## Detailed Program of Proposed Trainings

POLICY INSTRUMENT	RELEVANCE TO THE MUNICIPALITY NEEDS	DETAILED COMMENT	PROPOSED INTERVENTIONS
PREPARING THE WORKFORCE FOR THE TOURISM SECTOR			1. <b>Preparing the workforce for the tourism sector</b>
FAMILY HOTEL MANAGEMENT	■ ■ □ □ □	<p>Although not much is developed now, given the rich natural heritage, the tourism sector has some clear potential in the municipality. The natural attractions of the municipality include the Javakheti National Park and the national reserves of Kartsakhi, Sulda, Tetrobi and Ktsia-Tabatskuri. Tourism infrastructure within the region is has few accommodation facilities or products – camping places, guesthouses, family hotels or hotels.</p> <p>The municipality has a rich natural and cultural heritage. To keep tourists in the municipality longer, it is advisable to improve the quality of certain infrastructure and existing services, and effective management of family hotels.</p> <p>If the transit traffic keeps increasing, more various businesses can benefit from it (e.g., quality hotels, car wash, cash exchanges, petty trading, bars/pubs, etc.)</p>	1.1.1. Train the teachers for Akhalkalaki branch of Samtskhe-Javakheti University 1.1.2. Develop a vocational training program 1.1.3. Conduct the training courses
HOTEL SERVICE COOKER	■ ■ □ □ □	<p>In the municipality, because of transit, there is a growing demand on the staff with professional skills, and on hosting services (hotels, cafes, bars, and restaurants). However, most adults either do not have access to education outside the municipality or do not consider the vocational education to be suitable for employment in this sector, which, on the one hand, creates labor shortages in the local labor market and increases the number of unemployed.</p> <p>The people in transit are contributing to local economy with short term stays (max. 1-2 days<sup>5</sup>) of drivers and spending money in restaurants, gas stations, groceries, guesthouses, slot clubs, etc.</p>	1.2.1. Create a learning environment 1.2.2. Teachers training 1.2.3. Implement vocational training courses 1.2.4. Carry out dual training with state funding
HIKING GUIDE;	■ □ □ □ □	<p>The existence of certified trainees in these vocations is very important for the development of winter and summer mountain tourism in Akhalkalaki. These vocations have quite a high potential for employment.</p> <p>There is only one vocational center in Georgia - “Gudauri Adventure Tourism School”, which prepares staff for this vocation.</p>	1.3.1. Conduct the training courses on the basis of the Akhalkalaki branch of Samtskhe-Javakheti University, by the trainer and instructors invited by the “Adventure Tourism School” - the practical part in the Akhalkalaki Mountains
AGRO-ECOTOURISM CULTURAL HERITAGE GUIDE	■ ■ □ □ □	<p>Cultural heritage tourism that is based on Akhalkalaki people’s lifestyle authenticity that is well preserved in mountainous villages, historical religious heritage and with traditional architecture of the villages.</p> <p>The municipality has the opportunity to develop and popularize agro-tourism products, transform empty villages into cultural-ethnic complexes.</p> <p>Ethno-cultural tourism based on authenticity of villages; Summer mountain and adventure tourism, based on nature assets, landscape diversity and opportunities to experience various outdoor activities such as hiking.</p>	1.1.1. Train teachers for the Akhalkalaki branch of Samtskhe-Javakheti University 1.1.2. Develop the vocational retraining programs 1.1.3. Conduct the training courses

PREPARING THE WORKFORCE FOR THE BUSINESS SECTOR			<b>2. Workforce growth program in Business sector</b>
ENTREPRENEURSHIP (BUSINESS PLANNING, MANAGEMENT, MARKETING)		It is advisable to introduce entrepreneurship training for young people, where hundreds of young people from Akhalkalaki 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. Conduct the training courses for young people by the invited trainer
ACCOUNTING			
PREPARING THE WORKFORCE FOR THE CONSTRUCTION SECTOR			<b>3. Workforce growth program in Construction sector</b>
WELDING		Appropriately qualified labor force for mentioned vocations will be very important during implementing large-scale infrastructural projects in Akhalkalaki. Besides, the study by UNIDO (Mapping Emerging and Potential Clusters in Georgia, UNIDO, 2020.) identified several potential or emerging clusters in the region: <ul style="list-style-type: none"> <li>• Cutting, shaping, and finishing of stone</li> <li>• Sawmilling and planking of wood</li> <li>• Manufacture of other Builders' Carpentry/Joinery</li> </ul>	3.1.1. Teachers training 3.1.2. Develop the vocational retraining programs 3.1.3. Conduct the vocational training courses
CUTTING, SHAPING AND FINISHING OF STONE CARPENTER			
PREPARING THE WORKFORCE FOR THE ENVIRONMENTAL PROTECTION SECTOR			<b>4. Workforce growth program in Environmental Protection sector</b>
PASTURE PROTECTION AND MANAGEMENT		The population does not have information about the possibilities of agricultural development, most of the pastures are inaccessible to them. The culture of pasture protection and management is on very low level.	4.1. Teachers training 4.2. Implement the training courses
WASTE MANAGEMENT			



## SOCIAL PROGRAMS

### Programs Financed/Planed From Local Municipality Budget In 2019/2020

ACTIVITY	DESCRIPTION	2019 BUDGET (GEL)	2019 BENEFICIARIES	2020 BUDGET	2020 BENEFICIARIES-PLANNED
ONE TIME CASH BENEFIT FOR CHILDREN	For first and second new burners – 250, for third -300GEL, for forth -500GEL, and for following + 300 GEL	145 050	520	170 000	600
ONE TIME CASH BENEFIT FOR WAR VETERANS	One time Cash benefit -1000 GEL to war veterans (WWII)	6 000	6	6 000	6
ONE TIME CASH BENEFIT FOR VULNERABLE FAMILIES	Household who registered in TSA (up to 100 000 Score) can receive 100-150 GEL Cash benefit	200 591	742	200 000	742
ONE TIME CASH BENEFIT FOR FUNERAL SUPPORT FOR VETERANS	Cash benefit -250 GEL	750	2	7 000	2
FINANCIAL SUPPORT OF STUDENTS	Co-financing of University (1000GEL) for persons with disability, families with 4 children, orphanage and others	53 980	60	45 000	45
FINANCIAL SUPPORT FOR MEDICINES	Household who registered in TSA (up to 100 000 Score) can receive one time cash benefit for medicines -up to 600 GEL, children with disabilities up to 1000 GEL.	22 040	52	40 000	80
FINANCIAL SUPPORT FOR HOUSING	Financial support to household with emergency housing 1 500-2 000 GEL one time cash benefit	51 080	46	60 000	60

Source: Local Municipality Authorities.

## METHODOLOGY OF SSA/LOCATION QUOTIENT

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

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

The following set of equation can be used for 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 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 a conventional shift-share analysis is that it does not factor in that the competitive effect is a combination of the concentration of regional employment by industry and the growth rate of that industry. This extension corrects the problem by calculating “homothetic employment.” Homothetic employment is the level of employment that sector *i* of region *j* would be expected to have if this region had the same structure as the nation or state. Using homothetic employment allows to connect the shift-share analysis with the location quotient method and substantially improves the reliability of this model. Within this extension the competitive effect is redefined by adding the fourth component—the allocation effect ( $a_{ij}$ ). Thus, the redefined competitive effect is formulated as follows:

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

where  $E'_{ij0}$  is homothetic employment:  $E'_{ij0} = E_j * (E_{iB}/E_B)$  (10)

The allocation efficiency is calculated by the following equation:

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

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

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

**Allocation effect and policy interventions**

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

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

## ENPARD II – EU-funded Rural Development Initiatives in the Akhalkalaki Municipality

N	AKHALKALAKI LOCAL DEVELOPMENT STRATEGY (LDS) PRIORITY AREAS	PROJECT	IMPLEMENTER
1.	Social, Tourisme, Women	Informational Source-Basis for Tourism Development	NNLE "Sauketeso Tskhovreba» (Best Life)
2.	Economic, Environmental	Development of Auto Service under EVRO-5, EVRO-6 Standards	Individual Entrepreneur Sasunik Aslanyan
3.	Economic	Dairy Products Special Shop	Cooperative "Mziuri Javakheti" (Sunny Javakheti)
4.	Tourism, Environmental, Social	Contraction of Guesthouse Type Cottage for Visitors	Administration for Javakheti protected areas
5.	Economic	Documents Center	Individual Entrepreneur Ararat Hovanesyan
6.	Economic, Gender, Youth	Clothing Studio	Armenui Kazaryan
7.	Economic, Environmental Agricultural	Restoration of Threatened River Trout Population	Individual Entrepreneur Artur Khachatryan
8.	Economic, Environmental	Production of Environment Friendly Metal sheet	LTD Kavari
9.	Social, Environmental	Arrangement of Square, Leisure - Ecological Zone	NNLE Akhalkalaki Service Center
10.	Tourism, Economic	Construction of Guesthouses in Villages	Individual Entrepreneur Ruben Galstyan
11.	Economic; Agricultural	Import and Farming of Holstein Breed Cattle	Cooperative "Surik"
12.	Social, Gender, Youth	Mothers and Children World	NNLE "New Style", (Initiative 6 women group)
13.	Economic, Environmental, Women, Youth; Agricultural	Agricultural Crops Irrigation with Mobile Pump and Sewing Pipes	Cooperative "Melioration"
14.	Social, Women, Youth	Preservation of Cultural Heritage	Akhalkalaki Adult Education Center
15.	Economic; Agricultural	Increase the Production of Traditional and European Cheese and Restore Technologies	Individual Entrepreneur Karen Simonyan
16.	Economic, Environmental	Obtaining and Processing of Volcanic Slag	LTD "Meridiani 2006"
17.	Social, Gender, Youth	Organizing the training center	Samtskhe-Javakheti united Greeks Union "Patrida"
18.	Economic; Agricultural	Organizing the onion production demo plot	Individual Entrepreneur Velikhan Keropyan
19.	Economic, Youth; Agricultural	Linseed oil production	Individual Entrepreneur Velikhan Agajanyan
20.	Economic, Gender	Medical diagnostic center	Individual Entrepreneur Elena FiGEL
21.	Economic	Agriculture rope production	Individual Entrepreneur Anatoly Hovanesyan
22.	Economic, Youth	Service of computers and call phones	Individual Entrepreneur Mikirtich Oganessian
23.	Social, Economic, Environmental; Agricultural	Establishing demonstration plots	Union "Samkaro"
24.	Social, Gender, Youth	Purchase modern electronic equipment	Akhalkalaki Musical School
25.	Economic, Gender, Youth	Jewelry production	Individual Entrepreneur Marii Iritsyan
26.	Economic, Gender	Organizing beauty salon	Individual Entrepreneur Daniela Karakhanyan
27.	Economic; Agricultural	Purchasing potato harvester	Individual Entrepreneur Arshak Gogoryan
28.	Economic; Agricultural	Greenhouse-flower production	Individual Entrepreneur Armenak Pogosyan
29.	Economic; Agricultural	Development of innovative greenhouse	Individual Entrepreneur Enok Babajanyan
30.	Economic, Gender	Development of dental clinic	Individual Entrepreneur Hasmik Minasyan

31.	Economic; Tourism	Development of winter tourism services	Individual Entrepreneur Vladimir Khachatryan
32.	Social, Gender, Youth	Purchase fitness equipment	Samtskhe-Javakheti State University
33.	Social, Gender, Youth; Tourism	Construction on II floor of the museum	Akhalkalaki and Kumurdo Eparchy Museum
34.	Social, Gender, Youth	Construction of arena	NNLP Community union Khospio
35.	Economic, Gender	Shoes production	Individual Entrepreneur Hasmik Shakhbekyan
36.	Economic, Gender, Youth; Tourism	Furniture production	Individual Entrepreneur Svetlana Seropyan
37.	Economic, Youth	Zootechnical and Mechanization service center	Union Veterinary Service
38.	Economic, Gender; Tourism	Hotel in Olaverdi	Individual Entrepreneur Haiastan Giloyan
39.	Economic, Gender, Youth	Beauty Salon	Individual Entrepreneur Zemfira Mkoian
40.	Social, Gender, Youth	Snow cleaning machine	Akhalkalaki Municipality
41.	Economic; Agricultural	Harvester machine	Individual Entrepreneur Armen Pambukhchyan
42.	Social, Gender, Youth	Promoting cultural event	Akhalkalaki Municipality