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KHULO LOCAL DEVELOPMENT STRATEGY

2018 - 2022



KHULO—PARADISE IN THE MOUNTAINS

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Abbreviations

LAG	Local Action Group
RDS	Rural Development Strategy
GEOSTAT	Georgian National Statistics Office
LDS	Local Development Strategy
DMP/DMO	Destination Management Plan/Destination Management Organization
MEPA	Ministry of Environmental Protection and Agriculture

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Introduction and Summary

The Local Development Strategy (LDS) of Khulo Municipality provides a framework to support the socio-economic development of the municipality and improve the quality of life of its residents. The document has been prepared in the scopes of the “Rural Development and Diversification in Khulo Municipality” project. The overall objective of the project is to contribute to poverty reduction in Georgia. Specifically, project aims to improve employment and living conditions in Khulo Municipality through diversification of the rural economy.

LDS was developed based on a wide range of consultations with local communities, civil society, business sector and local authorities, approved by Khulo Local Action Group (LAG) on 23rd July, 2018. The document was designed using LEADER approach, which provides rural communities with a tool for engaging with stakeholders in local development.

Summary of Priorities, Objectives and Strategic Actions

Priority	Objective	Strategic Action
1. Rural Tourism	Objective 1.1 – Support to rural tourism inventory identification and destination development	SA 1.1.1 - Support of examining local tourism inventory and development destination management plan
	Objective 1.2 – Promote and market Khulo rural tourism opportunities	SA 1.2.1 - Assisting promotion and marketing of Khulo as tourism destination
	Objective 1.3 – Increase technical capacities of local tourism businesses	SA 1.3.1 - Assisting in technical support targeted to the capacity building in hospitality businesses, agro-tourism, eco-tourism, adventure sports guiding and local tour packaging
	Objective 1.4 – Promote targeted and focused destination management based on destination management plan (DMP)	SA 1.4.1 – Supporting the establishment of local DMO (tourism destination organization), as an executive unit under the supervision of LAG
	Objective 1.5 – Support to innovative tourism business establishment and expansion existing tourism ventures	SA 1.5.1 - Small grant to tourism business ventures
2. Agriculture	Objective 2.1 – Improve productivity of crops and animal husbandry	SA 2.1.1 - Supporting of provision of seeds and fertilizers SA 2.1.2 – Supporting provision of artificial insemination and vaccines
	Objective 2.2 – Support to modern agriculture practices by quality inputs	SA 2.2.1 – Supporting provision of machinery and equipment inputs SA 2.2.2 - Supporting provision of inputs for beekeeping and fish farming
	Objective 2.3 – Improve technical capacities on agriculture techniques and support market facilitation to maximize harvest profits	SA 2.3.1 - Supporting provision of capacity building trainings and market information
	Objective 2.4 – Increasing awareness on existing support programs	SA 2.4.1 - Arranging information sessions on agriculture support programs
	Objective 2.5 – Support the establishment of agro-processing, greenhouse, and storage enterprises	SA 2.5.1 - Establishment of new processing enterprises SA 2.5.2 - Creation infrastructure to support the farmers to store the crop and building greenhouses to produce new crops
3. Communal and Social Infrastructure	Objective 3.1 – To contribute to the development of access to high-speed connectivity for rural areas	SA 3.1.1 - Assisting in purchasing of small-scale internet equipment
	Objective 3.2 – Support to small-scale infrastructure development	SA 3.2.1 - Supporting of small-scale infrastructure development by co-financing facilitation

4. Culture, health, education, sports, and youth	Objective 4.1 – Upgrading of new and existing community, sporting & cultural facilities and other	SA 4.1.1 – Supporting the upgrade of community, sporting & cultural and other facilities, and purchase of new equipment
	Objective 4.2 – Support to youth development	SA 4.2.1 - Support new community youth facilities including the purchase of new equipment (e.g. for non-formal education of youth) SA 4.2.2 - Youth specific training programs
5. Non-farm entrepreneurship	Objective 5.1 – Support the establishment of new innovative businesses and expansion of existing ventures	SA 5.1.1 – Supporting capacity building start-up's and existing businesses SA 5.1.2 - Establishing new businesses and expanding the existing ventures
	Objective 5.2 – Promote Khulo municipality investment opportunities	SA 5.2.1 - Development and implementation of Khulo investment strategy
	Objective 5.3 – Support to networking, branding, and outreach	SA 5.3.1 – Supporting establishment of business partnerships, branding local products and dissemination of information about success stories
6. Environment and sustainable management of natural resources	Objective 6.1 – Awareness raising of residents on environmental issues, consequences of poor environmental protection and emergency response	SA 6.1.1 – Facilitating informational campaign on environmental challenges and organize cleaning up activities. SA 6.1.2 – Supporting trainings on environmental protection and emergency response
	Objective 6.2 – Increasing efficiency of disaster risk mitigation responses	SA 6.2.1 – Supporting development of Khulo municipality disaster risk reduction (DRR) plan SA 6.2.2 - Supporting development and establishment of early warning systems (EWS)
	Objective 6.3 – Reforestation of degraded land and forest areas	SA 6.3.1 – Supporting reforestation of degraded land and forest areas
7. Additional Khulo LAG actions	Objective 7.1 - Achieving greater sustainability of LDS	SA 7.1.1 - Establishing an information center SA 7.1.2 – Establishing fundraising task force

LEADER Methodology and Local Action Group (LAG)

The LEADER programme (an acronym in French meaning Links between actions for the development of the rural economy) is a European Union initiative to support rural development projects initiated at the local level in order to revitalize rural areas and create jobs. LEADER is an integrated development process designed to engage, enable, resource and empower local communities in undertaking their own local development. This method is based on the assumption that local development strategies are more effective and efficient if designed and implemented at the local level and by local actors. It provides useful direction to Local Action Groups (LAGs) covering both the participatory processes needed to develop effective LDS and the key content of these strategies. There are three common and interlinked elements thought fundamental to Community Led Local

Development approaches: the area or territory; the partnership; and the integrated Local Development Strategy. Local Action Groups are in charge of design and implementation of the community-led local development strategies.



Khulo LAG Description

Khulo Local Action Group (LAG) was established on January 18, 2018 using LEADER methodology by the LAG general assembly and elected LAG management board. LAG operates on the whole territory of Khulo municipality. It was

founded based on long-term and active engagement of local stakeholders and citizens. In July 2017, project team has started informational campaign. During this campaign Khulo municipality residents who were willing to become Khulo LAG members, were filing membership applications and were automatically becoming members.

Legal status of Khulo LAG is: non-commercial legal entity.

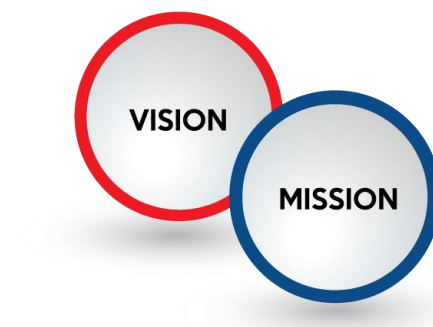
The main goals of the organization are:

- Support the state policy and mechanisms for rural development in Khulo municipality;
- Promote socio-economic development of Khulo municipality in partnership with local private and public sector;
- Promote youth education, employment and development;
- Promotion of social entrepreneurship and innovation in Khulo municipality;
- Support to sustainable management and environmental protection of natural resources
- Promote mutual cooperation between various stakeholders based on the LEADER approach

Key functions/tasks of Khulo LAG are:

- Building the capacity of local actors to develop and implement projects including fostering their project management capabilities;
- Act as facilitators in the municipality to work on local socio-economic development by bringing diverse stakeholders working together;
- Ensure the inclusive and transparent process of projects selection (with clear procedures, selection criteria, etc.), assessment and implementation (with coherent monitoring and evaluation system);
- Ensuring that projects are selected and implemented in line with LDS to achieve objectives;
- Ensure diverse membership in LAG from all sectors and interest groups;

- With active engagement of local citizens and in partnership with international organizations develop and support the implementation Khulo municipality Local Development Strategy and its action plan.



Khulo is a high mountain municipality at the Adjaristskali valley, with significant tourism development opportunities, unique cultural heritage and with rich natural resources.

The municipality has been an international trade route for centuries and the transit function is still maintained. Local products and services are popular throughout the region and country. The economic development and diversification of the municipality is based on cooperation of various sectors, sustainable management of natural resources and environmental protection.

The mission of Khulo Local Action Group is:

“Sustainable development of Khulo municipality based on human capital and other resources and promotion of local opportunities in the country and internationally”

Organizational development of LAG – LAG members and management units have identified following thematic needs of their capacity development: (a) grants and fundraising; (b) governance and leadership; (c) financial management; (d) strategic planning, review and revitalization; (e) project development and management; and (f) advocacy campaigns. LAG plans to continuously support its institutional and human capacities by seeking training and consulting support. So far, LAG members have

received the training in LEADER methodology, LAG's institutional design and project development/writing.

Study visit to Croatia – On May 7 to 13, 2018, group twelve members of LAG were on study visit in Croatia. The group was selected from management board and from members who were working on the LDS. On the study visit, the group visited local LAGs and their project's beneficiaries. The aim of the study visit was to gain better understanding and knowledge how the LAGs are operating in Croatia and to share the experience with other members of Khulo LAG. Furthermore, Khulo LAG members received consultation of projects selection process.

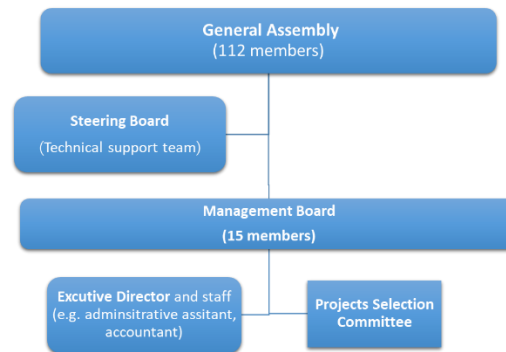
Election Process – On January 18, 2018 Khulo LAG general assembly meeting was held. On that meeting members received information about the election procedures of the management board. Time to prepare and present their proposals were given to those who expressed their will to nominate themselves as candidates. Following the general assembly meeting, on January 22, 2018 the election of management board was held (with secreted ballot).



Khulo LAG logo – Khulo LAG organized contest for logo concept design for children from Khulo municipality public schools. Eight designs were submitted and Khulo LAG's commission (comprised by youth members) has selected finalists - three versions. Winner is Tamta Tavatkiladze 9th grade school student. Her

concept is presenting the needs of communication in local development, as well as local tourism potential. All contestants received special gifts and certificates.

Organizational Structure



General Assembly – The highest governance organ is general assembly. Currently, there are 112 members (all members of the LAG), who expressed their desire to become a member, out of which 20% are women and 15% youth. Sectoral division is: 24.1% - private, 49.1% - civil society and active citizen, and 26.8% representing public sector. 42% of members are representing most populated two communities (Dekanashvilebi and Dioknisi). General assembly is meeting at least once in two years. It names and elects the candidates for management board membership. General assembly is also responsible for development and adoption of Khulo Local Development Strategy once in five years.

Members - Khulo LAG has open door membership. Any Khulo municipality resident over 18 years old can apply for the membership and become a member if they share LAG principles and values and will contribute to the work of LAG¹. Members are required to participate in general assembly meetings and activities.

Members are grouped in following thematic groups²: (1) Tourism; (2) Agriculture/Rural

¹ Representatives of public sector cannot be more than 49% of total members.

² List of LAG members according to their belonging into different sectors can be obtained from Tamta Tavatkiladze t.tavatkiladze@pmcg.ge

economic development; (3) Education, culture, sport and youth affairs; (4) Social infrastructure and social affairs; (5) Environmental protection and sustainable management of natural resources. Within these thematic groups the members contribute to relevant needs identification and development of related actions.

Management Board – consist of 15 members, each elected by general assembly for two years period, with at least one member from each thematic group. Current board has been elected (with secret ballot) by 88.3 percent of members. 5 members of management board represent public sector, 8 are from civil society and 2 members come from private sector. Management board conducts the meeting at least one in three months.

Some of the key functions of management board are:

- Plan organizational activities;
- Develop strategic priorities and fundraising plan;
- Develop Local Development Strategy and its Action Plan in consultations with general assembly;
- Select and dismiss executive director proposed by the general assembly;
- Monitor financial and administrative performance;
- Report to general assembly (once in two years) about the implemented activities, results and future plans;

Executive Director – The candidacy(ies) of an executive director is proposed by general assembly and selected by the management board for 2 years period. Executive director manages daily operations of the LAG based on programme plan designed by the management board and adopted LDS and its Action Plan. She/he also proposes administrative staff candidates (e.g. financial coordinator) to the management board.

Steering Board (Technical support team) – ENPAD Khulo project team supports Khulo LAG in administrative work, as well as in planning and implementation of the activities.

LAG LEADER coordinator – is responsible for administrative and logistical coordination of the project “Rural Development and Diversification in Khulo Municipality”. Coordinator is involved in: founding and development of the LAG, coordination and supervision of LAG meetings, writes meeting notes, organizes trainings and working meetings, etc.

Conflict of Interest – In near future each member shall provide the LAG management board with details of all interests including employment and business interests and community involvement that might involve a conflict of interest or might materially influence a member in relation to the performance of his or her functions as a member of the LAG. Members will be asked to sign a declaration in relation to conflict of interests in any voting matters and processes related to projects selection. LAG is working on development of Code of Conduct for members of LAG that will provide further detail of the procedures to be applied when a conflict of interest potentially arises.

NOTE: A detailed description of Khulo LAG organizational structure, functions, procedures, and other management arrangements are described in Khulo LAG statute available at: <http://www.khulolag.ge/ka/publication/>.

Community Involvement

Information process of local communities of Khulo Municipality started in July 2017 and until September information meeting were conducted in villages Ghorjomi, Vashlovani, Uchkho, Fachkha, Khikhadziri, Agara, Didachara, Riketi. During that period, project team also met with: representatives of Khulo Sakrebulo (council) and its Head; Khulo municipality mayor (executive branch); representatives of organization Mercy Corps in Ajara; member of Georgian Parliament Anzor Bolkvadze; and Head of Education Resource Centre of Khulo. The aims of those meetings were to introduce the project in Khulo, its goals, local team and basic information about LEADER approach and LAG.



In September 2017 eight meetings were conducted, with various stakeholder groups in Khulo Town as well as villages of Vashlovani, Ghorjomi and Didajara. At the meetings 103 people participated (46 male, 38 female). These initial meetings were opportunity to inform interested people about the project and the LEADER approach, but it was also a great opportunity for project team to hear about problems and needs of local residents as well as their plans and aspirations. During all presentation meetings participants were active and had many questions, they were interested to hear more about their possible participation in the project, participation in the creation of LAG and in participation in the creation of the local development strategy.



After this first round of presentation meetings, Khulo Project Team conducted follow-up information meetings in villages Dzirkvadzebi, Okroashvilebi, Bozauri, Danisparauli, Beghleti, Dioknisi, Chao, Bako, Fushrukauli, Tkhilvana, Gudasakho, Uchkho, Kvatia, Tsablana, Ghurta, Paksadzebi, Tunadzebi, Satsikhuri in order to inform wider group of stakeholders about the project and activities within it. In addition, separate meetings with women's handicraft

group from Ghorjomi village and heads of Khulo municipality schools' division were held.



In November 2017, follow up workshop was organized with the goals to: introduce LEADER approach in depth, clarify the role of LAG in local community development, clarify membership and leadership roles in LAG, introduce process of development of the local development strategy, discuss future planning process and finally to identify LAG animators. Due to a wide information campaign conducted by the Khulo project team, local inhabitants and institutions expressed a high interest for their participation at this workshop (49 participants, 35 men and 14 women). In order to keep high level of participation and active involvement of participants, participants were divided into two groups and workshop with the same content was conducted for two days.



At the workshop, self-assessment questionnaire was introduced for all those who were interested in active LAG participation as local animators. Key criteria for self-evaluation were: available time; interest for organizing and attending meetings in the villages in order to spread word about the LEADER approach and the project; and availability and interest for active participation in the preparation of the LDS. Those who applied to

LAG membership were grouped into thematic working groups for LDS development, keeping in mind balanced territorial representation, gender and age balance as well as equal representation of all thematic sectors.



At the third workshop conducted in December 2017, all workshop participants were active members of LDS preparation working groups within the LAG with clear roles and responsibilities related to this task. Goals of the workshop were to further introduce LEADER approach, to clarify the role of LAG in the local community development, to strengthen knowledge and skills of the future LAG animators, members of the working groups and finally to start process of the development of the LDS. At that workshop first draft of SWOT analysis was prepared with emphasis on strengths and weaknesses, visioning of future development of Khulo municipality, as well as stakeholder analysis and arranging steps for data collection, necessary for further analysis of the territory. All these topics were left to be finished by the members of the working groups for the period until the next workshop.



During of February-March 2018 working groups together with Khulo project team conducted series of follow-up workshops in order to collect

additional inputs for SWOT, with representatives of villages Dekanashvilebi, Didachara, Vashlovani, Khikhadziri, Ghorjomi, Riketi, Dioknisi and with representatives of Khulo municipality divisions.

In March 2018 additional workshop was conducted, which resulted with the final SWOT analysis of LAG territory, final stakeholder analysis, creation of first draft of vision, mission, and motto.

Between March and April workshops Khulo LAG prepared LAG vision and mission of Khulo territory and visited Lagodekhi LAG for experience sharing. Also LAG announced Khulo LAG logo idea competition. In April 2018, workshop was conducted to where LAG thematic working group members drafted objectives and priorities for LDS.



For the purpose of designing the LDS in a proper manner, subject matter experts were invited to attend LDS elaboration workshops for agriculture and environment and sustainable management of natural resources topics. The experts were actively involved in discussions and their input helped the workshops participating LAG members to create LDS objectives.



On and between the workshop meetings LAG and respective LDS working group members were conducting preliminary analysis of existing data and other secondary sources to develop the profile of the area and the LDS and background for each theme. Furthermore, LAG members have formulated the main development needs and potential in Khulo and based on priority objectives selected actions to be implemented for the next 3 years. At the same time, LAGs members were actively involved in mobilization of local communities in LAG by motivating and educating them about the concept of LAG. It has been agreed by LAG members that clear and detailed implementation procedures will follow preparation of LDS, mainly:

1. Procedures for implementation of the Strategy concerning activities for information and publicity,
1. Project preparation according to the LDS objectives.
2. Procedures for evaluation and selection of projects;

3. Procedures for monitoring and evaluation of project implementation.

In April 2018 Khulo LAG visited Lagodekhi LAG for experience sharing mission. On the meeting between the LAGs both side have presented their implemented activities and future plans. After the meeting, LAG representatives visited business initiatives funded by EU in Lagodekhi municipality with the support of Lagodekhi LAG. The participants were very satisfied with the workshop and expressed the willingness for continuous close cooperation in the future.

In May 2018 Khulo LAG members visited Croatia on study visit. The objectives of the visit was to get hands-on experience in the implementation of the European rural development model - LEADER approach, to understand the principles of the work of Croatian LAG's and learn about their successful initiatives.

Furthermore, by the end of 2018, detailed action plan of LDS will be developed.

Stakeholders Analysis

LAG member have conducted series of meeting to identify, map and define the scope and level of collaboration with local stakeholders. For this, matrices and mind maps have been used as the tools. Table 1 presents the result of stakeholder analysis.

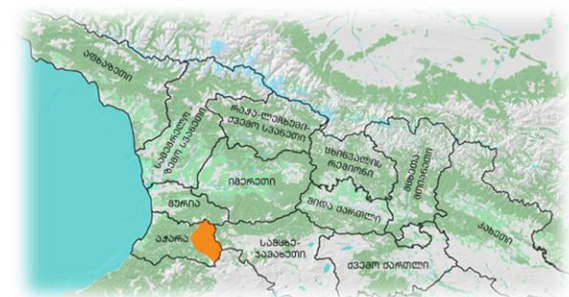
Table 1– Key Stakeholder’s analysis

Name	Interest/Power	Objective	Level of Involvement in LDS implementation	Means of communication
Regional and local media (e.g. Adjara TV, newspaper “Khulo”)	High/low	Promote the results	Inform	Press-releases, direct contact
Banks and MFIs represented in Khulo	High/low	Cooperate in projects selection processes	Consult and collaborate	Direct contact
Policy and emergency service	Low/low	Keep informed	Inform	Direct contact
Representatives of the city hall in communities	High/low	Collaborate to mobilize residents	Involve, collaborate, empower	Direct contact
Public schools, art school educational resource center and kindergarten union	High/low	Collaborate to involve youth	Collaborate	Open calls, direct contact
Extension centers	High/low	Consult in projects selection processes	Consult	Direct contact
Farmers and cooperatives (e.g. coop. “Chkhrialo”)	High/high	Involve in process of implementation	Involve and empower	Open calls, direct contact
Communal service center	High/low	Involve in further identification of rehabilitation needs	Involve	Direct contact
Khulo Hospital	Low/low	Keep informed	Inform	Direct contact

Tourist Informational Center	High/low	Consult and collaborate in projects selection processes	Consult and collaborate	Direct contact
Veterinary Clinic	Low/low	Keep informed	Inform	Direct contact
Khulo Environmental NGO	High/low	Consult in projects selection processes	Consult	Direct contact
Hotel and guest house owners	High/high	Involve in further needs analysis and consult on delivery mechanisms	Involve, consult and empower	Open calls, direct contact
Handicraft producers	High/high	Involve in further needs analysis and consult on interventions mechanisms	Involve, consult and empower	Open calls, direct contact
Khulo community union	High/high	Involve in the process of further needs assessment and consult on mechanisms of interventions	Involve and consult	Public meetings, individual meetings
Khulo theatre	Low/low	Consult on needs identification in culture	Consult	Direct contact
Small shops and enterprises	High/high	Involve in further needs analysis and consult on interventions mechanisms	Involve, consult and empower	Open calls, direct contact
Students	High/low	Involve in youth related projects and consult on further needs analysis	Involve and consult	Public meetings, individual meetings
Emigrants	High/low	Inform about planned activities	Inform	Direct contacts
Women groups	High/low	Inform about planned activities and consult on specific needs	Inform, consult, and empower	Public meetings, individual meetings
Botanical garden administration	High/low	Inform about planned activities and consult on specific needs	Inform and consult	Direct contact
Food safety inspection	Low/High	Consult in projects selection processes	Consult	Direct contact
Goderdzi and Beshumi resort administration	High/high	Inform about planned activities, collaborate in projects selection processes	Inform and collaborate	Direct contact
Hydro power plant (AGL)	High/low	Inform about the planned activities	Inform	Direct contact
LCC Energo pro Georgia	Low/low	Keep informed	Inform	Direct contact
Office for road management LCC Iberia	High/high	Consult on further specific needs and inform about planned activities	Consult and inform	Direct contact
Office of forest management Khulo	High/high	Consult and collaborate in projects selection processes	Consult and collaborate	Direct contact
Agro product processing enterprises	High/high	Involve in process of implementation	Involve and empower	Open calls, direct contact
City Hall and council	High/high	Keep highly informed and collaborate on projects design and implementation	Inform and collaborate	Individual meetings
Culture and sport centers	Low/low	Consult on needs identification in culture	Consult	Direct contact
Member of the parliament	High/high	Keep highly informed about projects design and implementation progress	Inform	Individual meetings

Water supply center	High/high	Consult on further specific needs and inform about planned activities	Consult and inform	Direct contact
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General Overview



Khulo municipality is located in south-west Georgia, in A/R of Adjara, 88 km east of the regional capital Batumi. The Khulo municipality is bordered by Turkey on the South, Shuakhevi on the West, the Ozurgeti municipality on the Northwest, the Chokhatauri municipality on the North and the Adigeni municipality on the East. Municipality has administrative center in Khulo town, and 13 communities (incl. town Khulo) and 84 villages. Total area of municipality is 710 km². Khulo municipality has budget of 9.5 million GEL in 2018.

The territory of the municipality is mountainous and is spread 400-3007 m. above the sea level. Mean elevation is 920 m³. It includes the Marsiani Range (Mount Kanli at 3.007 m) and the Meskheti Range (Mount Zotimeria at 2.646 m). The average annual temperature ranges between 10.1 to 14.3 C⁰, and the annual precipitation reaches between 1.300 mm. (lower areas) and 2.400 mm. (in higher areas).

Khulo is composed of mount-forest and mount-meadow soils. Mostly deciduous and coniferous trees and plants are common in Khulo. Among the flora, the most common are: royal fern, yew, Georgian maple, chestnut, oak, walnut, Colchis cyclamen, primrose, asp, elm, etc. Khulo is also rich in fruits and medicinal herbs. Fauna are represented by Caucasian deer, Caucasian brown bear, eagle, francolin, Caucasian

snowcock, Asia minor triton and Caucasian salamander.



Green Lake

Khulo is rich in various mineral resources (construction and paving stones, petrified wood stock) and mineral waters (Khikhadziri, Danisparauli, Saani, Dioknisi, etc.). Khulo is rich in various mineral resources (construction and paving stones, petrified wood stock) and mineral waters (Khikhadziri, Danisparauli, Saani, Dioknisi, etc.). Khulo is also rich with lakes and waterfalls. For example, Green Lake located at 2040 m. above the sea level.



Population - Khulo municipality has 23.7 thousand residents (-34 percent decline since 2014)⁴. Population density is 51 person/km² that is lower than national average - 67 person/km². 51 percent of local population are women and 24 percent youth. 96.5 percent live in the villages. 4,534 persons are aged pensioners and number of people with disabilities (PWD) is 2,217.

³ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁴ GEOSTAT, Census data

Labor force is 50 percent of total population. 6 percent is employed in public and 2.45 percent in private sector⁵. 20 percent on seasonal works and 96 percent are engaged in agriculture activities (mainly livestock production (cattle breeding, beekeeping), and vegetables).

On average, only 25% of the working age adults are active income earners for the households, with men outweighing women cash earners by 12%. 63 percent of Khulo households have income between 100-500 GEL/month and 33 percent between 500-1000 GEL/month⁶. 68 percent of households have debts. 7110 persons receive targeted social assistance, which is 30 percent of total population (significantly higher than national average 12.1 percent)⁷. This can be used as certain indicator of poverty level in the municipality.

Policy context

Khulo Local Development Strategy is complementary of regional and national policy framework. In March 2018 Government of Georgia released new Regional Development Programme for 2018 -2021. To this program, Khulo LDS is contributing to following priority areas: (a) support to increased regional competitiveness and infrastructure for sustainable development; (b) support to SME development and (c) development of competitive human capital. Khulo LDS can be also used to be integrated in upcoming renewal of municipal development plans. In 2017, Government of Georgia has adopted National Rural Development Strategy and Action Plan. In the same period Government of A/R Adjara has adopted Rural Development Strategy of Adjara A/R. Khulo LDS was developed considering the priorities, objectives and actions of national and regional rural development strategies. Other national policy documents that guided LDS preparation were: SME Development Strategy of Georgia 2016-2020; Strategy for Agriculture Development in Georgia 2015-2020; National Vocational Education and Training Development Strategy 2013-2020; Georgia's National Tourism

Strategy 2015-2025; The Georgian National Youth Policy Document (2014).

1. Rural tourism



Overview of national context

The purpose of the Georgian Tourism Strategy 2025 (elaborated in 2014) is to create a road map for increasing the value, profitability and sustainability of Georgia's tourism industry.

Table 2 - Georgian National Tourism Strategy main indicators defined for the 2015-2025 (in 2014).

National strategy targets planed by 2014	2015	2025
International visits	5,515,559	11,000,000
International tourism revenue	1.8 bln. \$	5.500 bln. \$
Share direct in GDP	6%	6.7%
Job's crated by tourism	180.000	335.000
Average expenditure per visit	320 \$	500 \$
Length of stay per visit – days	4.3	5.3
Direct foreign investment in tourism	559 mln. \$	910 mln. \$
Visits from neighborhood countries	88%	80%
WEF tourism competitiveness index	66	35

Table 3 - Countries of the origin of visitors

Country	2017	y/y 2016-2017
Armenia	1,718,000	+14,8%
Azerbaijan	1,694,000	+11,2%
Russia	1,392,000	+34,1%
Turkey	1,246,000	-0,8%
Iran	0,322,838	+118%

⁵ GEOSTAT, data retrieved on May 10, 2018

⁶ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

⁷ Social Service Agency, data retrieved on May 6, 2018

Arab States and Gulf Counties	0,056,247	+164%
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In 2017, compared to 2016: visitors from EU states growth +15%; Top five EU countries: Poland, Germany, UK, Greece, France. Priority interest and areas for visit: Adjara – leisure and holiday; Kakheti – wine and culture; Mtskheta-Mtianeti – mountain and adventure.

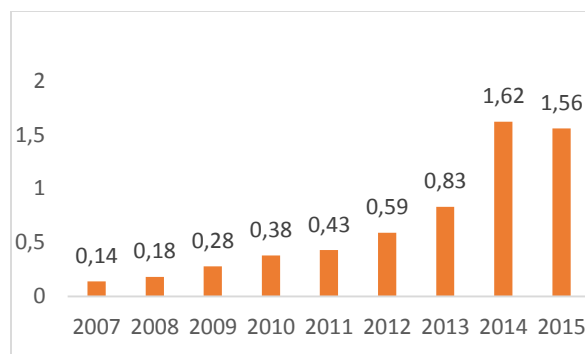
Considering WTTC (World Tourism & Training Center) “Country travel and trade report 2017”, Georgia is one of the fastest tourism growing country over the globe. UNWTO nominated Georgia as a one of the 10 best destination countries to visit.

Overview of the tourism development in Adjara region

Adjara region is one of the top destination benefiting regional economy by receiving more than 2.5 mil. visitors with the recreation and travel purpose. Those are the guest coming mostly for the sea side leisure holidays, also combined with business trip, travel and FRV.

Service sector is the main industry generating 17% of GDPs, with direct employment contribution 10%, dominantly related to the sea holidays and hotel/hospitality industry. Other sectors of tourism activities – such as mountain adventure, cultural tours, health tourism, eco-tourism in the national parks of Machakhela and Mtskheta, tours in the PA Kobuleti and Kintrishi, pilgrimage along the first Christians “route of St. Andrew”, etc. are rather underdeveloped and possess significant recourses to be considered for future.

Figure 1 – Number of visitors in Adjara A/R (thousands)



Source: Adjara Tourism Department

Table 4 - Number of the rooms in the hotel per municipality

Municipality	# Rooms	# Beds total	# hotels
Batumi	4939	10250	225
Kobuleti	1795	4233	77
Khelvachauri	317	842	17
Shuakhevi	17	39	2
Keda	3	8	1
Khulo	27	54	3

Source: Adjara Tourism Department

56 percent of Adjara population is employed in tourism sector. 70 percent of tourists visiting Adjara came in April-September period in 2016⁸. Visitors come mainly from: Turkey, Russia, Ukraine, Israel, Azerbaijan, Poland, Belarus, Kazakhstan, Armenia and Iran. Since 2012 the turnover of hotels and restaurants increased by 135 percent in 2016 (225 million GEL).

Tourism in Khulo municipality

One of the main objectives of the Adjara tourism strategy is diversification of the tourism products offering to the visitors new experiences by visiting not only sea shore, but inviting them to discover beauty of the Adjara mountains, visiting hidden villages with authentic culture and folklore, traveling through the national parks with amazing rich biodiversity, enjoy powder skiing and ski-touring in the newly established international ski-resort “Goderdzi” at 2300m. and distanced from

⁸ Source: Adjara Tourism Department

the sea only 110km. In Khulo, there is a very good tourism climate conditions from May to October inclusive⁹.

However, according to the regional statistics 2014 **Khulo municipality only received 0.4% of the total number of visitors received by Adjara region**. That should be the first target to change by attracting visitors from sea areas to visit mountain villages, enjoy short trip to the national parks and resort destinations.

With low incomes, limited agriculture land and residents mostly employed in low productive agriculture activities, Khulo has great need of diversification of local economy. The new approach should consider intensive use of the alternative economies including service sector linked with the framework opportunities in transport, energy, services sector and primarily exploiting growing opportunities for the rural community-based tourism development.

There are four major framework opportunities defined as great supporting factor for local economic development and particularly for tourism industry development:

Opportunity 1:

Improve road connection between Khulo and the sea coast area and attract more visitors during the high season. There are clear trends to expect even further growth of the number of sea-leisure visitors in the coming years that needs to be consider as an important source market for the short visits to the mountain destinations.

Recommended approach:

- a) Develop local authentic tourism image of “Adjara mountain holiday” based on beauty of the landscape, pristine environment, clean rivers and deep forest, local hospitality and cuisine;
- b) Offer short day tours to enjoy “escape from the crowded sea beach” to diversity travel experiences and enjoy mountain spirit of holiday.
- c) Select proper facilities and package 2- 3 days’ tour offering mountain walks, river activities, ethnographic tours with comfortable stay at the

mountain villages in combination with sea-holidays.

Important precondition: improvement of the road quality connecting Khulo with the seaside area. Road pavement is in bad condition due to the construction of hydro engineering systems along the Adjara river.



Village Tago

Opportunity 2:

Well-developed network of the protected areas (National Parks Mtirala and Machakhela, protected areas, Goderzi botanical garden) has a great value to attract tourists. National parks became an important driver of the eco-agro tourism by creating interest to visitors and benefiting local communities by opportunities to establish competitive services, been located outside of Parks boundaries; There are no NP directly connected to Khulo municipality, however beauty of valleys, virgin forests, deep canyons and traditional rural landscape gives an opportunity to develop network of trails including sections for hiking, mountain-biking, rafting, horse-riding as well as ski-touring in winter.

Recommended approach:

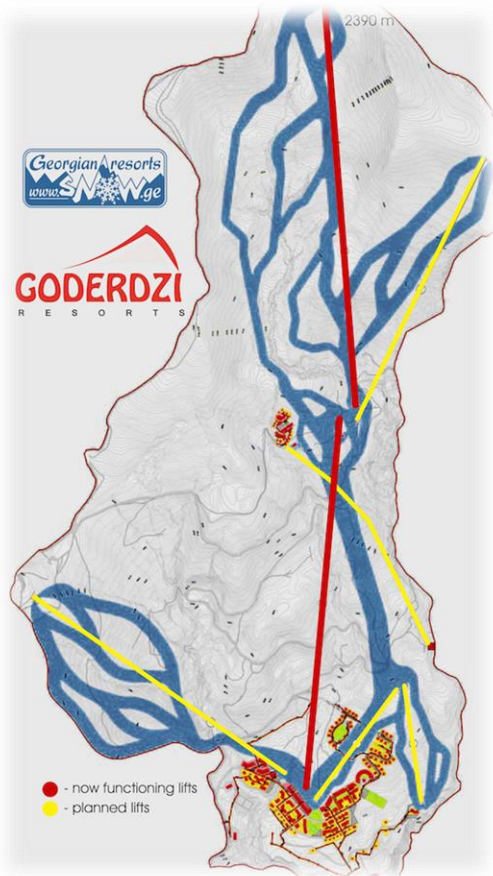
Build close partnership to learn experiences how to plan nature trails from the National Parks and protected areas. Consider involvement of the neighborhood communities, offering travel services (guiding, transport, food) and accommodation places (small hotels, guest houses, village houses and huts). Overall objective is to create “win-win” cooperation by offering tourists package tours combining nature eco-agro tourism activities. It is at most important

⁹ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

to develop “destinations places” along the trails benefiting from the local hospitality in the remote villages.

Opportunity 3:

Goderdzi is the newly developed resort located in the territory of Khulo municipality. Resort ski-lift facilities includes two new ropeways (gondola and 6 sits chairlift) with capacity around 2000 pers/hours, that is sufficient to service around 3000 skiers a day, between the altitude 1700 – 2300m. In 2018 two small lifts (“ti-bar” lift and carpet lift) for beginners will be finished. Development of the accommodation facilities at the ski-mountain resort is one its way as it is a flagship tourism project for Adjara government. With new private investment of 80 mln. GEL international standard resort hotel and lodges is planned to be built in 2018-2019 and will creates about 500 jobs and accommodation places for 435 visitors. Currently, accommodation capacity is very limited to the 6 cottages with total 80 beds and several local guesthouses in the village Danispireuli (nearest settlement to the ski-resort).



Recommended approach:

Development of the new mountain resort Goderdzi is offering great experience for powder snow ski-snowboard riders in the winter and for summer holidaymakers to enjoy sports activities in the remote mountains. Resort is a strong “engine” to boost development of eco-adventure and agro-tourism in the neighborhood communities and particularly all along the road section from Khulo to Goderdzi resort (about 25km).

With its perfect snow condition, long winter season, wide slopes, mix forest and alpine meadows and unlimited opportunities for ski-touring and cat skiing it became popular winter destination for those who enjoy snow and ski holidays in the remote areas. Local villages will have great opportunity to adapt original houses to the small guest houses (type of “ski-shallet”), offering overnight, meal, transport, guiding, horse rent, etc.

Resort will create various job opportunities for locals, such as administration staff, ski-instructors, ski-lift staff, ski-pist grooming machines drivers, hospitality staff (cafes, restaurants, hotels, etc). Today, Goderdzi ski resort is a part of Georgian mountain Resort Development Company (state company) with only 28 staff.

Opportunity 4:

Complete Reconstruction of the Goderdzi pass and motorway connecting Samtskhe-Javakheti region with Adjara region. Government of Georgia is investing into reconstruction of the last section of the road connecting Khulo and Adigeni

(16 km) and with it will open new comfortable and short connection between two regions of Georgia. Opening of the comfortable highway across the Goderdzi pass will substantially shorten the travel distance between Batumi and Armenian border at Bavra, road to Tbilisi via Akhaltsikhe and Borjomi. As a result, by connecting touristic destinations in Samtskhe-Javakheti and Adjara new touristic trail will appear “on the radars” of the travel groups offering to gain unique experiences traveling through the diverse landscape, visiting authentic villages, learning different cultures and enjoying real mountain adventure doing mount-biking, wastewater rafting, ski-tourism or trekking. At the end of journeys, the rest at the sea beach will be rewarded pleasure.

Recommended approach:

Increasing of the road traffic will stimulate local trade and services. A few local communities located along the road will become destinations itself. Properly planned investment needed to support creation of the small catering units, road restaurants, small hotels, marketplaces along the road. As a next step, training in hospitality services, small business planning and improvement of the basic housing facilities will be needed. As results, communities will benefit a lot from new economic opportunities providing accommodation and catering services for travelers' groups.



Traditional house in Gorjomi

General trends to be considered for local tourism development

The following trends recommended to be considered, while targeting to the tourism and rural development in mountainous regions of Adjara:

1. Global shift of traveler's interests towards to the unexplored destinations and “experience-based travel”, that includes more “active adventure & cultural experience-based travel” in a shorter period of time (3-5 days).
2. Consider domination of individual and self-organized trips of friends and family's groups against the large package tours; increase of self-planning travel itineraries according to the individual thematic and adventure interest. Determining factor to make a trip is accessibility to the destinations and availability of the proper accommodation facilities at the villages;
3. Support local service providers offering their services and facilities using on-line booking systems, sharing with potential visitors' information about destination places, considering destination “content” and thematic interests;
4. Be prepared for fast increase of the number of travelers along the road together with accomplishment of the rehabilitation of Goderdzi path and extension of operations at the Goderdzi ski-mountain resort (new hotels, ski-lifts, guiding, renting, etc).
5. Consider increase of international and domestic visitors interested to enjoy short-weekend tours and enjoy seasonal recreation holidays. Expect growth of the visitors from the new emerging regional markets such as Iran, Arab countries, Middle east, Caucasus and CIS;

To meet all these challenges, LAG of the Khulo municipality will need substantial technical assistance to integrate tourism opportunities into the local development strategy and action plan, target financial resources to the best “quality destination places” and support local entrepreneurs in establishing of the quality services (accommodation, meal, guiding, transport) destination places and tourism products.



Cable car operator in Tago village

Value Chain Approach

Mountainous remote areas in developed countries benefiting a lot from the local tourism development, (example of Georgia, regions of Kazbegi-Gudauri; Tusheti-Akhmeta; Mestia-Svaneti) that provides major cash income to the local community, create jobs and directly stimulating local entrepreneurship by establishing SMEs as guest houses, food & beverage, transport, guiding and other.



Strengthening of partnership and cooperation between all players in the value-chain is a basis of the successful and sustainable cooperation (According to the UNWTO one direct employment in tourism creates at list 4 indirect employments though the supply value chain).

Having limited focus on the rural community based eco/agro tourism, major clusters of the tourism activities identified for Khulo municipality are:

- Ethno-cultural tourism based on authenticity of Adjarian peoples' traditional life-style well preserved in the mountainous villages in combination with

historic and religious heritage and traditional wooden architecture of the villages;

- Summer mountain and adventure tourism, based on nature assets, landscape diversity and opportunities to experience various outdoor activities such as: mount-biking, trekking, river white-water sports;
- Winter ski-snowboarding riding and ski-touring, with great opportunity of powder skiing by heli-skiing and "cat-skiing" around Goderdzi resort, village Kedeli and village Beshumi.

Tourism products created by tour-operators/local vendors include all elements of tourism services interlinked to each other as a "value chain". According to the international experience and local Khulo practices the distribution of visitors' travel expenditure along the "chain" can be following:

Table 5 – Model of tourist expenditures in Khulo

Components of services rural/agro-nature tourism	Expenditure %	Value per person in GEL	Delivered by	Needs of investment
Accommodation at Guest house	25%	50	Local	High
Guide-interpreter, outdoor guides.	15%	20	Local	High
Transport	15%	30	National	Moderate
Meal and drink/shopping	20%	40	Local	Low
Souvenirs	5%	10	Local	Moderate
Tour-operator	10%	30	National	Low
Taxes	10%	20	State	Low
Total GEL person/day		200		

Brief outline of each area and specific character of the destinations:

Town Khulo and village Tagi: Khulo is an administrative hub. Due to the chaotic urban development Khulo as settlement has limited opportunities to become a touristic destination (unless no major urban improvement will take place). However, as administrative center it will play a role of the logistic hub. The best touristic destination connected with Khulo is village Tagi, with its outstanding location and extraordinary transport connection - hanging ropeway with length of 1780m. It is the best destination site and needs to be in the focus of project investment. If properly made investment will support preservation of traditional Adjarian wooded houses in the village Tagi site could become a top touristic destination for tourists interested with cultural experience and nature beauty; There are a few local “tourism related” initiatives already seen on site. It is highly recommended to improve quality of intervention by investing in site design (village plan), local awareness to preserve historic appearance of the houses and hospitality training.



Khiani valley including historic-memorial museum in the village Skhalta, Skhalta monastery and Khiani fortress; Valley is attractive to explore it with various adventure travel opportunities – mount-biking, horse riding in combination of 4wd and hiking; It is essential to create a “destination location” concentrating on first stop at Skhalta monastery and local museum of Selim Khimshiashvili and Khiani fortress as an end destination. A few small guesthouses already exist at the place.



Skhalta Monastery

Ghorjomi valley with traditional villages and opportunity develop trail connected with Bakhmaro resorts in Guria region “off-road trip to the ethnographic villages”; The main attraction “brand” of the valley could be traditional villages with wooden architecture. It is recommended to select village with most authentic appearance, select a traditional house and turn-it into the “destination place” by offering to the guests’ traditional food, crafts and drink.

Goderdzi ski-mountain resort with its winter and summer activities itself is a destination place. Support extension of the resort area by promoting villages Danispireuli, Beshumi, and Goderdzi pass, Botanic garden, and connecting Adjara with Samtskha-Javakheti region would be beneficial.



Goderdzi Ski Resort

Rural Tourism - SWOT Analysis

Strengths	Weaknesses
<p>Perfect geographic location between sea resorts and mountain resort areas; Rich biodiversity; Natural resources and attractive landscape; Cultural and historical heritage and hospitality; Beautiful lakes and rivers (e.g. Green lake, Black lake) Goderdzi ski-mountain resort developed by central government; Strategic motor road connecting sea coastal area, Adjara mountains, Samtskhe-Javakheti region, Turkey and Armenia. Cultural authenticity of Adjara region: Traditional wooden architecture and dwellings preserved mostly in mountain villages (Gorjomi valley, village Tago, etc.); Tradition of artisanship, cuisine, fruits, honey, etc. Close location with the sea shore and booming tourism at Black sea.</p>	<p>Lack of infrastructure (mainly roads) at the destination sites; Lack of professional experiences in service sector: hospitality skills, outdoor guiding skills, destination management skills Lack of management and administration skills to engage marketing, promotion and destination management; Extremely limited number and low quality of accommodation places, such as guest houses and only very few registered small hotels; No entertainment and other tourism activities; Limited skills on tourism management and events organization at municipal level; Lack of financial resources and investments; Lack of education (no foreign language skills, limited service knowledge); Lack of (or poor quality) infrastructure (cafes, cinema, entertainment places, etc.); Lack of education in natural disasters & no natural disaster plan; Lack of strategic plans (sectoral & municipal level); Lack of adequate infrastructure including transport, communication & internet; Lack of the local agro-products; Modest sewage system & waste management (recycling) Poor emergency services and rescue system.</p>
Opportunities	Threats
<p>Develop small guest- houses around ski-mountain resort Goderdzi; Capacity to provide accommodation for 500 to 600 persons during the next 3-5 years; Opportunity to develop network of local suppliers of food, transport services, guides and meal; Attract tourists from visitors of sea coasts; Development of diversified tourism service and offers: 3 clusters – ethno-cultural; nature-adventurer, snow and skiing. Develop at list three destination sites: 1). Rehabilitate village Tagi as a destination connected by cable car with Khulo; 2) Valley Kihani: museum, monastery of Skhalta, Kihani fortress; 3). Goderdzi ski-mountain resort and with network of mountain huts around;</p>	<p>Merging of traditional hospitality and modern hospitality industry; Risks associated with threats with authenticity and cultural identity; Lack of local service skills and understanding of visitors' expectation and service requirements leading to loss of tourists; Climate change / global warming and unknown implication of the climate changes on the tourism operations. (heavy rains, unusual and frequent hot days, etc.) Natural hazards and unregistered building and construction sites. Limited access to finances;</p>

Develop network of Adjarian mountain huts – shepherds life.

Non-existing rescue and insurance needed for outdoor activities and sports.

It is recommended to be focused on tourism destinations development in four geographical locations - valleys: 1. Khulo & village Tagi; 2. Kihani valley with Shalta monastery and fortress Kihani; 3. Ghorjomi valley and villages with traditional wooden architecture; 4. Goderdzi ski-mountain resort and the pass Goderdzi).

According to the local Tourism Information Center number of visitors increased from year to year but is very low (140 visitors only in April 2018). Observed local skills, quality of services and standards of accommodation, as well as financial resources required for competitive development in the municipality is very low and will not be sufficient to achieve development objectives, without external technical and financial support.



Tourist Information Center in town Khulo

Recommended range of the small grant investment into local community-based tourism

The most appropriate form of investment considering tourism development objectives and local financial capacities is the combination of the technical aid support component (through the service contracts) and support local entrepreneurship through the small grants program. Service contracts and small grant beneficiaries should be selected according to the competitive selection process. Grant agreement should consider contribution of the at list matching fund as well as in-kind contribution. Eligible applicant can be local guest-house owner interested to extend property by adding new service facilities (shop, kitchen, dining room, cafeteria) or increase existing "bed capacities" by adding rooms/ to the existing house.

One of the great value of local tourism relates to traditional "Adjarian villages" and remarkable architecture of wooded houses. This is the heritage which needs to

be respected and preserved. Therefore, as one of the pre-condition for any investment into modification of traditional dwellings is that applicant should be responsible architectural design and construction permit together with proper business plan.

Supporting tourism entrepreneurship in the village

Recommended investment per unit for accommodation USD

Investment per bed/person in:	Rehabilitation of existing one	Extension of existing construction
Small Hotel	8000	25000
guest house	4000	10000
hostel-dormitory	3000	6000

Recommended investment per tourism facility in USD

type of enterprise	in existing building	new construction
restaurant/café in the village	12500	25000
Food store / shop	7500	15000
travel shop /rent of outdoor equipment	7500	15000
souvenirs & crafts shop	7500	15000

Rural Tourism - Objectives and Actions

According to the local Tourism Information Center number of visitors increased from year to year but is very low (140 visitors only in April 2018). Observed local skills, quality of services and standards of accommodation, as well as financial resources required for competitive development in the municipality is very low and will not be sufficient to achieve development objectives, without external technical and financial support of ENPARD Khulo project.

Number of actions needs to be implemented: starting with identification of the chain of destinations (those are locations with exceptional "Adjarian mountain spirit" authentic, attractive and with "experience based" activities), promotion, training, investment and management. In rural tourism one action is selected per each priority objectives.

Objective 1.1 – Support to rural tourism inventory identification and destination development

Rationale - Destination places are the “drivers” of tourism development. The good knowledge of the available resources and a critical assessment of competitive advantages is a starting point to create tourism products required by market. Multiple factors determining tourism products should be considered while selecting the top destinations.

Strategic Action 1.1.1	
Title of Strategic Action	Support of examining local tourism inventory and development destination management plan
Brief Description of Strategic Action	<p>Identification of destination places and assessment of tourism recourses. Inventory of service providers and tourism facilities.</p> <p>Actions needed:</p> <ul style="list-style-type: none"> a) Identify the best destination places and connect them into the trails. b) Develop inventory of tourism service providers, describe travel facilities, assess quality and needs for improvement. c) Elaborate “content” and authentic positioning of the primary destination places. d) Collect information and create tourism database f) Select contacts of local service providers having pre-conditions to deliver competitive services and facilitate their engagement in destination management plan (DMP) development and implementation
Primary Target Group(s)	Communities living along the proposed trails and around the destinations; travel operators and individual travelers interested to visit sites; resort company operating ski-mountain resort in Goderdzi; local museums; heritage sites and acting monasteries.
Responsible bodies	Khulo LAG and partnering consulting groups
Specifics about Khulo LAG roles and responsibilities	To implement this action Khulo LAG will: (1) form a team that will work on voluntary basis to implement sub-action; (2) fundraise to subcontract consulting company for supporting sub-actions; (3) based on results develop Destination Management Plan and engage all interested tourism industry stakeholders in preparation process.
Any collaborating Organizations:	Tour-operators working in Batumi and Tbilisi; Georgian National Tourism Agency; Khulo City Hall; Ministry of Education, Culture and Sports of Adjara

	A/R; Department of Tourism and Resorts of Adjara
Timeframe for Delivery of Action	Q3-Q4 2018
Anticipated Outputs/ Indicators & Targets	<p>Catalogue information about most tangible recourses, define at list one top-market destination place;</p> <p>Content and descriptions to be used for promotion and marketing;</p> <p>List best locations and vendors to minimize risk of the small grant investment;</p> <p>LAG will develop Destination Management Plan to inspect and document conditions of the trails/destinations and facilitate private sector engagement.</p> <p>Number of destination locations selected; Number of tourism businesses engaged in DMP;</p>
Priority	Medium

Objective 1.2 – Promote and market Khulo rural tourism opportunities

Rationale – As Khulo municipality attracts only 0.4 percent of Adjara region visitors, there is need to competitive promotion of local opportunities. Specifically: creating an image of Khulo and Adjara mountains as a place of “new discovery”, where ancient history, authentic traditions, virgin nature and new adventure opportunities make unforgettable experience, with slogan like - “Reveal Adjara Mountain Secrets”.

Strategic Action 1.2.1	
Title of Strategic Action	Assisting promotion and marketing of Khulo as tourism destination
Brief Description of Strategic Action	<p>Define authentic images, “content-story” and attractive actions. Produce promotional materials, videos, etc. to promote mountainous Adjara and particularly destinations located in the territory of Khulo municipality;</p> <p>Elaborate and implement marketing action plan including local events-festivals, and participation in tourism fairs and expos.</p> <p>Create variety of promotional products using traditional print “image-making” publication, but use more with innovative on-line social-media channels - making short videos about adventure trend-sports in combination with sharing cultural experiences; create “blogging news”, sharing info between destinations</p>

	and people, put images and media online, etc. Organizing FAM (familiarization) trips for travel operators Present promotional materials to the national and regional fairs. Set-up promotional concept conducted within DMP.
Primary Target Group(s)	International travel companies, in-bound travel operators, promoters of the local destinations, local service vendors, public institutions sharing promotional info to the public, etc.
Responsible bodies	Khulo LAG, DMP support team, contracted promotional company
Specifics about Khulo LAG roles and responsibilities	Under this action, Khulo LAG will: (1) Develop the action plan for marketing and promotion; (2) fundraise ask partners to prepare promotional materials; (3) support implementation of the action plan, specifically in organizing events (e.g. fundraise and organize local adventure tourism expo); (4) Organize FAMs; (5) effectively distribute promotional materials
Any collaborating Organizations:	In-bound travel operators; Georgian National Tourism Agency; Khulo City Hall; Ministry of Education, Culture and Sports of Adjara A/R; Department of Tourism and Resorts of Adjara;
Timeframe for Delivery of Action	Q2-Q3 2019
Anticipated Outputs/ Indicators & Targets	Increased awareness and create slogan "Reveal Adjara Mountain Secrets"; Increased presence on Adjara region in the tour operators travel itineraries; Number of visitors from the sea coast area; Number and type of promotional activities implemented;
Priority	Medium

Objective 1.3 – Increase technical capacities of local tourism businesses

Rationale – To great extend local population of Khulo municipality are agrarians and have very limited experience in tourism. Therefore, training and capacity building is vital prerequisite for successful investment into tourism, meaning that it is highly competitive service industry. Tourism activities benefiting local development should be based on agro-tourism, eco-tourism, adventure tourism concepts.

Strategic Action 1.3.1	
Title of Strategic Action	Assisting in technical support targeted to the capacity building in hospitality businesses, agro-tourism, eco-tourism, adventure sports guiding and local tour packaging.

Brief Description of Strategic Action	Specific subject of the trainings for local guest house owners/small hotels: design and standards of the facilities, basic business planning, hospitality services, promotion using on-line booking platforms, etc. Specific skill to be created through intensive trainings and capacity building exercises are: a). Hospitality industry (small hotels, guest houses, catering); b). outdoor adventure travel guiding (trekking, biking, horse-riding, river rafting, skiing); c). cultural sights interpretation and ethnography.
Primary Target Group(s)	Local vendors-service providers: owners of accommodation places and catering units; experience outdoor local guides; traditional craftsmen's; destination site supervisors and museum staff
Responsible bodies	Khulo LAG, invited experts, travel companies with experiences of training, DMP support team.
Specifics about Khulo LAG roles and responsibilities	To implement this action Khulo LAG will facilitate the process for local tourism industry ventures and their employees to connect and organize capacity building sessions in hospitality businesses, agro-tourism, eco-tourism, adventure sports guiding and local tour packaging. In addition, Khulo LAG will provide information on training sessions.
Any collaborating Organizations:	Ski-company "Goderdzi", acting hotels from the regions, formal vocational education centers; Department of Tourism and Resorts of Adjara
Timeframe for Delivery of Action	Q4, 2019 – Q2 2020
Anticipated Outputs/ Indicators & Targets	Increased quality of services, improved practices of business operation; service diversification; increased networking; Attractive image of the destination created that attracts more visitors
Priority	Medium

Objective 1.4 – Promote targeted and focused destination management based on destination management plan (DMP)

Rationale – In order to insure long term sustainable development approach, it is crucial to create small executive unit – destination management organization (DMO) under the supervision of LAG and responsible for local execution of tourism development initiatives in the municipality based on destination management plan and its subordinating plans and actions. DMO can be created on request of the ENPARD Khulo project as an integral part of the project team (temporary solution) or based on

competitive service contract with selected local organization.

Strategic Action 1.4.1	
Title of Strategic Action	Supporting the establishment of local DMO (tourism destination organization), as an executive unit under the supervision of LAG
Brief Description of Strategic Action	Having very limited local operation capacities at municipal level, it is important that LAG creates small team (2-3 staff) of competitively selected staff with capacity and experience to support implementation of project activities. It is expected, that during the LDS implementation local team (DMO) will gain experience and resources to transfer its activities into the DMC (destination management company) at the stage of project accomplishment. LAG executive board should define the role of the team.
Primary Target Group(s)	Local community of Khulo, local tourism ventures and operators, tourists and tour-companies interested to visit and operate in Khulo municipality.
Responsible bodies	Khulo LAG and local tourism vendors and operators
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will establish task force, DMO (tourism destination organization) that consists of 2-3 members to oversee and implement DMP. DMO should potentially be transformed into the DMC (destination management company), a private entity that will further develop and implement DMP on commercial basis that will ensure the sustainability of local DMP.
Any collaborating Organizations:	Agency of Mountainous Resorts; Ministry of Education, Culture and Sports of Adjara A/R; Georgian National Tourism Agency; Department of Tourism and Resorts of Adjara
Timeframe for Delivery of Action	Q2-Q3, 2020
Anticipated Outputs/ Indicators & Targets	Increased number of visitors; Professional and permanent presence of LAG at the tourism fairs and events; Increase awareness about mountain Adjara amongst the travel community. Sustainable implementation of destination management plan
Priority	Medium

Rationale – Direct investment facility (small grants) is an important instrument to insure achievement of the LDS objectives. Direct investment component should be based on competitive selection process, motivate and enable local residents to achieve improvement of facilities and services to make tourism offers competitive on the market.

Strategic Action 1.5.1	
Title of Strategic Action	Small grant to tourism business ventures
Brief Description of Strategic Action	Two type of small grant applications can be expected: 1. Request grant for improvement of public assets around the destination places aimed to improve living environment for local and visitors (improve access road, interpretation and information signage, water and sanitation, public space, toilets, etc.); 2. Request grant for improvement of individual entrepreneurship by contributing grant for extension of micro-small businesses, such as accommodation, catering, guide service, transport. Self-contribution in the form of matching fund should be requested. <u>Focus should be made on organizing festival, exhibitions, etc.</u>
Primary Target Group(s)	Local community groups; local NGOs, individuals; local registered micro-small entrepreneurs; individual entrepreneurs
Responsible bodies	LAG/DMO, grant recipients
Specifics about Khulo LAG roles and responsibilities	Under this action, Khulo LAG will be involved in selection, monitoring and evaluation of grantees.
Any collaborating Organizations:	Agency of Mountainous Resorts; Ministry of Education, Culture and Sports of Adjara A/R; Georgian National Tourism Agency; Department of Tourism and Resorts of Adjara
Timeframe for Delivery of Action	Q3-Q4, 2020
Anticipated Outputs/ Indicators & Targets	Increase of quality and capacity of services; improvement of living environment for locals at the destination sites and for tourists visiting municipality; Diversified and innovative tourism services; Number of grant recipients and their sound financial performance;
Priority	High

Objective 1.5 – Support to innovative tourism business establishment and expansion existing tourism ventures

Table 6 - Estimated financial distribution for rural tourism¹⁰

Objectives	O1.1	O1.2	O1.3	O1.4	O1.5
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¹⁰ From total budget allocated to rural tourism development

	(5%)	(10%)	(5%)	(3%)	(70%)
Activities	A.1.1	A.1.2	A.1.3	A.1.4	A1.5
Inter-territorial and transnational co-operation				2%	
Running costs and animation				5%	
Total				100%	

2. Agriculture



Most of the farmers in Khulo municipality have agriculture land plot of in size range of 0.5-1 ha. Average land size cultivated in Khulo is 0.19 ha¹¹. 96% of Khulo Municipality population is engaged in agriculture and development of this sector is very important for the Municipality. The area of agricultural land located within the administrative borders of the municipality is 21 696 hectares, from which pastures account for 69 percent. Land registration issue remains big problem, only 20% land holders have registered agricultural land in the public registry. Irrigation is available on only 653 ha and needs rehabilitation.

Table 7 – Agriculture land by type, administrative units and population

Administrative Unit	Number of Households	Population	Agricultural Land				
			Total	Among them			
				Arable Land (ha)	Perennial Plants (ha)	Mowing Land (ha)	Pasture Land (ha)

Town Khulo	401	1250	7	6,8	0,2	0	0
Pushrukauli	290	1454	805	107	2	213	483
Agara	232	962	874	78,5	0,5	219	576
Satsikhuri	331	1397	953	101	1	224	627
Skhalta	627	3265	1042	255,5	4,5	118	664
Vashlovani	946	3143	1206	218	16	144	828
Khikhadziri	462	1754	1217	141,5	5,5	311	759
Riketi	567	2462	1439	231,2	5,8	239	963
Tkhilvana	439	1873	1527	116,5	0,5	213	1198
Didachara	605	2528	2061	180	3	406	1471
Dioknisi	1229	4255	2267	375	12	621	1259
Dekanashvilebi	1797	6458	2879	340,2	13,3	571,5	1954
Ghorjomi	827	3714	5414	294,5	5,5	891	4223
Total	8753	34515	21691	2445,7	69,8	4171	15005

Production of one-year crops is a common practice in the communities of Khulo municipality. However, there are different types of products produced in each community depending on area of arable land and number of households available.

Table 8 - Average area of arable land per household in each community

Community	Number of households	Population	Arable land (ha)	Average per household (ha)
Town Khulo	401	1250	6,8	0,02
Dekanashvilebi	1797	6458	340,2	0,19
Vashlovani	946	3143	218	0,23
Tkhilvana	439	1873	116,5	0,27
Didachara	605	2528	180	0,30
Dioknisi	1229	4255	375	0,31
Satsikhuri	331	1397	101	0,31
Khikhadziri	462	1754	141,5	0,31
Agara	232	962	78,5	0,34
Ghorjomi	827	3714	294,5	0,36
Pushrukauli	290	1454	107	0,37
Skhalta	627	3265	255,5	0,41
Riketi	567	2462	231,2	0,41
Total	8753	34515	2445,7	0,29

¹¹ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

In terms of the size of arable land per household, communities can be divided into three different groups:

1. Group I – Town Khulo, Dekanashvilebi, Vashlovani;
2. Group II – Tkhillvana, Didachara, Dioknisi, Satsikhuri, Khikhadziri, Agara;
3. Group III – Ghorjomi, Pushrukauli, Skhalta, Riketi

Table 9 – Communities grouped by size of arable land per household

Condition al group	Number of households	Populat ion	Arable land (ha)	Average per household (ha)
I Group	3144	10851	565	0.15
II Group	3298	12769	992,5	0.31
III Group	2311	10895	888,2	0.39
Total	8753	34515	2445,7	0.28

Arable land areas are usually used for cultivation of one-year crops. 96. percent of total crops produced are potatoes (89.4 percent) and corn (6.6 percent) in 2017.

Figure 2 – Distribution of harvest (tons) of one-year crops (potatoes and corn) by community groups (2017)¹²

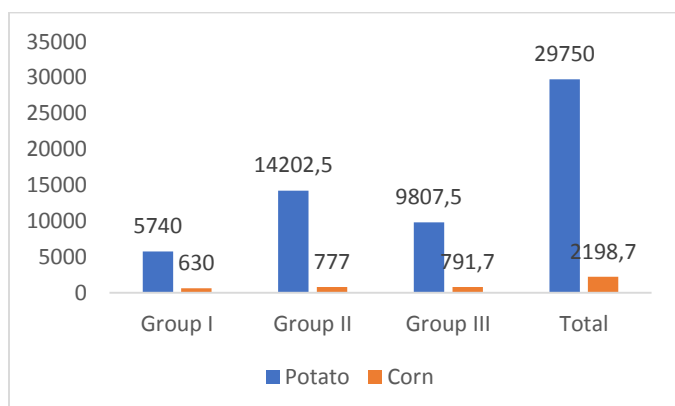
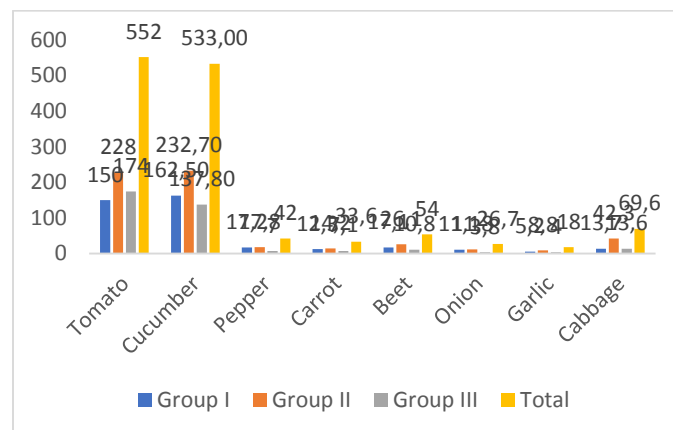


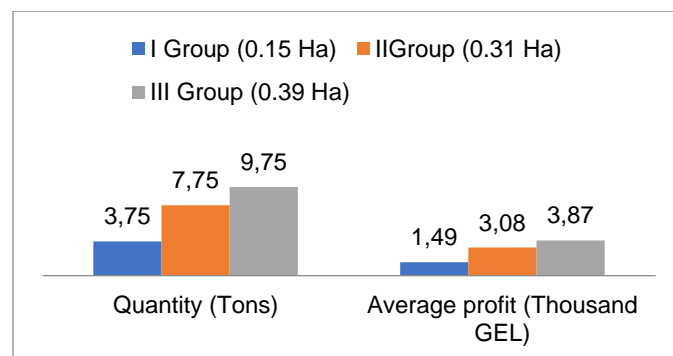
Figure 3 – Distribution of harvest (tons) of key one-year crops (except potatoes and corn) by community groups (2017)¹³



The high number of harvest of group II, compared to other groups can be explained by higher total arable land plot.

Considering the wholesale price (0.6 GEL/kg) of potatoes in 2017, the costs of production (nearly 5000 GEL per ha) and transportation and average yield per ha (25 tons), following can conclusion can be made about profits made per household from potatoes by community groups:

Figure 4 – Potato production (tons) and average profit (in thousand GEL) (annual) by community groups per household (2017)

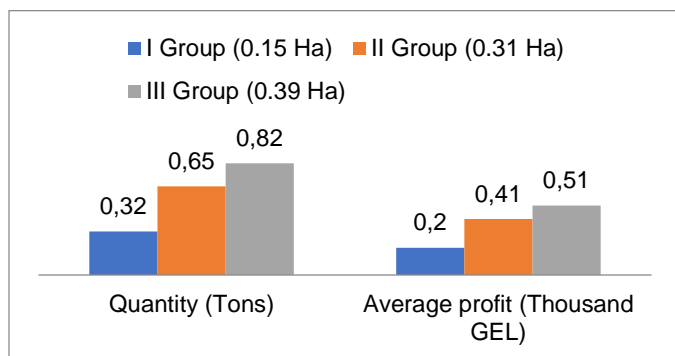


Considering the wholesale price (1.2 GEL/kg) of corn flour in 2017, the costs of grinding (0.1 GEL/kg) and production (nearly 1242 GEL per ha) and transportation and average yield per ha (2.1 tons), following can conclusion can be made about profits made per household from corn flour by community groups:

Figure 5 – Corn production (tons) and average profit (in thousand GEL) (annual) by community groups per household from corn flour (2017)

¹² Source: Ministry of Agriculture of Adjara A/R

¹³ Source: Ministry of Agriculture of Adjara A/R



Accordingly, the production of potatoes is financially more attractive than corn production. However, production of potatoes is linked with some of the following key challenges:

- Diseases (potato cancer);
- Low-productivity of plants;
- Seed production and delivery;
- Poor soil;
- Farmers low level of knowledge about modern agro-technical activities.

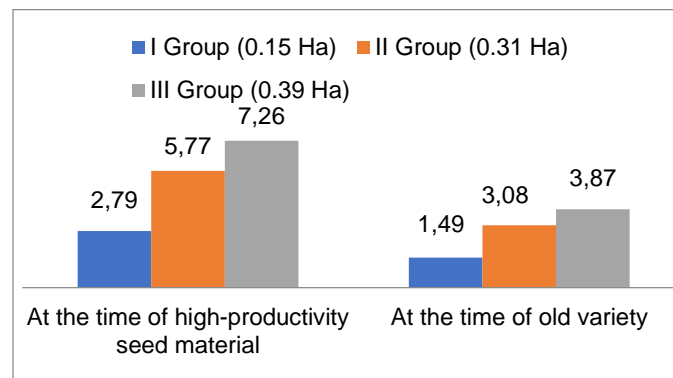
Seeds – example of potatoes

In 2015-2016 in Khulo municipality potato cancer has been detected. As the result of research on potato cancer by Scientific Research Center of the Ministry Environmental Protection and Agriculture of Georgia in Khulo municipality, it is recommended to replace existing old, unknown or uncertain reproduction seeds of potatoes, with elite or high productivity seed potatoes. Following this recommendation, seeds replacing (replacement of low-productive planting material with elite or high productivity seed potatoes) process was planned and started within sub-programs of the Ministry of Agriculture of the Adjara A/R. In 2017 101.5 tons of “Silvana” - the “A” grade potato seed was purchased and 95.5 percent of it delivered to local farmers with 70 percent discount of contracted price (1kg – 1.95 GEL) of the purchased seeds (1 kg - 2.79 GEL). Farmers were obliged to transfer remaining 30 percent of price to State Treasury. With the same terms of co-payment, the sub-program also provided farmers with mineral and organic (bio) fertilizers. Highest demand was from Dioknisi, Dekanashvilebi, Ghorjomi and Riketi communities, largest producers of potatoes (see annex 6). These communities produce 65 percent of total potato production in the municipality.

According to the information provided by Ministry of Agriculture of the Adjara A/R, the results of monitoring show that high quality seeds delivered to farmers

increased the average yield per ha by 20 percent (from 25 tons to 30 per ha). Potatoes from new seeds have also better quality and taste characteristics and the selling price on average becomes 1 GEL/kg. The model the comparison of new and old seeds is following:

Figure 6 – Comparison of old and new seeds-based potato production (tons) and average profit (in thousand GEL) (annual) by community groups per household



Accordingly, the production process of one-year agricultural crops (on the example of potatoes) by using of high-fertility planting/seeding material and full compliance with agro-technical standards has a significant impact on economic outcome. In this case compared to current results, the profit increases on average by 87 percent, even though the costs for procurement of high productivity seeds can increase by almost 4 times (without government subsidy).

Transport and marketing – potatoes

“There can be an assembly market in Khulo, to which farmers would bring their potatoes by car, van or tractor, and from which they would travel in lorries to Batumi. Owners of 5-6 tonne trucks typically charge 200 GEL to take a load to Batumi, equivalent to 0.03-0.04 GEL/kg, and larger 20-tonne lorries could reduce the unit price further. With total Adjarian potato production averaging 20,000 tonnes per year and marketing carried out over many months, a few lorries could transport the whole crop, not just from Khulo but from other regions as well. The costs of such a system include the need to unload and re-load the potatoes in Khulo, and the possible introduction of another middleman to take risk and make margin. It is not a complex process, so a group of farmers could simply try it, and the livestock market outside Khulo might provide a suitable site for trading and trans-shipping the potatoes” - Dr Steve Goss, UNDP, Ajara agriculture

sector competitiveness and export promotion policy study (2014).

Machinery

Another key issue for crops production is use of modern machinery. It directly affects the efficiency of production. Khulo municipality is characterized by small land plots, mountainous and hard-to-reach landscape of agricultural lands. Therefore, it is important to use small-sized agricultural machinery, which can significantly reduce human workload, increase effectiveness of certain activities, and as an overall result – increase efficiency. In Khulo the farmers mainly work on land manually with a plow.



Within the framework of program “Supporting farmers and agricultural entrepreneurs with provision equipment for mechanization” implemented by the Ministry of Agriculture of the Adjara A/R, so far 409 units of basic agricultural machinery/equipment of various types (mainly: cultivator, cultivator with hay cutter, cart) were purchased and delivered to the Khulo municipality farmers on the basis of co-payment of 30 percent of price from farmers. In 2018, by the same program, at least 70 units of cultivators with hay cutter and 100 spraying machines are planned to be delivered to Khulo farmers.



Obviously, the basic agricultural equipment distributed by the governmental program is not sufficient to fully meet existing needs, but increased awareness on its effectiveness and efficiency as well as increased demand in the municipality is the indicator of persistence of introducing modern technologies in agricultural production.

Nearly 4 percent of the households in the municipality have motorized cultivators and there no repair center for agricultural equipment in Khulo that could enable the farmers to repair motorized cultivators and/or purchase the spare parts.

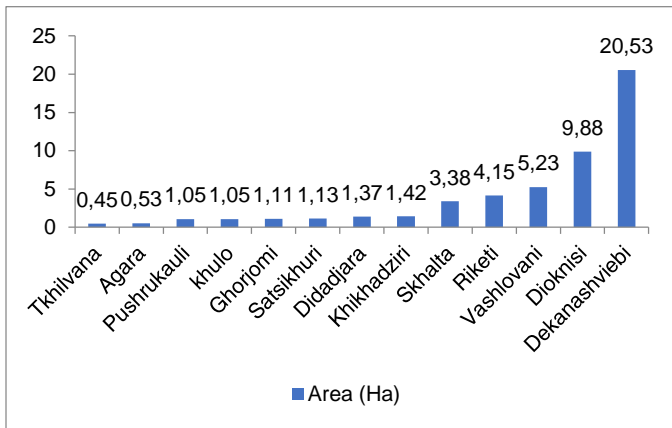
Additionally, there are no dry and cold storage facilities for agricultural products in Khulo, which could enable the farmers to keep their products in line with the food safety requirements and give them advantage to sell products considering favorable conditions on market related with seasonality.

Perennial Crops

In most cases, perennials are planted on mowing lands and within the perimeter of the house yard. The area of land with perennial crops particularly in the form of gardens is 69.8 ha. The average area of land with perennial crops per household is 0.06 ha. Economic profitability of perennials is very limited.

In the period of 2013-2017, plants for hazelnuts, walnuts, cranberries and kiwi has been delivered to farmers by the Ministry of Agriculture of the Adjara A/R. As the result, 414 beneficiary households have cultivated gardens of perennial crops, in total on the area of 51.28 ha, which is 10.5 percent of the total area of perennial crops in the municipality.

Figure 7 - Perennial plants planted in 2013-2017 years by size of land plot (ha) and communities



As for type of plans the image is following:

Table 10 - Perennial plants planted in 2013-2017 years by size of land plot (ha), type and communities¹⁴

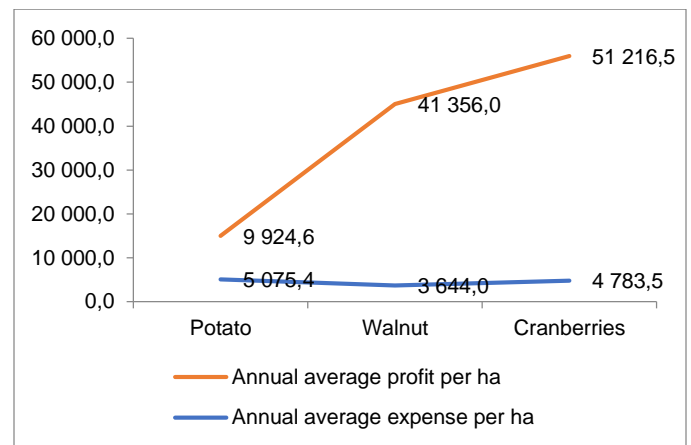
Administrative unit	Total	Walnut	Hazelnut	Cranberry	Kiwi
	Area	Area	Area	Area	Area
Agara	0,53	0,13	0,4	0	0
Town Khulo	1,05	0,15	0,7	0,02	0,18
Dekanashvilebi	20,53	7,65	11,68	0,73	0,47
Didachara	1,37	0,20	1,11	0,04	0,02
Dioknisi	9,88	3,67	5,41	0,78	0,02
Vashlovani	5,23	1,57	3,52	0,07	0,07
Riketi	4,15	1,36	2,73	0,06	0
Satsikhuri	1,13	0,23	0,9	0	0
Skhalta	3,38	2,74	0,5	0,14	0
Pushrukauli	1,05	0,10	0,95	0	0
Khikhadziri	1,42	0,77	0,65	0	0
Ghorjomi	1,11	0,12	0,8	0,19	0
Tkhlivana	0,45	0,00	0,45	0	0
Total	51,28	18,69	29,80	2,03	0,76

Production of berry crops in the municipality has started only in 2013. At present, 110 families have cultivated cranberry and raspberry crops in total on 2.03 hectares of land.



Given the yield per ha, wholesale prices, cost of production per ha, following model can be applied to walnut, cranberries, and potatoes:

Figure 8 - Average annual expenses profit (GEL) from the production of perennial agricultural crops (walnut, cranberries) and the one-year agricultural crops (potato) per ha (2017)



This model does not include costs for one-time cultivation of the perennial crops (in case of walnut, the cultivation costs are on average 12 thousand GEL), costs related to the agricultural and technical activities and waiting time before the plants deliver fruits (on average 4,000 GEL annually). However, in the long term, when land is cultivated, and plants deliver fruits, compared potato

¹⁴ Source: Ministry of Agriculture of Adjara A/R

production, the profits earned from perennial crops (walnut and cranberries) is significantly higher. Production of perennial crops is relatively long-term that requires significant financial resources, therefore, it is not much attractive for the local households who highly depend on annual income from annual crops.

Livestock

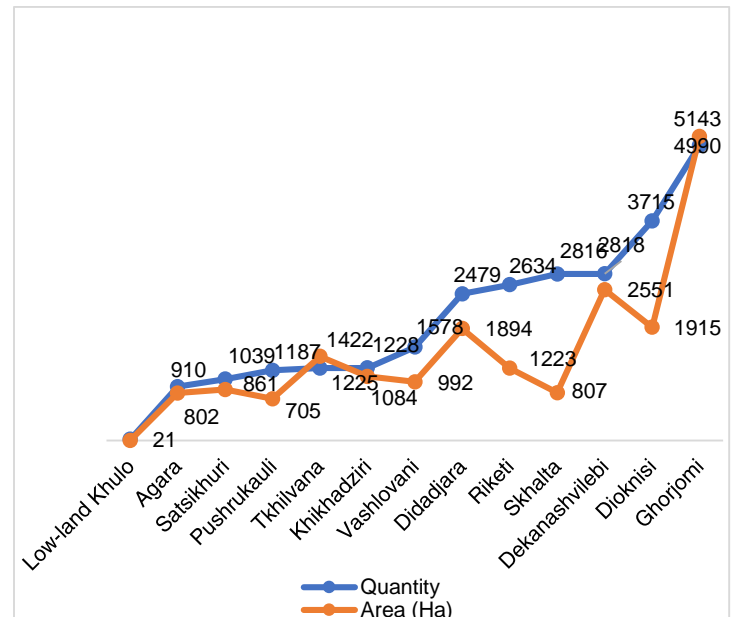
Livestock production is one of the oldest and traditional agricultural activities in Khulo municipality. Number of livestock 40,589, from which 99 percent is bovine cattle. The rest 1 percent accounts mainly for poultry, sheep and goats. 29 percent of households are involved livestock production. Cattle is the most predominant type of animal (70 percent of households are involved), followed by poultry – 23 percent¹⁵. The average number of cattle per household varies from 2 to 6 heads. There are no households owning relatively large cattle (more than 35). The average annual meat production is 50 tons and milk – 9,616¹⁶. 12 communities of Khulo municipality (Vashlovani, Dekanashvilebi, Dioiknisi, Riketi, Didachara, Satsikhuri, Agara, Ghorjomi, Tkhilvana, Khikhaziri, Pushrukauli, Skhalta) in total 42 villages, utilize the sub-alpine forests and neighboring areas – each year they bring cattle to pastures for 3-4 months¹⁷.

Khulo municipality, is in high mountainous zone and is characterized by long winter periods. Due to this, cattle farmers need livestock feeding troughs for period of 5 months per year, which requires substantial availability of food supplies. For this, the farmers purchase supplies outside the municipality (mainly from Kakheti and Kvemo Kartli regions) – on average 50-55 kg of compressed hay per head. However, in most cases, farmers prepare the livestock food using their own resources (mowing pastures). The combined food for livestock is rarely used in the municipality, which is one of the hindering factors for the productivity growth. However, in cases when it is used, concentrate feed is mixed on the farm from purchased maize meal (0.55 GEL/kg) and wheat bran (0.60 GEL/kg). They are mixed 50:50 (or sometimes 30:70) to produce a rather dusty feed costing 575 GEL/t (\$320/t). The maize supplies just over half of the energy and the wheat bran two-thirds of the protein, to make a low-energy concentrate of around 12 % protein, which will

typically be insufficient to allow a dairy cow to maximize its potential in early to mid-lactation¹⁸.

In Khulo municipality, livestock production indicators vary greatly among communities by the number of bovine cattle as well as hayland and pastures for cattle breeding. Ghorjomi community has largest areas of hayland and pastures combined and quantity of cattle.

Figure 9 – Total hayland and pastures and number cattle per community (2017)¹⁹



In terms of cattle breeding, Khulo communities can be divided into 3 groups:

- **Group 1** - Pushrukauli, Vashlovani, Didachara, Riketi, Skhalta, Dioiknisi - here the number of bovine cattle is significantly higher than the area of hayland and pasture land available;
- **Group 2** - Agara, Satsikhuri, Khikhaziri and Dekanashvilebi – here correlation between the area of hayland and pastures and number of bovine cattle is relatively proportionate;
- **Group 3** - Ghorjomi and Tkhilvana – here the area of hayland and pastures exceeds the number of bovine cattle, indicating room for growth for cattle production;

¹⁵ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

¹⁶ Source: Ministry of Finance and Economy of Adjara A/R

¹⁷ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

¹⁸ Dr Steve Goss, UNDP, Ajara agriculture sector competitiveness and export promotion policy study, 2014

¹⁹ Source: Ministry of Agriculture of Adjara A/R

Therefore, cattle production development in Gorjomi, Dekanashvebi, Dioknisi and Didachara communities has highest potential. The key challenges of cattle production remain: artificial insemination²⁰, prevention of diseases and application of modern production technologies (including equipment).

Availability and quality of veterinary services in the municipality quite limited. There have been only minor improvements in this regard during past years and existing veterinary service does not sufficiently meet current demand. By end of year 2017, within the framework of the "Private Veterinary Development Support" program, implemented by financial aid of the Austrian Development Agency (ADA), a veterinary clinic was constructed in town Khulo and handed to the Union of Veterinarians. Considering the geographical area and landscape of Khulo municipality, the veterinary clinic located in town Khulo gives only limited access to veterinary services.

As mentioned before, the area of pastures is 15,005 ha, which is 69% of total agricultural land of 21,691 ha in the municipality. Absolute majority of the pastures are in the subalpine and alpine zones. Although pasture areas are large, they have not been refreshed during the recent years, that is why all the pastures are degraded²¹. Households engaged in cattle breeding are practicing nomadic pastoralism. Specifically, cattle are herded and taken to mountains in the summertime until the second half of September. Therefore, the condition of pastures and its proper exploitation significantly determines the economic efficiency of the cattle breeding. According to Division for Environmental Protection and Natural Resources of the Adjara A/R, natural and anthropogenic factors and climate change have resulted in large-scale pasture land degradation in mountainous areas of Sarichairi-Bako, Tkhilvana, Ghrmani, Tetrobi, Beshumi, Goderdzi, Riketi, Didachara, and Vashlovani. Low attention is paid to ensure the integrity of soil cover, soil fertility growth and sustainability of the pastures in the subalpine and alpine zones. The lands are mainly degraded by improper agricultural practices, excessive number of herd and flock on pastures, change in grass species, damages due to overgrazing, uncontrolled forest cutting in the past and poor maintenance due to the "tragedy of commons". The medium-altitude hay meadows are private property, opening the way for

individuals to fence their grassland, manage the grazing, apply fertilizer and improve the sward. However, the high mountain pastures are still state-owned land used for common grazing that this is a classic "tragedy of the commons". During last three decades in the subalpine and alpine zones were also affected by climate change. Mainly, negative impact of the climate change is observed in temperature change, increased sediments, density and character of the drought, water depletion and other natural and anthropogenic factors. The biggest environmental effect of pasture improvement would arise from the change in species composition: in place of the current diverse mix of native grasses and wild flowers, the re-seeded and fertilized hay meadows would become almost a monoculture or oligoculture of commercial grass varieties. All of these pasture management and maintenance factors pose a significant challenge to cattle breeding in Khulo municipality.

Other Agricultural Production

There are few cases of fish farming practices in the municipality, which are represented as fish ponds of trout. Establishment small-scale fish farming was conditioned by examples of fish farming in neighboring municipality (Keda municipality). Modern technologies are rarely used in fish farming. This type of agricultural production can have relatively high potential, given availability of water resources in the municipality.

Beekeeping is traditional in Khulo municipality, which has transformed from old wooden troughs to modern cultural beekeeping. 77 farmers in the municipality are beekeepers and in total they own 1750 bee families. Average honey production is 26,700 kg per year. Local subalpine and alpine flora gives unique opportunities for extending bee families and producing environmental-friendly, competitive and with high-quality organic honey.

Grape production in Khulo municipality is lowest compared to other municipalities in Adjara A/R and is on average 51 tons annually.

Former tobacco production - During the Soviet era, much of the rural population of Khulo was employed in growing and harvesting tobacco on the collective farms along with raising potatoes and cattle for their own use. Tobacco production was abandoned shortly after the collapse of the Soviet Union, partly because it was hard work and

²⁰ Since 2012, Ministry of Agriculture of Adjara A/R provides artificial insemination procedures to local cattle (934 cases by the end 2017)

²¹ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

partly because the price slumped from around \$ 9/kg to today's 2-3 GEL/kg (\$ 1-1.5)²².

have invested in agriculture activities through support of state programs²³.

43 percent of households think they need technical assistance in livestock production. Only 13 percent of households received technical assistance from extension centers in last three years and main reason for that by 79 percent of households is the lack of information on such services. Main source used to obtain information about agriculture projects for local households is TV (93 percent)²⁴. 93 percent of households are interested to receive information/advice on insurance schemes, subsidies, and other available and appropriate financial instruments. 42 percent of households would like to receive in livestock production and 61 percent wish to have the service delivered on-site²⁵.



State programs and technical assistance - Nearly half (48 percent) of households in Khulo are aware of that the MEPA provides agricultural investment support and less than half (45 percent) of households know where to find information on support programs. Only 13 of households

Agriculture - SWOT Analysis

Strengths	Weaknesses
Abundant water resources Abundant grasslands and pastures Favorable climate and soil conditions Limited use of pesticides and chemicals, favorable for organic farming Increasing demand on local agricultural products (mainly from Batumi) Favorable conditions for cattle breeding, potato, corn walnut, hazelnut and cranberry production, as well as for trout farming, beekeeping	Small landholdings Low quality seeds mainly for potato and corn production Absence of agriculture machinery repairing center and spare parts stores Lack of small-scale agriculture (esp. for steep terrains) machinery and limited access to leasing services Low level of awareness about regional and national state support programs Lack of knowledge in the field of agricultural management, technology, and innovations Low level of awareness about the technical assistance availability Limited land plots officially registered Absence of warehouse and cold storage facilities Modest and/or absence of quality irrigation Limited access to slaughterhouses (only one operational slaughterhouse) Limited access to veterinary and agribusiness consulting services Poor packaging practices Lack of small-scale processing enterprises Poor maintenance of pastures Fragmented supply of agriculture products and limited access to new markets Steep land slopes inclined to erosion Low level of land privatization

²² Dr Steve Goss, UNDP, Ajara agriculture sector competitiveness and export promotion policy study, 2014

²³ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

²⁴ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

²⁵ FAO - Assessment of rural agricultural investment capacities and corresponding extension needs, 2017

	Low productivity per ha Poor consolidation and coordination among farmers Poor food safety and quality measures Lack of nurseries Lack of cooperatives Decreasing number of sheep and goats
Opportunities	Threats
Development of greenhouses Increasing productivity of crops by introducing new quality seeds Shift to production of higher value-added products (e.g. walnuts, cranberries, perennials in Dekanashvilebi) Diversifying the crop production (e.g. garlic) Establishing warehouses and cold storage facilities Introducing new breeds in livestock and mitigating risk of diseases Shifting to full artificial insemination of cattle Development of additional slaughterhouses Diversifying and expanding livestock production (e.g. poultry, pig farming) Expanding fishery production Development of fruit nursery Organizing festivals for local food and other agriculture products Improving pasture management (e.g. in Ghorjomi) Opening of the mini-processing enterprises (esp. for dairy and meat processing) Improve access to veterinary service and technical assistance Increasing awareness on regional and national support programs and extension services Increasing access to small-scale machinery Delivering agribusiness consultancy to improve production and access new markets Adopt modern irrigation systems	Animal and plant diseases Fluctuation of market prices Increasing input costs, especially for energy Natural hazards (heavy rainfall, drought, landslides, mudflows, etc.) and climate change Pest control Significant number of unregistered agriculture land limiting access to regional and state support programs

Agriculture - Objectives and Actions

Objective 2.1 – Improve productivity of crops and animal husbandry

Rationale – The productivity of crop plants per ha (e.g. of potatoes) of local farmers remain low in recent years. One of the major reason for that low-quality seeds used and limited availability of fertilizers. Although the Ministry of Agriculture of Adjara A/R is providing farmers in Khulo with seeds, the amount and variety of them is not sufficient to increase the productivity in rapidly. As for the animal husbandry, farmers who are mostly engaged in cattle breeding (particularly in milk production) face modest productivity. One of the key reasons in limited artificial insemination procedures applied, despite of support provided by the Ministry of Agriculture of Adjara A/R. Another main cause is frequent diseases of animal stock due to the very limited vaccinations applied.

Strategic Action 2.1.1	
Title of Strategic Action	Supporting of provision of seeds and fertilizers

Brief Description of Strategic Action	This action should provide financial (subsidized loan interest rates) and technical assistance. Financial assistance will imply loan subsidy for planned purchases of seeds and fertilizers. Following model can be applied: farmers receive loans from Banks and MFIs for purchases of seeds and fertilizers; Khulo LAG in partnership of local and regional public institutions will subsidize the interest rate of loans approved. Technical assistance can be following: Provision with information on the seeds and fertilizers available on market; Preparation of business plans; trainings/on-site mentorship in planting and appropriate use of fertilizers; etc. Priorities can be given to following crops: potatoes, corns, tomatoes and cucumbers.
Primary Target Group(s)	Mainly potatoes and corn farmers
Responsible bodies	Khulo LAG and partnering partner public and private institutions.

Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will advocate and additionally fundraise to develop a program/project for provision of seeds and fertilizers. Special advocacy and fundraising action plan will be developed and implemented by the LAG members.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Seeds and fertilizer traders; Banks and MFIs;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased productivity of primary agriculture products per ha; Volume and type of seeds and fertilizers provided; Number of new jobs created; Increased turnover of farms;
Priority	High

Strategic Action 2.1.2	
Title of Strategic Action	Supporting provision of artificial insemination and vaccines
Brief Description of Strategic Action	This action should provide financial (subsidized loan interest rates) and technical assistance. Financial assistance will imply loan subsidy for planned inseminations and vaccinations. Following model can be applied: farmers receive loans from Banks and MFIs for purchases of vaccines and artificial insemination kits; Khulo LAG in partnership of local and regional public institutions will subsidize the interest rate of loans approved. Technical assistance can be following: Provision with information on the vaccines and artificial insemination kits available on market; Preparation of business plans; Trainings/on-site mentorship in artificial insemination and vaccination; etc. Priorities can be given to following livestock: cattle
Primary Target Group(s)	Predominantly cattle farmers
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will advocate and additionally fundraise to develop a program/project for provision of artificial insemination and vaccines. Special advocacy and fundraising action plan will be developed and implemented by the LAG members.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Seeds and fertilizer traders; Banks and MFIs;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021

Anticipated Outputs/ Indicators & Targets	Increased productivity of cattle (mainly in milk production); Volume and type of artificial insemination kits and vaccines provided; Number of new jobs created; Increased turnover of farms;
Priority	High

Objective 2.2 – Support to modern agriculture practices by quality inputs

Rationale – One of the major challenges of local farmers is limited access to quality inputs for production: equipment and machinery. Perennial gardens (mainly walnut, hazelnut, fruits) lack sufficient inputs for land cultivation. Same applies to annual crop producers (mainly potatoes and corn) and livestock farmers. Motorized cultivator with hay-cutting implement and motorized cultivator with soil processing aggregates are among of the key demanded machinery. Wide range of equipment and production inputs are also required for fish farms (particularly, in Dekanashvilebi and Dioknisi) and beekeepers. By equipping the farmers with modern production means, the labor intensity will be decreased, the productivity will improve, and modern agricultural practices will be established.

Strategic Action 2.2.1	
Title of Strategic Action	Supporting provision of machinery and equipment inputs
Brief Description of Strategic Action	This action should provide financial (subsidized leasing/loan interest rates) assistance. Financial assistance will imply leasing subsidy for planned purchases of equipment and machinery. Following model can be applied: farmers/cooperatives receive leasing loans from Banks and MFIs; Khulo LAG in partnership of local and regional public institutions will subsidize the interest rate of leasing/loans approved. Priorities can be given to following crops: potatoes, corns, tomatoes and cucumbers, walnuts, hazelnuts, fruits;
Primary Target Group(s)	Mainly potatoes, corns, tomatoes and cucumbers, walnuts, hazelnuts and fruits farmers
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will advocate and additionally fundraise to develop a program/project for provision of machinery and equipment inputs. Special advocacy and fundraising action plan will be developed and implemented by the LAG members.

Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Seeds and fertilizer traders; Banks, MFIs, leasing companies;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased productivity of primary agriculture products per ha; Number and type of equipment and machinery provided; Number of new jobs created; Increased turnover of farms;
Priority	Medium

Strategic Action 2.2.2	
Title of Strategic Action	Supporting provision of inputs for beekeeping and fish farming
Brief Description of Strategic Action	This action should provide financial (subsidized loan interest rates) and technical assistance. Financial assistance will imply loan subsidy for planned purchases of inputs. Mainly, for beekeepers: beehives, honey reservoir, equipment for evaporation of access moisture, filters (rapid drain, nylon), honeycomb preparing equipment, refractometer, etc. For fish farmers: drag nets, water pumps, knives/cutlasses, etc. Following model can be applied: farmers receive loans from Banks and MFIs for purchases of production inputs; Khulo LAG in partnership of local and regional public institutions will subsidize the interest rate of loans approved.
Primary Target Group(s)	Beekeepers and fish farmers
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will advocate and additionally fundraise to develop a program/project for provision of inputs for beekeeping and fish farming. Special advocacy and fundraising action plan will be developed and implemented by the LAG members.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Machinery and equipment traders; LLC “Mechanizatory”; Banks and MFIs;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased productivity and expansion of honey and fish; Volume and type of inputs supplied; Number of new jobs created; Increased turnover of farms;
Priority	Medium

Objective 2.3 – Improve technical capacities on agriculture techniques and support market facilitation to maximize harvest profits

Rationale - There is considerable scope to increase on-farm productivity for all the local agriculture products. In most case it requires a change of actions and attitudes by the farmers concerned. Therefore, to achieve optimum production in agricultural activities, smallholder farmers can benefit from tailored training. Farmers are often unfamiliar with modern agricultural practices or new technologies, the use of which can lead to significant productivity gains compared to existing local methods. Appropriate training programs can play a critical role in bridging this gap, providing farmers with the new skills and technical knowledge necessary to implement improved methods and to make informed decisions about the best options to suit their needs.

To increase farm yields, improvement the efficiency of markets is essential. Farmers should pay a more competitive price for their inputs and get a higher price for their output. The things that should change are different in each value chain, but a common need is timely and accurate information about agricultural markets. This requires a market information system covering Adjara, the rest of Georgia.

Strategic Action 2.3.1	
Title of Strategic Action	Supporting provision of capacity building trainings and market information
Brief Description of Strategic Action	This action has two components: 1) training in modern agriculture practices. Detailed training needs assessment should be conducted to plan for most effective approaches and themes of trainings to be delivered. When planning and delivering of training service it also important to consider differences between communities and socio-economic factors such as gender and age. As for themes, based on Khulo farmers profiles, following indicative list of training areas can be covered in crops production: control of pests and diseases, fertilizer use, method of planting, preparing land for planting, marketing, crop diversification, water management, harvest and post-harvest activities. 2) Market information will be obtained (secondary data), analyzed and disseminated to local farmers via Khulo Lag webpage. Market information will cover regional, national and at some extend international market data by types of agricultural products widely used and those who have development potential in Khulo municipality.

Primary Target Group(s)	Farmers mainly in production of: potatoes, meat and milk, berries (cranberry), etc.
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Specifics about Khulo LAG roles and responsibilities	To implement this action Khulo LAG will facilitate the process for local tourism industry ventures and their employees to connect and organize capacity building sessions in modern agriculture practices. Besides, Khulo LAG members will voluntarily, on quarterly basis obtain market information (secondary data), make basis analysis and disseminate to local farmers.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Machinery and equipment traders; Banks and MFIs;
Timeframe for Delivery of Action	Q1 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased productivity and expansion of honey and fish; Volume and type of inputs supplied; Number of new jobs created; Increased turnover of farms;
Priority	High

Objective 2.4 – Increasing awareness on existing support programs

Rationale – As mentioned earlier in this chapter, less than half (48 percent) of households in Khulo are aware of that the MEPA provides agricultural investment support and only 45 percent of households know where to find information on support programs. Only 13 percent of households received technical assistance from extension centers in last three years and main reason for that by 79 percent of households is the lack of information on such services. There are number of regional and national programs implemented to support agriculture development, as well as the programs of non-profits and international development organizations. It is important that farmers in Khulo do benefit from support programs and there is no informational barrier to that.

Strategic Action 2.4.1	
Title of Strategic Action	Arranging information sessions on agriculture support programs
Brief Description of Strategic Action	In partnership with regional and national governments, as well as with non-profits and international organization, information sessions can be organized to deliver detailed information on the support mechanisms available and provide recommendations on how these programs can potentially be adjusted to local context. To this end, meeting should be organized between farmers

	and managers/representatives of the agriculture support programs. For example, meeting can be arranged with APMA managers of following programs: "Plant the Future", "Agriculture Modernization, Market access and Resilience project "(AMMAR), "Preferential Agrocredit Project", "Agricultural insurance", etc. And programs of Agriculture Cooperatives Development Agency (ACDA): "State Program to Support Beekeeping Agricultural Co-operatives" and others.
Primary Target Group(s)	All farmers in Khulo (for the purposes of meeting, the type of activity can group them – e.g. perennial crop products)
Specifics about Khulo LAG roles and responsibilities	To implement this action Khulo LAG will: (1) establish informational center (working on specific schedule) that will provide local farmers information about agriculture support programs (by volunteers) on site and (2) organize information sessions conducted by implementing national, private, non-profit and donors about their support programs
Responsible bodies	Khulo LAG and partnering partner public, non-profit and international institutions.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; APMA, ACDA, FAO, USAID, etc.
Timeframe for Delivery of Action	Q3 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased awareness about supporting program available; Volume beneficiaries in supporting programs from Khulo increased; Number of new jobs created; Increased turnover of farms;
Priority	High

Objective 2.5 – Support the establishment of agro-processing, greenhouse and storage enterprises

Rationale – Although for the purposes of this LDS, only primary production of agriculture products is considered under agriculture sector, it is important to make special focus on agribusiness activities in this part as it is closely linked with primary production on demand side. There are no agro-processing facilities in Khulo (except cheese factory) and no storage facilities. Given the relatively high volumes of meat, milk, potatoes and corn production, and in lesser extent of vegetables and berries, local agriculture would clearly benefit from creating value-added elements of production for three main key reasons: 1) primary production farmers will have convenient new local market; 2) it will stimulate stable, increased outputs

from farming and development of the raw materials base; that leads importantly to supply side - 3) such value-adding enterprises will not only help to diversify local economy, but also create clear market oriented chains that in long-run will stimulate moving farmers from subsistence farming to business-type agriculture and become part of large value chains, regardless of current traditional crops and livestock production types (with possibility of introduction new crops e.g. like it has been recently with walnuts' case). However, the existing land plot sizes, geographical, climate and other contextual consideration will obviously will be accounted for.

Strategic Action 2.5.1	
Title of Strategic Action	Establishment of new processing enterprises
Brief Description of Strategic Action	<p>This action should provide financial (co-finance) and technical assistance to those interested in establishing new agricultural products processing enterprises.</p> <p>Financial assistance will imply co-financing (grant).</p> <p>Technical assistance can be following: Provision with information on the equipment and machinery and their suppliers; Preparation of business plans; Communication with potential suppliers of raw materials; etc.</p> <p>Priorities can be given to: Meat processing, production of meat products (including smoked meat products); Fish processing, production of fish products; Milk processing, production of dairy products; Fruit, berry and vegetable processing; Walnut, peanut and other nuts processing; Production of feed for animals, birds and fish (production of combined feed); Processing of honey and other beekeeping products.</p> <p>Target groups should draw sound business plan and attract additional funding (if needed);</p>
Primary Target Group(s)	Relatively large farmers and entrepreneurs in Khulo; regional, national and international investors;
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will be involved in selection, monitoring and evaluation of the grantees.
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Agriculture Projects Management Agency (APMA); Banks and MFIs;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021

Anticipated Outputs/ Indicators & Targets	At least 5 new small-scale processing enterprises established; Increase production of primary agriculture goods; Number and type of processing enterprises established; Number of jobs created; Volume of local raw materials supplied to processing plants;
Priority	High

Strategic Action 2.5.2	
Title of Strategic Action	Creation infrastructure to support the farmers to store the crop and building greenhouses to produce new crops
Brief Description of Strategic Action	<p>This action should provide financial (co-finance) and technical assistance to those interested in establishing storage and greenhouses.</p> <p>Financial assistance will imply co-financing (grant).</p> <p>Technical assistance can be following: Preparation of business plans; communication with potential suppliers of raw materials; Preparation of technical parameters of storage/greenhouse enterprise designed for specific character of primary agricultural products.</p> <p>Priorities can be given to: stone fruit, berries, seed, nut crops and vegetables.</p> <p>Target groups should draw sound business plan and attract additional funding (if needed);</p>
Primary Target Group(s)	Relatively large farmers and entrepreneurs in Khulo; regional, national and international investors;
Responsible bodies	Khulo LAG and partnering partner public and private institutions.
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG will be involved in selection, monitoring and evaluation of the grantees.
Any collaborating Organizations:	Khulo municipality; Ministry of Agriculture of Adjara A/R; Agriculture Projects Management Agency (APMA); Banks and MFIs;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	<p>Raising the self-sufficiency rate with perennial and annual plants</p> <p>Effective cooperation's established;</p> <p>Number and type of storage facilities established;</p> <p>Number of greenhouses established;</p> <p>Number and type of new crops produced in greenhouses;</p> <p>Number of jobs created;</p> <p>Volume of local raw materials supplied to storage facilities;</p>

Priority	Medium
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Table 11 - Estimated financial distribution for agriculture²⁶

Objectives	O2.1 (20%)	O2.2 (18%)	O2.3 (10%)	O2.4 (5%)	O2.5 (40%)
Activities	A.2.1.1 A.2.1.2	A.2.2.1 A.2.2.2	A.2.1.3	A.2.4.1	A2.5.1 A2.5.2
Inter-territorial and transnational co-operation				2%	
Running costs and animation				5%	
Total				100%	

3. Communal and social infrastructure



Roads – Total length of local roads in municipality is 825.5 km²⁷. 39 km has concrete pavement, 38 km is asphalted. Therefore, 90.6 percent of local roads are dirt roads that poses significant challenge for local socio-economic development. Main road connections on the municipal territory are: Angisa-Akhaltsikhe (48 km), Zamleti-Khikhadziri (28 km), and Goderdzi pass-Beshumi (10 km).

Water supply – Most part of the population has individual supply systems for drinking water. Limited number of resident are connected to centralized supply system (“Khulo Tskalkanali”) - 3.465 (14.3 percent of total population)²⁸. In total length water supply system is 116,67 km with 34 reservoirs, most of them are outdated.

Sewage system – Sewage system is only located in Khulo town 3910 g/m and Beshumi - 1227 g/m. The pipelines are mostly damaged and there is no functioning cleaning facility²⁹.

Natural gas – There is no natural supply in Khulo municipality. However, there is on-going project that should deliver natural gas supply to the municipality.

Electricity – There is 24/7 electricity supply in Khulo municipality. 10,332 individual and 166 corporate users are registered in electricity supply system.

Communication – Whole municipality is covered by cellular network. Almost no, very limited internet coverage is available.

Transportation – 136 private cars/minibuses are operating in Khulo municipality available for commuting. Cable car is functioning in Tago village (1700 m) connecting to town Khulo. Additional cable cars are needed in Beghleti and Kortokhi.

Playgrounds – There are 40 playgrounds in the municipality, mostly located in school yards. A public park is in town Khulo, near administrative building of the municipality.



Playground in town Khulo

Communal and social infrastructure - SWOT Analysis

Strengths	Weaknesses
Abundant water resources, resources mapped and basic data available Basic infrastructure available (water supply, electricity, etc.) Basic emergency service available Basic level of road maintenance in Khulo town Cable car available for local transport	Very limited parts of local roads are asphalted No natural gas supplies Low number of residents connected to centralized drinking water supply system Outdated water reservoirs Modest/lack of sewage systems Very limited access to internet Modest sewage system with absence of cleaning facility

²⁶ From total budget allocated to agriculture development

²⁷ Source: Khulo municipality

²⁸ Source: Ministry of Finance and Economy of Adjara A/R

²⁹ Source: Khulo municipality

	Lack of adapted infrastructure for PWDs Lack of cable cars Absence of water control laboratory Lack of signs on roads Lack of bicycle roads Limited road connections to historical monuments Absence of public restrooms Lack of recreational parks, playgrounds Outdated public transport
Opportunities	Threats
Spatial planning of the municipality (World Bank Project 2019) Rehabilitation of drinking water supply system and connecting more users to central supply system Rehabilitation of water reservoirs Improving access to internet Rehabilitation of sewage system and adding a cleaning facility Improving infrastructure adapted to PWDs Improving public transportation Installation of additional cable cars and rehabilitation of existing Rehabilitating and adding new playgrounds Development of new recreational sites Improving communal infrastructure Placing public restrooms	Natural hazards (heavy rainfall, drought, landslides, mudflows, etc.) Poor maintenance of existing infrastructure

Communal and social infrastructure - Objectives and Actions

As presented earlier in this chapter, there is large number of infrastructural issues that need timely interventions. For example, swage system that has mostly all pipelines damaged. These infrastructural problems require large amount of investment (from Khulo municipality, Municipal Development Fund, regional and national governments). Therefore, given the priorities of other thematic issues (e.g. tourism development), and limited funding, Khulo LAG will focus on limited type intervention for infrastructural development.

Objective 3.1 – To contribute to the development of access to high-speed connectivity for rural areas

Rationale - Limited broadband coverage in most parts of the municipality is having an adverse effect on business and community development. By purchasing of internet equipment Khulo LAG will help maximize any existing broadband coverage and additional coverage.

Strategic Action 3.1.1	
Title of Strategic Action	Assisting in purchasing of small-scale internet equipment
Brief Description of Strategic Action	This strategic action should support the purchase of small scale broadband equipment to boost existing broadband

	connection for communities and local businesses. The action should also prioritize rural areas with relatively large population.
Primary Target Group(s)	Community groups, rural residents
Responsible bodies	Khulo LAG and partnering partner public and private institutions
Specifics about Khulo LAG roles and responsibilities	To implement this action Khulo LAG will fundraise and/or advocate for purchasing of small-scale internet equipment. In addition, LAG members will participate in funding process of projects in line with this action.
Any collaborating Organizations:	Khulo municipality; internet companies
Timeframe for Delivery of Action	Q2 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Internet coverage increased Residents have increased access to internet for business, educational and entertaining purposes Number of internet users
Priority	High

Objective 3.2 – Support to small-scale infrastructure development

Rationale – Although Khulo LAG cannot fully support the infrastructure development, it can co-finance small-scale infrastructure development (e.g. small playground). Priority should be given to remote rural areas with

relatively large population, who are traditionally disadvantaged from infrastructural investments.

Strategic Action 3.2.1	
Title of Strategic Action	Supporting of small-scale infrastructure development by co-financing facilitation
Brief Description of Strategic Action	This action can support co-financing (Khulo municipality) projects. For example, rehabilitation of Tago cable car, installation of small-scale playground in Dioknisi or Beshumi, etc. Terms of project selection and co-finance should be agreed with Khulo municipality. <u>Focus should be made on fire service infrastructure.</u>
Primary Target Group(s)	Community groups, remote rural areas residents
Responsible bodies	Khulo LAG and Khulo municipality
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG members will: (1) advocate for specific small and medium-scale infrastructure projects; (2) Fundraise to co-finance small-scale infrastructure development; (3) If possible, co-finance small-scale infrastructure development from their own sources.
Any collaborating Organizations:	Khulo municipality;
Timeframe for Delivery of Action	Q3 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Improved small-scale infrastructure in remote rural areas Number of infrastructural projects implemented Number of users of new/rehabilitated infrastructure
Priority	Medium

Table 12 - Estimated financial distribution for communal and social infrastructure³⁰

Objectives	O2.1 (70%)	O2.2 (30%)	
Activities	A.3.1.1	A.3.2.1	
Inter-territorial and transnational co-operation			2%
Running costs and animation			5%
Total			100%

4. Culture, health, education, sports, and youth



Health facilities - There is a hospital in Khulo town, with capacity of 55 beds, bed turnover indicator of 20.7³¹ and more than 200 personnel. In 2013 nearly 1400 surgeries have been conducted in Khulo municipality. 55 doctors work in Khulo municipality (3 of them are dentist)³². Khulo has lowest levels of infectious diseases in the region (less than 1000 in 2013). 11 ambulatories function in Khulo municipality, with 20 doctors, 53 nurses and 15 administrative workers. Ambulatory buildings need renovations and new equipment. For example, in Gurdzauli and Mtsubani villages, there is no medical equipment. Ambulance cars need repairs. In Dekanashvilebi and Vashlovani communities, only one ambulance car is operating.



Hospital in town Khulo

Culture – One culture center is operating in town Khulo. Besides, 3 museums, 2 libraries, 6 art clubs, one art gallery, 7 culture houses, 10 village clubs are in Khulo municipality. In Khulo town, Khulo State Drama Theatre (since 1925) is functioning. Totally, 157 employees are working in culture facilities. Vashlovani, Skhalta, Khikhadziri and Ukho village clubs need rehabilitation. Also, Ghorjomi, Dioknisi and Satsikhuri culture houses and Tkhlvani ethnographical museum need renovations. Culture houses, art gallery and museums need computers. 7 libraries need office inventory.

³⁰ From total budget allocated to agriculture development

³¹ Source: Ministry of Health Care and Social Protection of Adjara A/R

³² Source: Ministry of Health Care and Social Protection of Adjara A/R



Schools and kindergarten – 49 public (with 988 teachers and 3,433 children) and 1 private school is functioning in Khulo municipality³³. 5 public school building need rehabilitation. Besides, 20 public kindergarten and 7 alternative kindergarten are operating with total 790 children attendance.



Vocational education – There is no vocational education training (VET) center in Khulo municipality and local people receive VET service in Batumi city.

Emergency – One emergency response facility operated in Khulo municipality. 3 firetruck and one emergency car are available. The building needs renovations, water reservoirs (available in 16 villages) needs rehabilitation and new equipment is needed.



Sport - There are 43 sport facilities in Khulo municipality³⁴. One sport school is functioning in the municipality. This school has 9 sport types offered (by 29 trainers) to the 29 groups (totally 363 students) of youth (e.g. basketball, skiing, three types of wrestling (Greco-Roman most popular), table tennis, etc.). Almost all sport stadiums and indoor facilities are at and in the public-school building. Sport facilities need new equipment and building renovations. For example: Didachara sport facility needs: locker rooms equipped with bathrooms and central heating. In Okruashvilebi sport facility, the roof of the building needs renovation. Khulo sport complex needs to use and public school's abandoned building to equip with necessary inventory and expand its activities. Also, the sport complex needs building roof renovation. Some of the other needs are: new skis, table tennis boards, sport wear, etc.



³³ Source: Ministry of Education, Culture and Sports of Adjara A/R

³⁴ Source: Khulo municipality

Media – local media is represented by only one entity – “Khulo newspaper”.

Culture, health, education, sports, and youth - SWOT Analysis

Strengths	Weaknesses
Availability large number of cultural, educational, health and sport facilities (e.g. Khulo State Drama Theater) Relatively high level of qualification of teachers, trainers, medical personnel Local festivals ("Shuamtoba", "Tbeloba", "Selimoba", "Didacharoba") Basic medical infrastructure in Khulo town Large number of cultural and historical monuments Free transport service organized for school children in some villages Youth interested in sport activities and old traditions in sports Existence of various sport clubs and associations (e.g. chess association) Number of handicraft workers in villages	Modest facilities and equipment of schools and kindergarten Modest facilities and equipment of libraries, museums and culture houses Modest sport facility infrastructure and need of new equipment Modest ambulatory facilities and lack of equipment Need of more cultural festivals Lack youth related activities: sports, arts, entertainment Limited access to vocational and non-formal education Absence of youth clubs Underdeveloped print media Absence of nonformal education center Lack of culture houses in villages Lack of libraries in villages Lack various sectoral festivals, exhibitions, fairs Modest emergency response facility and need for new equipment Rehabilitation needs of village clubs Low level of interest towards vocational education Low level of awareness about local festivals outside the communities School children are not trained in entrepreneurship Absence of gyms
Opportunities	Threats
Rehabilitation of 5 schools buildings and provision of equipment Renovation and equipment provision to kindergartens Renovation of libraries, culture houses and museum buildings Creating new culture houses in villages Rehabilitation of ambulatories and provision of necessary equipment Conducting youth related activities and establishment of youth clubs Provision of computers to culture houses, art gallery and museums Provision of office inventory to libraries Repairing of existing ambulance cars and adding new (especially in Dekanashvilebi and Vashlovani communities) Training of schools' teachers Conducting new festival and exhibitions Establishing public gym facilities Organizing dancing festivals, contests	Poor maintenance of existing infrastructure Aging teachers, trainers and other workers Limited public funds for renovations and equipment provision Loss of cultural heritage/traditions due to lack of interest from young people

Culture, health, education, sports, and youth - Objectives and Actions

To address the needs in this priority area, substantial financial resources are needed. Therefore, Khulo LAG plans to have targeted interventions in certain sectors.

Objective 4.1 – Upgrading of new and existing community, sporting & cultural facilities and other

Rationale – Rural isolation has been identified as a source of social exclusion and the provision of upgraded

facilities with modern equipment and access to them will help reduce this isolation. This objective will seek to promote greater community participation in local activities by supporting the rehabilitation of community, sporting & cultural facilities, as well as support for the purchase of equipment.

Strategic Action 4.1.1	
Title of Strategic Action	Supporting the upgrade of community, sporting & cultural and other facilities, and purchase of new equipment

Brief Description of Strategic Action	With priority focus on remote rural areas with relatively high number of population, small-scale rehabilitation works will be co-financed (in partnership with Khulo municipality) and certain equipment (e.g. training equipment for sport complex, computers for libraries) will be delivered
Primary Target Group(s)	Local cultural, educational, sport, community facilities, their workers, and users of their residents
Responsible bodies	Khulo LAG, Khulo municipality and Ministry of Education, Culture and Sports of Adjara A/R
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG members will: (1) advocate for upgrading community, sporting & cultural and other facilities, and purchase of new equipment; (2) Fundraise to co-finance such upgrades and purchases; (3) If possible, co-finance to respond to upgrade and new equipment needs.
Any collaborating Organizations:	Khulo municipality; Ministry of Education, Culture and Sports of Adjara A/R; local sport, educational, cultural and other facilities
Timeframe for Delivery of Action	Q1 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Improved quality of service delivered by educational, cultural, sport and other facilities Number of attendance in sport, educational and activities increased (especially youth)
Priority	High

Objective 4.2 – Support to youth development

Rationale – The needs of rural youth are diverse. There is no overarching youth service available and limited number of people undertake youth work activities. Youth facilities in the community context are currently quite limited in extent and proposals from community promoters to develop facilities and services for young people will be an important element of this strategy. Alongside the provision of facilities there is need for the provision of training resources for young people and support for more broadly-based youth development initiatives.

Strategic Action 4.2.1	
Title of Strategic Action	Support new community youth facilities including the purchase of new equipment
Brief Description of Strategic Action	This strategic action will support the creation and upgrading of facilities specifically targeted at young people, such as sports, arts based, drama/music, this can also include the purchase of equipment. Services for younger children will also be included.
Primary Target Group(s)	Local youth

Responsible bodies	Khulo LAG, Khulo municipality and Ministry of Education, Culture and Sports of Adjara A/R
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG members will: (1) advocate for creation and upgrading of facilities specifically targeted at young people and for purchasing of required equipment (2) Fundraise to co-finance such interventions; (3) If possible, co-finance such interventions
Any collaborating Organizations:	Khulo municipality; Ministry of Education, Culture and Sports of Adjara A/R; local sport, educational, cultural and other facilities
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased participation of local youth in community development Increased skills and knowledge of local youth Number of youth engaged in youth related activities
Priority	High

Strategic Action 4.2.2	
Title of Strategic Action	Youth specific training programs
Brief Description of Strategic Action	Support youth specific training programs to enable young people to take a greater part in society and reach their full potential. The training initiatives could include; ICT skills, health/road safety training and one off uniquely designed training courses for youth organizations. Potential promoters will be animated to deliver this service and apply for funding under this sub-theme
Primary Target Group(s)	Local youth
Responsible bodies	Khulo LAG, Khulo municipality and Ministry of Education, Culture and Sports of Adjara A/R
Specifics about Khulo LAG roles and responsibilities	For this action Khulo LAG will facilitate the process of connecting local youth to specific youth-related trainings providers.
Any collaborating Organizations:	Khulo municipality; Ministry of Education, Culture and Sports of Adjara A/R; local sport, educational, cultural and other facilities
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased participation of local youth in community development Increased skills and knowledge of local youth Number of youth engaged in youth related activities
Priority	High

Table 13 - Estimated financial distribution for culture, education, sports and youth³⁵

Objectives	O4.1 (30%)	O4.2 (63%)	
Activities	A.4.1.1	A.4.2.1 A.4.2.2	
Inter-territorial and transnational co-operation			2%
Running costs and animation			5%
Total			100%

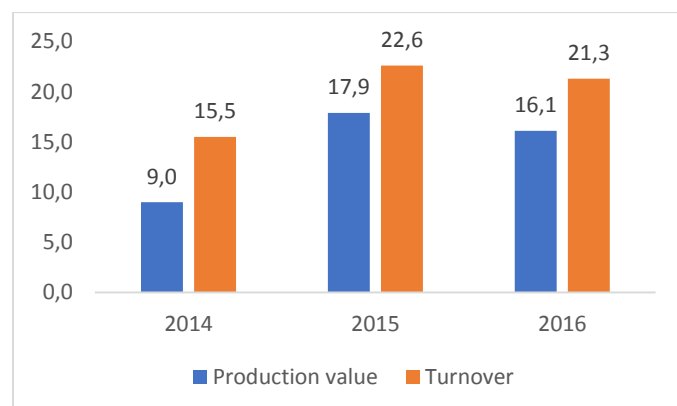
5. Off-farm entrepreneurship



In 2017, 236 business entities were operating in Khulo municipality³⁶. Off-farm entrepreneurship in Khulo municipality is mostly concentrated in administrative center - town Khulo. There are nearly 100 small-scale timber processing enterprises operating in Khulo municipality. In town Khulo two major branches of major banks and micro-finance institutions are represented (e.g. TBC Bank, Bank of Georgia, Liberty Bank, Credo, Lasika Capital, etc.). Although there are a small number of operating businesses (and assuming that majority of loans are lent to physical persons (mostly farmers)), the rising concentration of financial institutions in Khulo municipality can be an indicator of increasing business activity. The number of micro and small enterprises is increasing by 10-15 percent yearly. In town Khulo most of the non-farm enterprises are represented, mainly following type of business entities are operating: cafes and small restaurants, barber shops, groceries, various home supply shops, pharmacies, appliances repair services, car wash and car repair service, etc.



Total annual turnover of businesses in Khulo municipality is lower than in other regional municipalities, however has positive dynamic in recent years.

Figure 10 – business turnover and production value (million GEL) in Khulo municipality by years³⁷

In 2016, number people employed in private sector was considerably low – 297 persons (2.45 percent of total labor force). Same year, average monthly earning in business sector was 497 GEL.

In 2016, 17 percent (72.7 million USD) of total private investment made in Adjara A/R was made in Khulo municipality³⁸. This investment amount is largely coming from Adjara'skali "Skhalthesi" HPP project. Khulo municipality accounted for 38 percent of total investment in energy sector in Adjara A/R in 2016. 18.3 million GEL was invested from public funds in 2016³⁹.

³⁵ From total budget allocated to agriculture development

³⁶ Source: Ministry of Finance and Economy of Adjara A/R

³⁷ GEOSTAT, data retrieved on May 10, 2018

³⁸ Source: Ministry of Finance and Economy of Adjara A/R

³⁹ Source: Ministry of Finance and Economy of Adjara A/R



Used cloths shop in town Khulo



Case of Cheese Factory in Khulo



In Khulo municipality (Dioknisi community) only one milk processing, cheese factory is functioning. "Naturaluri Produktsia LLL" is the first and only cheese factory in upper Ajara producing Imeruli cheese and Sulguni cheese currently at the largest scale in Georgia. The enterprise employs 25 people. The factory collects milk from 22 villages (from communities of Dioknisi, Riketi, Dekanashvilebi, and partially from Didachara) of Khulo municipality, from more than 300 farmers. The factory processes up to 6 tons of milk daily and makes Imeruli cheese (makes up 80% of market demand), Sulguni cheese, cottage cheese and butter.

The factory is part of the family enterprise "Tzesari LLC" and sells its cheese in the Batumi agrarian market, to major hotels (e.g. Hilton, Sheraton, Radisson),

restaurants (e.g. Porto Franco, Munchen) and supermarkets (e.g. Carrefour, Goodwill, Nugeshi, Nikora) etc.

Off-farm entrepreneurship - SWOT Analysis



Strengths	Weaknesses
<p>Cheap, but low-skilled labor force</p> <p>Favorable conditions for the development of timber, crafts, service and manufacturing industries</p> <p>Local festivals ("Shuamtoba", "Tbeloba", "Selimoba", "Didacharoba")</p> <p>Existence of major banks and MFIs branches</p> <p>Growing number of micro and small entrepreneurs</p>	<p>Lack of innovative businesses in Khulo context</p> <p>Low skills of labor force (e.g. staff for hotels and restaurants)</p> <p>Lack business administration, finances and marketing, IT, and English language skills</p> <p>Lack of business-consultancy services</p> <p>Lack businesses that could also operate beyond seasonal tourism (e.g. gyms, bars)</p> <p>Absence of investment attraction mechanisms</p> <p>Lack youth-related businesses (e.g. nightclubs)</p> <p>Low level of service (marketing, etc.)</p> <p>Underdeveloped wood processing, fishery, potato processing, mineral water industries</p> <p>Limited usage of potential benefits from transit corridor</p> <p>Lack of diversifying business (e.g. billiards, quality restaurants, ski equipment rental, camping-sites, golf course in Beshumi)</p>
Opportunities	Threats
<p>Development of wood processing industry</p> <p>Development of handicraft industry</p> <p>Establishing investment attraction mechanisms</p> <p>Stimulating female and youth entrepreneurship</p> <p>Implement targeted workforce skills development programs (e.g. training for enhancing business-related skills in business plan development)</p> <p>Supporting regional/national branding of local products/services</p> <p>Linking VET students to entrepreneurial activities</p> <p>Informational provision on best practices and "success stories" from international (mainly EU) and local levels</p> <p>Informational provision on funding opportunities, state programs and key legislative norms</p> <p>Supporting networking and cooperation</p> <p>Research of local opportunities - market assessments (incl. value chain analysis)</p> <p>Supporting innovative, youth related businesses</p>	<p>Significant migration of labor force</p> <p>Fluctuation of market prices</p> <p>Increasing input costs, especially for energy</p> <p>Aging population</p>

Off-farm entrepreneurship - Objectives and Actions

Objective 5.1 – Support the establishment of new innovative businesses and expansion of existing ventures

Rationale – Given the low number of non-farm business, lack of innovative ventures, low business management skills, low levels of business diversification and other aforementioned key challenges of local private sector in Khulo municipality – it is important to support creation and expansion of innovative businesses with special emphasis of youth and female participation.

Strategic Action 5.1.1	
Title of Strategic Action	Supporting capacity building start-up's and existing businesses
Brief Description of Strategic Action	This action includes following key sub-actions: Trainings - for applicants to business grant program and post-award grantees; Topics of such trainings can be business plan development; financial literacy; marketing (incl. on-line marketing), IT, sales, E-commerce, access to finance, regulatory compliance, regional and national support programs, etc. Mentorship - sectoral group mentorship (5-6) of awarded grantees by experienced entrepreneur(s) to transfer business-skills and knowledge; Idea generation workshops - of potential applicants to generate ideas and form partnerships.
Primary Target Group(s)	Khulo residents who are planning to start entrepreneurial activities or expand their existing businesses
Responsible bodies	Khulo LAG and potential partners (e.g. training providers, BDS companies)
Specifics about Khulo LAG roles and responsibilities	For this action Khulo LAG will facilitate the process of connecting, organizing and informing local start-ups and existing businesses to business-related trainings providers.
Any collaborating Organizations:	Enterprise Georgia; Georgia's Innovation and Technology Agency (GITA); Program: "Start-up Georgia"; Ministry of Finance and Economy of Adjara A/R.
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/	Increased understanding on how to start and manage business

Indicators & Targets	Entrepreneurship as „a career option“ promoted to young people Number and type of training programs delivered Number of training participants and training results Number of new jobs created Increased income of households
Priority	High

Strategic Action 5.1.2	
Title of Strategic Action	Establishing new businesses and expanding the existing ventures
Brief Description of Strategic Action	This action includes following key sub-actions: Co-funding (grantees expected to make cash contributions) business development and start-up non-farm enterprises ⁴⁰ . Lower rates of co-finance can be dedicated for existing business development and higher rates for new ventures; Priority should be given to women, youth and vulnerable groups ⁴¹ . Some of the funding restrictions may apply: (1) only for capital investment (e.g. equipment, materials); (2) phased funding – 50-60% upon approval of award, remaining distributed with schedule and deliverables, M&E results, agreed with grantee; (3) innovation – based on local context; Conditionality: successful applicants of selection process; and successful participants of technical pre-selection capacity building sessions. Focus sector can be: wood processing, handicrafts, etc.
Primary Target Group(s)	Khulo residents who are planning to start entrepreneurial activities or expand their existing businesses. Farmers or members of a farm household who diversify into non-agricultural activities and to micro and small enterprises
Responsible bodies	Khulo LAG and potential partners
Specifics about Khulo LAG roles and responsibilities	Under this action, Khulo LAG will be involved in selection, monitoring and evaluation of business grantees.
Any collaborating Organizations:	Enterprise Georgia; Georgia's Innovation and Technology Agency (GITA); Program: "Start-up Georgia"; Ministry of Finance and Economy of Adjara A/R.

⁴⁰ Example from Cyprus - "Strengthening youth and female entrepreneurship in rural area" EU Rural review #24
<https://enrd.ec.europa.eu/sites/enrd/files/publi-enrd-rr-24-2017-en.pdf>

⁴¹ Common problem should be avoided: applicants formally registering women, youth and other members of their families and friends' groups to fit into the priority, but in fact different non-priority groups are implementing business projects. These can be achieved by rigorous selection mechanisms and M&E

Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Number and type of business established/expanded Number of training participants and training results Number of new jobs created Increased income of households
Priority	High

Objective 5.2 – Promote Khulo municipality investment opportunities

Rationale – Except Adjaristsqali Georgia LLC (AGL) “Skhalthesi” HPP project and cheese factory, very limited inward investment has been coming to Khulo municipality in recent years. It is important that Khulo municipality attracts investments from regional, national and international sources (e.g. from neighboring Turkey). Facilitating investors can only be successful when an investor understands the local environment and has access to, and the support of, local decision-makers. Therefore, Khulo municipality needs investment promotion strategy that will identify most promising sectors for investment, be basis for conducting an image and brand building campaign to attract investments and directly contacting with targeted companies on local, national and international levels.

Strategic Action 5.2.1	
Title of Strategic Action	Development and implementation of Khulo investment strategy
Brief Description of Strategic Action	This action includes following key sub-actions: Forming thematic working groups; conducting research and analysis; based on local context identifying sectors with highest volume of investment that Khulo municipality could potentially compete for; Setting inward investment and activity performance targets; Developing means of marketing, means of targeting, profiling, communication of potential investors, after-care, as well as mechanisms of using the diaspora to attract inward investment; Based on investors inquiries and business community needs, development of investment proposals ⁴²
Primary Target Group(s)	Khulo residents with investment projects; regional, national and international investors

⁴² Indicative content can be: Municipality snapshot - one page overview of the municipality with general facts; key issues – needs of particular industry and sector; the project brief – project objectives and requirements; municipal solutions - business case and value proposition; project team and resources - mandate, key services, previous experience working with similar companies; existing investors and references – provision of evidence - list and/or case studies of existing investors with testimonials; why Khulo - 5 key reasons why the company should invest in Khulo and the support Khulo municipality can provide; follow-up action - suggested timetable for follow-up actions (e.g. site visit); appendices – supporting information

⁴³ Example of Fuchsia Regional Branding: <http://www.regional-products.eu/en/brands/detail/362/west-cork-fuchsia>

Responsible bodies	Khulo LAG and potential partners (e.g. business consulting companies)
Specifics about Khulo LAG roles and responsibilities	To implement this action, Khulo LAG will establish working group that will develop Khulo investment strategy and exploit opportunities to secure funding for subcontracting consulting firm to develop the strategy. Furthermore, Khulo LAG will collect investment proposals from local entrepreneurs and facilitate the process of attracting investment on regional, national and potentially also on international level.
Any collaborating Organizations:	Enterprise Georgia; Georgia's Innovation and Technology Agency (GITA); Program: “Start-up Georgia”; Ministry of Finance and Economy of Adjara A/R.
Timeframe for Delivery of Action	Q1 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased investments in Khulo municipality Number of investment proposals developed Number of investment projects attracted Number of direct jobs being created by investment projects Value of capital investment projects Increased income of households
Priority	Medium

Objective 5.3 – Support to networking, branding and outreach

Rationale – It is essential that Khulo entrepreneurs to develop their value chains horizontally and vertically and form new business partnership and networks that will foster their growth. Besides, it is common practice to unite local products/services under one umbrella, establish local brand to further be promoted on regional and national markets⁴³. Beyond promotion of Khulo as a brand, success stories should be widely publicized to motivate new start-ups in the municipality and in the region. To gain more interests in business activities and motivate local residents to shift to non-farm activities, special awards, contests, informational sessions can be arranged.

Strategic Action 5.3.1	
Title of Strategic Action	Supporting establishment of business partnerships, branding local products

	and dissemination of information about success stories
Brief Description of Strategic Action	<p>Networking and linkage: mobilizing grantees and training session participants to: (1) engage with local and national agencies providing additional support incentives to raise awareness of other opportunities; (2) engage with local municipalities to discuss their business constraints and areas of cooperation; (3) linking to similar sectoral businesses from EU member states as short-term mentees; (4) forming networking partnership on regional, national and international levels.</p> <p>Branding: supporting sectoral clusters to develop and maintain successful local branding of their products/services: (1) brand development; (2) branding campaign; (3) sustainability planning of branding;</p> <p>Outreach: (1) Showcasing best cases in media; (2) Awarding – “entrepreneur of the year”; (3) Best practices, cases documented, published, and disseminated across country.</p>
Primary Target Group(s)	Khulo entrepreneurs interested in forming business partnership and networks
Responsible bodies	Khulo LAG and potential partners
Specifics about Khulo LAG roles and responsibilities	Under this action Khulo LAG members will facilitate the process of establishing special task force of local business community (including organizing meetings between representatives of businesses) to support networking, branding and outreach of local business opportunities and achievements.
Any collaborating Organizations:	Enterprise Georgia; Georgia's Innovation and Technology Agency (GITA); Program: “Start-up Georgia”; Ministry of Finance and Economy of Adjara A/R; EU counterparts;
Timeframe for Delivery of Action	Q2 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	<p>Increased B2B partnerships/networks</p> <p>Increased competitive advantage of Khulo products and services</p> <p>Number of business partnerships formed;</p> <p>Number of products branded under common umbrella</p> <p>Number of success stories promoted</p> <p>Number of direct jobs being created</p> <p>Increased income of households</p>
Priority	Medium

Table 14 - Estimated financial distribution for off-farm entrepreneurship⁴⁴

Objectives	O5.1 (60%)	O5.2 (25%)	O5.3 (8%)	
Activities	A.5.1.1 A.5.1.2	A.5.2.1	A.5.1.3	
Inter-territorial and transnational co-operation				2%
Running costs and animation				5%
Total				100%

6. Environment and sustainable management of natural resources



Natural Hazards - Due to altitude differences and diverse landscape there are number of common natural hazards in the Khulo municipality: landslides, mudflows, avalanches, flash floods and heavy snow. These are intensified by climate change and anthropogenic factor. One of the most vulnerable to geological hazards areas in Adjara and majority of landslide-mudflow processes is the Khulo municipality⁴⁵. About 400 landslides are registered in Khulo municipality by 2017. Number of avalanche prone settlements in Khulo is 45⁴⁶ with medium and high risks and require avalanche warning systems to be placed.

Introduction of widely recognized modern system for monitoring geological processes (especially for landslides), is very important in the Khulo municipality.

Table 15 - Zones and risk areas of possible development of natural geological occurrences on the territory of Khulo municipality⁴⁷

Geological Process	Location	Possible measures
Landslides	Chakhauri, Gorgadzebi, Tsablana, Pushukauli, Makhalakuri, Danisparauli, Bodzauri,	Detailed geological study of each landslide;

⁴⁴ From total budget allocated to agriculture development

⁴⁵ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁴⁶ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁴⁷ Source: Division of Environmental Protection and Natural Resources of Ajara A/R

	Didi Riketi, Jvarikedi, Bogauri, Didajara Vashlovani, Zemo Vashlovani, Uchkho, Dzirkvadzeebi, Zeda Dekanashvilebi, Qedlebi, Elelidzeebi, Gelaura, Skvana, Khikhadziri, Qveda Tkhlvana, Bako	Constructing gabions and other protective walls where appropriate; Installing observation points or inclinometers for monitoring landslide's activity; Planting trees with deep roots; Slope terracing;
Avalanches	Agara, Kinchauri, Avazisgele, Oshanakhevi, Iremadzeebi, Skhandara, Dekanashvilebi, Khikhani, Bako	Installation warning systems such as Doppler or video control;
Flashflood	Gorjomi, Labadzeebi, Makhalakuri, Dioknisi, Uchkho, Satsikhuri, Khikhani, Skhaltistskali	Installation of community based early warning system. Such system is installed on Devdoraki (Kazbegi);
Mudflow	Kinchauri, Maniaketi, Tabakhmela, Jvarikedi, Sandara	Installation warning systems such as Doppler or video control;
Rockfall	Analeki, Didajara	Installation warning systems such as Doppler or video control;
Erosion	Gorjomeladzeebi, Gurta, Satsikhuri	Various, based on each erosion process study;



Dioknisi - Landslides, avalanches, erosion processes and flashfloods dominate here. Dioknisi village is affected by flashflood coming from mountain stream. Mostly flashflood happens in spring and summer due to snow melting and heavy rain. As a precautionary measure for decreasing risk from flashflood installation of community based early warning system could be useful. In Dioknisi there are 4 high risk priority landslides affecting residential houses and agriculture lands. There are also erosion processes, which affect village roads and agricultural land. Mudflow also happen frequently in Maniaketi, Tabakhmela and Jvarikedi villages.



Landslide in Khulo

Examples of natural hazards by communities:

Gorjomi - Upper site to Chakhauri village of Gorjomi community, on mountain slope, there is large landslide with deep crack. Observation points or inclinometer should be installed on this location for comprehensive landslide monitoring that will enable local authorities and residents to be timely notified about upcoming threat. In Gorgadzeebi village there is landslide that affects village roads and three houses. There is flashflood threat in Gorjomi and Labadzeebi villages. In Tsintskalashvilebi village landslide affects four houses and Didajara–Gorjomi road.

Khikhadziri - Major threats in Khikhadziri community are landslides and avalanches. During last couple years six houses significantly damaged by avalanche in Khikhadziri village. On Skhaltistskali river there is regularly flashflood affecting 12 – 15houses. In Skvana village there is one high risk landslide and five houses are under threat.

Botanical garden - Goderdzi Alpine Garden is in Khulo municipality, on the southern slope of Adjara Trialeti mountain range. It occupies up to 10 ha area, on. Decades ago a large part of the territory was covered with sub-alpine forest. Goderdzi Alpine Garden territory is distinguished with a diversity of habitats, being represented by forest, meadow, wetland and stony eco-tophy. The mission of Goderdzi Alpine Garden is⁴⁸ to

⁴⁸ Supported by multiple stakeholders, including: Government of Ajara, Batumi City Hall, Department of Tourism and Resorts of Ajara A/R, Khulo Municipality, “Adjaristsqali Georgia” LLC, Representation of the International Organization „Mercy Corps“and Alliance for Small Caucasus Program

support accumulation of the local plant collection of high mountain, its documentation and application for scientific, educational and cognitive purposes, as well as to protect and preserve them for future generations. Future plans of Goderdzi Alpine Garden are: Plant conservation; Supporting eco-education; restoration of sub-alpine forest zone; development of rural tourism.



Waste management – Small landfills opened in 1989 - 1991 in Khulo was closed and in 2010 and waste is being transported from Khulo to the Batumi large landfill (three times a week, four times in summer)⁴⁹. A small (0.03 ha) landfill in Beshumi that accumulated 6,600 m³ of waste has been also closed. Khulo municipality waste is collected from population of villages only, and no trash is picked from remote rural areas. There are number of unofficial, unorganized landfill in the communities. Usually such landfills are located either close to roads, in the beginning or end of villages, or near streams/rivers. For example, in Dioknisi village there are three illegal landfills, from which two are located near to streams and one – close to village road. In Gorjomi there are four landfills located near to roads and river. The waste contamination from all such landfills finally flows to the streams and then into Adjara'skali river. Therefore, such type of landfills can be considered as a sources of water pollution.

In 2016, 200 tons of waste were collected from households and 250 tons from enterprises in Khulo⁵⁰.



In response to this problem, since 2010, Khulo municipality purchased 164 waste containers and two trucks for transportation of waste. Additionally, in Beshumi resort there are 70 containers placed. Now from 84 settlements, 52 are equipped by waste containers. However, the number of waste containers and waste transporting trucks are still insufficient. In 15 villages there are no waste containers. In winter, there is a problem with transportation of waste from containers to the point of discharge. Many roads connecting to villages are closed due to heavy snow. "Khulo Municipal Services" has plans to add new waste containers and to clean up the municipality's villages and the suburbs⁵¹.

Table 16 – Number of waste containers by community

Community	Number of waste containers
Gorjomi	11
Agara	6
Skhalta	9
Pushrukauli	6
Riketi	8
Dioknisi	18
Didajara	9
Vashlovani	20
Dekanashvilebi	30
Khulo	23
Satsikhuri	7
Khikhadziri	8
Tkhilvana	9

⁴⁹ Source: Adjara Environmental Protection and Natural Resources Division

⁵⁰ Pre-feasibility study on Inter-Municipal Cooperation for Solid Waste Management in Adjara, CoE, 2017

⁵¹ <http://ajaratv.ge/news/en/24847/new-ip-khulo-municipal-service.html>

Precipitation - Heavy rain precipitation in Khulo is significantly lower than in the rest of Adjara. However, total number of heavy precipitation cases has increased essentially (by 23%) in Khulo in last decades (since 1960). It is expected that number of days with abundant precipitation (>90 mm) will significantly increase by 2050. This means that more natural hazard events could happen in future and disaster risk reduction measures should be planned and executed⁵². There are two meteorological station in town Khulo and Beshumi used to monitor local and regional weather. As for atmospheric air pollution, it was 0.6 tons in Khulo municipality (in 2017).

Forests – Khulo municipality is rich with forest resources covering about 52 percent of its territory 37,325 ha (with management plan and inventory completed by the LEPL National Forestry Agency). Number of woodlots is 3 with 139 blocks within woodlots. The composition of forests varies and includes up to 400 types of bushes and trees, from which the most widely distributed are: beech, chestnut, spruce, and fir. During the past decades different harmful diseases distributed in the forests. As a result, about 6 percent of forests are infected by harmful diseases. In coniferous forests *Dendroctonus micans*, *Ips typographus* L and *Ips acuminatus* Eichh are dominating. They cause the worsening of wood quality and loss of trees stability⁵³. In line with the increase of temperatures in the region, the diseases are progressing to high mountainous chestnut forests (like in Khulo municipality)⁵⁴.

Nearly 220 m³ of timber is illegally cut in Khulo annually. Due to the illegal cutting, in subalpine zones there are sections, the whole forests are cut and turned into alpine pastures; example of such case is section Katriani, located near Beshumi that is the neighboring area of the village of Tkhillvani in Khulo municipality, etc.



People regularly use forest mainly as a fire wood⁵⁵, construction material and as well for collecting different wild fruits, mushrooms and berries. Because in most cases cutting trees are uncontrolled and are on vulnerable slopes (high risk of landslides directly affecting residual houses, agricultural plots, roads or other infrastructure). intensive landslide processes can be developed.

Soil - Due to the complicated area and climate conditions, Khulo suffers from strong erosions (215 ha). From 11 soil types registered in this region the most wide-spread are the following: grey (mountainous) and the mountain – meadow cord (alpine zone) soils. In the last decades due to increase of heavy precipitation and utilization of agriculture lands, significant increase in water erosion of soil is noticed, which covers 30-35% of arable lands. In sub-alpine zone due to active use of land by animals, lawn cover of the land was eroded in many places. That is accompanied by the soil degradation, which is also affected by illegal cutting of forests.

Agricultural lands occupy less than 25% of whole territory of the municipality, largest part is situated on the slope of more than 10% of inclination. The following main problems are prevalent in agriculture sector in Khulo that is linked to climate change: erosion of arable lands and destruction/reduction of fertility/productivity; spreading of different types of diseases of plants (e.g. potatoes).

Water resources – Pure water consumption in Khulo municipality is nearly 13,000 thousand m³ and water waste water discharge is nearly 700 thousand m³.

The main river in Khulo municipality is Adjariatskali river that is 90 km in length and has average water waste 51.5

⁵² Georgia's Third National Communication to the UNFCCC

⁵³ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁵⁴ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁵⁵ On-going natural gas supply project in Khulo municipality will potentially change the trends in firewood usage

M³/sec. “Shuakhevi HPP” and Didajara dam is constructed on that river.



Lakes - The Black Lake (the village Khikhadziri, at more than 2000m above sea level) and the Big Green Lake (with volume of 85,424 m³ and depth of 17 m) are located in the upper part of the River Adjaristkali on western skirts of the Arsiani ridge at 1800-2000m above the sea level. The River Adjaristkali originates from the Green Lake⁵⁶.

Table 17 – Mineral waters in Khulo Municipality⁵⁷:

Location of Mineral Springs	Type of Water by Chemical Composition	Yield (Liter/Day)
Tsablana	Sulfate Iron Sodium	12,000
Khikhadziri	Hydro Carbonated Chloride	4,500

Strengths	Weaknesses
Diverse landscape and rich and diverse flora and fauna Increasing interest of local population in environmental issues Significant hydro resources, mineral and pure water reserves, presence of natural (forest and fish) resources Favorable conditions for building small hydro power plants Alpine botanical garden Clean air Existence of municipal waste management plan	Illegal cutting of forests Low awareness in the population of proper waste management and the consequences of poor management Plant diseases Geological hazards (landslides, mudflow, heavy rain, etc.) Very low rate of waste collection Unsustainable management of water resources Fertilizers, pesticides usage (ammonia, heavy metals) contamination water resources Insufficient infrastructure for environmental monitoring Flowing of sewage waste waters into small rivers and their bacteriological contamination Insufficient monitoring of biodiversity Dumping taking place into the river Adjaristkali and its Tributaries Absence of energy efficiency projects
Opportunities	Threats
Developing warning systems for natural hazards avalanche, landslide and other	High erosion risks (pastures) High risk of natural hazards (mainly landslides, avalanches and mudflows)

Danisparauli	Hydro Carbonated Magnesium	2 000
Dioknisi	Sulfate Hydro Carbonated with Sodium, Calcium, Magnesium	2,500
Abanoskeli	Sulfate Hydro Carbonated with Iron and Calcium	45,000
Kinchauri	Hydro Carbonated Sulfate with Calcium and Iron	8,000
Buguari	Thermal, Hydrogen Sulfide, Chloride with Hydro Carbonated Sodium and Calcium	3,500

It is estimated that due to the increase of water deficit in 2021-2050, Khulo potato growers will be able to harvest nearly 2 tons less per ha⁵⁸.

Nonorganic monuments and natural resources - The Kachori Fridge (village of Khikhadziri), Kva Sveti (village Kalota, represents 5-6m high geomorphologic formation). In Khulo municipality there is Danisparauli andesite and dacite deposit, with reserves of 2.3 million m³, ensuring production supplies for 75 years.

Environment and sustainable management of natural resources - SWOT Analysis

⁵⁶ Source: Division of Environmental Protection and Natural Resources of Adjara A/R

⁵⁷ Source: Division of Environmental Protection and Natural Resources of Adjara A/R

⁵⁸ CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

<p>Advancement of municipal waste management system and infrastructure (increasing number of waste containers, dump trucks, etc.)</p> <p>Developing plans for Sustainable management of water resources;</p> <p>Mitigating the risk of fertilizers, pesticides usage (ammonia, heavy metals);</p> <p>Mapping natural hazards and development of risk management plans (e.g. for landslides);</p>	<p>Limited consideration environmental issues when implementing infrastructural projects</p> <p>Climate change (mainly increasing precipitation in next decades)</p>
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Environment and sustainable management of natural resources - Objectives and Actions

Objective 6.1 – Awareness raising of residents on environmental issues, consequences of poor environmental protection and emergency response

Rationale – Environmental education and training is critical for the acquisition and application of knowledge, skills, values, and action competences for participation in ecologically sustainable Khulo municipality. Even though solution of local problems may require complex interventions (infrastructural development), there are numerous cases where local residents could contribute in reduction of impact on local environment by having better understanding of the risks and consequences of their actions. For example, in Khulo municipality there is some negative practice of illegal cutting of the forests, dumping waste in river basins, etc. Environmental education and training fosters self-understanding on ecosystem functions, improves quality of lives and raises people's productivity, resulting in environmentally sound farming, sound entrepreneurship and behavioral changes. Besides, given the high risks of natural hazards in Khulo (e.g. avalanches, landslides, mudflows) communities should have at least basic understanding on how to prepare and respond to emergency situations in case such natural hazards occur.

Primary Target Group(s)	Farmers, school children, community leaders, all interested residents
Responsible bodies	Khulo LAG, Khulo municipality and partner regional and national institutions
Specifics about Khulo LAG roles and responsibilities	Under this action, Khulo LAG will work on bringing relevant agencies and organizations to conduct information campaign in Khulo municipality. In addition, to conduct cleaning up activities.
Any collaborating Organizations:	Ministry of Environmental Protection and Agriculture; Division of Environmental Protection and Natural Resources of Ajdara A/R; Environmental Information and Education Center; regional and national non-profits;
Timeframe for Delivery of Action	Q4 2018 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased awareness of local people on environmental issues facing municipality Behavioral changes to more responsible environmental actions Decreased amount of municipal waste illegally dumped in nature Number of people covered by the campaign and their feedback
Priority	High

Strategic Action 6.1.1	
Title of Strategic Action	Facilitating informational campaign on environmental challenges and conducting cleaning up activities
Brief Description of Strategic Action	Some of the key actions should include: Development of tailor-made strategy that would get attention of local communities. Development of campaign messages that are relevant and specific to Khulo municipality. Formulating most appropriate tools for delivering messages (concert, posters, signs, door-to-door meetings, competitions, etc.). it is also possible to conduct cleaning up activities.

Strategic Action 6.1.2	
Title of Strategic Action	Supporting trainings on environmental protection and emergency response
Brief Description of Strategic Action	Training sessions should be organized with tailored programs considering Khulo municipality context and needs. Topics of the community trainings in environmental issues can be: Sustainable management of forest resources; protection and management of pastures; waste management; etc. As a guide, organizers can use Training Manual "Climate Change and Forest Transformation in the Southern

	Caucasus" ⁵⁹ . As for emergency response, topics can include: community mobilization; disaster medical operations; etc.
Primary Target Group(s)	Farmers, school children, community leaders, all interested residents
Responsible bodies	Khulo LAG, Khulo municipality and partner regional and national institutions
Specifics about Khulo LAG roles and responsibilities	For this action Khulo LAG will facilitate the process of connecting, organizing and informing interest groups and communities to environmental and emergency response-related trainings providers.
Any collaborating Organizations:	Ministry of Environmental Protection and Agriculture; Division of Environmental Protection and Natural Resources of Adjara A/R; Environmental Information and Education Center; regional and national non-profits;
Timeframe for Delivery of Action	Q1 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased awareness of local people on environmental issues facing municipality Increased level of awareness and enhanced capacity of the community to the threats and impacts of all hazards Behavioral changes to more responsible environmental actions Decreased amount of municipal waste illegally dumped in nature Decreased carbon dioxide emission Increased efficiency of emergency response Potentially evolving in establishment of community response teams (CRT) ⁶⁰ Number of training participants (at least 300)
Priority	Medium

Objective 6.2 – Increasing efficiency of disaster risk mitigation responses

Rationale – As mentioned earlier in this chapter, one of the most vulnerable to geological hazards areas in Adjara and majority of landslide-mudflow processes is the Khulo municipality. Common natural hazards in the Khulo municipality include: landslides, mudflows, avalanches, flash floods and heavy snow. High risks of natural hazards today and in the near future calls for a more proactive approach that ensure effective disaster reduction at all levels towards sustainable development. The damage caused by any disasters in Khulo municipality can be

minimized largely by careful planning, mitigation and prompt actions.

Strategic Action 6.2.1	
Title of Strategic Action	Supporting development of Khulo municipality disaster risk reduction (DRR) plan
Brief Description of Strategic Action	DRR plan should be developed based on following indicative actions/themes: (1) Disaster prevention and mitigation (conducting risk assessments, development and establishment of early warning systems, increasing involvement of communities in DRR, allocating resources, etc.); (2) Disaster preparedness (conducting DRR researches, conducting dialogues with stakeholders, conducting various trainings (as in A.6.1.2), procedures and communication, etc.); (3) Disaster response (establishing institutional mechanisms, improving skills in search and rescue operation); (4) Rehabilitation and recovery (Mainstreaming DRR in other municipal plans, conducting post disaster assessment, incorporating DRR in village managements, etc.)
Primary Target Group(s)	Communities at high natural hazard risks (e.g., Dioknisi, Dekanashvilebi, and Khikhadziri)
Specifics about Khulo LAG roles and responsibilities	To implement this action, Khulo LAG will conduct fundraising and advocate for the development of local DRR
Responsible bodies	Khulo LAG, Khulo municipality and partner regional and national institutions
Any collaborating Organizations:	Ministry of Environmental Protection and Agriculture; Division of Environmental Protection and Natural Resources of Adjara A/R; Environmental Information and Education Center; regional and national non-profits; State Security and Crisis Management Council; Donor agencies
Timeframe for Delivery of Action	Q2 2019 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Increased resiliency of infrastructure systems Enhanced and effective community-based scientific DRR assessment, mapping, analysis, and monitoring Communities are equipped with necessary skills and capability to cope with the impacts of disasters Well-established disaster response operations

⁵⁹ Can be based on Training Manual "Climate Change and Forest Transformation in the Southern Caucasus" by WWF Caucasus Programme Office (WWF-Caucasus) and WWF Deutschland (WWF-Germany)

⁶⁰ <https://www.fema.gov/news-release/2003/05/29/community-emergency-response-team-cert-program>

	Safe and timely evacuation of affected communities, etc.
Priority	High

Strategic Action 6.2.2	
Title of Strategic Action	Supporting development and establishment of early warning systems (EWS)
Brief Description of Strategic Action	Some of the key sub-activities are: Development and institutionalization of EWS information sharing systems between Khulo municipality, communities and national government. Development of EWS technical criteria. Procurement and establishment of EWS (e.g. Doppler, video control). Establishment of community-based EWS. Training of Khulo municipality on EWS management
Primary Target Group(s)	Communities at high natural hazard risks (e.g., Dioknisi, Dekanashvilebi, and Khikhadziri)
Responsible bodies	Khulo LAG, Khulo municipality and partner regional and national institutions;
Specifics about Khulo LAG roles and responsibilities	To implement this action, Khulo LAG will conduct fundraising and advocate for the development of local EWS
Any collaborating Organizations:	Ministry of Environmental Protection and Agriculture; Division of Environmental Protection and Natural Resources of Adjara A/R; Environmental Information and Education Center; regional and national non-profits; State Security and Crisis Management Council; Donor agencies.
Timeframe for Delivery of Action	Q1 2020 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Timely notification about the natural hazards Decreased damage and loss from natural hazards
Priority	High

Objective 6.3 – Reforestation of degraded land and forest areas

Rationale – As mentioned earlier in this chapter, 52 percent of Khulo municipality's territory that is covered by forests is suffering from plant diseases and illegal cutting. Almost no reforestation works of degraded land and forest areas are conducted. Therefore, to rebuild natural habitats and ecosystem, mitigate climate change processes, reforestation works are needed in Khulo municipality.

Strategic Action 6.3.1	
Title of Strategic Action	Supporting reforestation of degraded land and forest areas
Brief Description of Strategic Action	Some of the key sub-activities are: installing barbed wire fence; purchasing of fixing poles and fixing; cultivating of plants (or purchasing) and planting pine-trees (100 000), maples (55 000), birch (55 000); making of holes (0.5 m-0.5 m per 1 ha) 10 000 holes; conducting spring rehabilitation works (during the next 10 years) ⁶¹ .
Primary Target Group(s)	Residents of villages most severely affected by deforestation and degraded land, cattle farmers
Responsible bodies	Khulo LAG, Khulo municipality and partner regional and national institutions;
Specifics about Khulo LAG roles and responsibilities	Under this action, Khulo LAG will conduct fundraising and advocate for the reforestation of degraded land and forest areas.
Any collaborating Organizations:	Ministry of Environmental Protection and Agriculture; Division of Environmental Protection and Natural Resources of Adjara A/R; National Forestry Agency; Forestry Agency of Adjara
Timeframe for Delivery of Action	Q2 2020 – Q3 2021
Anticipated Outputs/ Indicators & Targets	Improved soil and habitats damaged though erosion Restored watersheds Improved chemical, social and biological levels of an entire ecosystem of Khulo municipality Reduced amount of CO ₂ in the air
Priority	Medium

Table 18 - Estimated financial distribution for environment and sustainable management of natural resources⁶²

Objectives	O6.1 (20%)	O6.2 (43%)	O6.3 (30%)	
Activities	A.6.1.1 A.6.2.1	A.6.2.1 A.6.2.2	A.6.1.3	
Inter-territorial and transnational co-operation				2%
Running costs and animation				5%
Total				100%

⁶¹ Based on model presented in CLIMATE CHANGE STRATEGY OF AJARA, UNDP, 2013

⁶² From total budget allocated to agriculture development

7. Additional Khulo LAG actions

Information about additional Khulo LAG actions are mainly presented in chapters – “Innovation, networking, and cooperation”; “Projects Selection Process”; “Monitoring and Evaluation”; “Sustainability”; “Communication and Publicity”, and others. However, two additional actions should be presented separately, as they will be initial pilot actions developed and implemented right after the adoption of this LDS.

Objective 7.1 - Achieving greater sustainability of LDS

Action 7.1.1 - Establishing an information center.

Khulo LAG members will establish informational center and on voluntary basis and arrange consultation/informational sessions at least twice a week for all interested parties to benefit from state, non-profit and donor agencies support programs. The topics will vary: e.g. business, agriculture, non-formal education, youth-related programs. Increased engagement of local communities in support programs will help to achieve sustainability of this LDS.

Action 7.1.2 – Establishing fundraising task force.

Khulo LAG will establish fundraising task force by a group of volunteers to secure additional funding for the actions presented in this LDS and for the other actions that may be considered as important for achieving LDS objectives in the process of this LDS implementation. For this Khulo LAG will bring motivated volunteers to work with the state, non-profit and donor agencies to support LDS implementation and develop new projects and programs in Khulo municipality. By doing so, Khulo LAG and LDS will achieve greater sustainability.

Innovation, networking, and cooperation

In the process of development of this LDS the need for innovative approaches in the priorities and objectives was highlighted as an essential element in ensuring that innovation features strongly in all projects where relevant. Khulo LDS will actively encourage potential project applicants to propose innovative solutions local needs and problems related to objectives and strategic actions set in this LDS. For example, funding may be provided to

pilot new technological methods that enhance the competitiveness of local businesses. As this LDS is relatively small-scale, innovation does not necessarily relate to high-level technological development. The scope of innovation is broad and is based on local context in Khulo municipality. Another important component of this LDS is environmental protection. Projects funded should ensure environmental protection through greater awareness of environmental issues, efficient use of natural resources and heritage preservation

A minimum of one specific workshop/training event of Khulo LAG members, will be held on a yearly basis to ensure that the objectives are fully understood, agreed, implemented and is the shared vision of all stakeholders for the lifetime of this LDS.

Networking and cooperation – Khulo LAG will actively and fully participate in the new network – Georgian Association of Local Action Groups (GALAG). It is recognized that exchange of experiences with other LAG in Georgia, support to further development of LAGs on regional and national level, as well as formation of joint effort to promote further replication of LAGs in other municipalities in one of the key interests of Khulo LAG members and management bodies.

For the purposes of this LDS and beyond, it is essential for Khulo LAG to cooperate with other municipalities, local active citizens groups (AMAGs), Keda LAG and other inter-regional stakeholders. The cooperation will include various subjects: e.g. gathering more informed evidence, joint advocacy actions, implementation of cross-cutting objectives, etc. Besides, Khulo LAG needs support and cooperative actions with Government of Adjara A/R. For this, permanent direct consultation and coordination is planned with relevant ministries. It is also highly important that Khulo LAG is implementing this LDS in synergy with National Rural Development Strategy (RDS) and its Action Plan. To this end, active communication with Ministry of Environmental Protection and Agriculture and other relevant implementing ministries and agencies is planned, as well as their supporting development agencies (mainly, UNDP and FAO).

Projects Selection Process

Rolling Calls and Time Limited Calls

After development of Khulo LDS, the LAG announces first call for applications under Rural Development (RD) grant competition for 2018/19 year.

The purpose of the RD grants is to fund projects which improve the standard of living and socio-economic condition in Khulo, based on the priorities and objectives of the Khulo Local Development Strategy (LDS) 2018 - 2022.

The first call will be held in summer 2018 and the second one in spring-summer 2019. Duration of projects may range from 3 to 12 months (to be completed by summer 2020).

In the frame of the RD Grant Competition maximum 60,000 EUR and minimum 2,000 EUR (equivalent in GEL) can be granted for each project. Exchange rate will be determined according to the rate of National Bank of Georgia on the date of signing the grant contract with the beneficiary. Co-financing (sub-grantee contribution) is compulsory component of the RD Grant Competition and amounts to at least:

- 30% for commercial (upper limit 60,000 EUR);
- 30% for non-commercial public and municipality (upper limit 20,000 EUR);
- 15% for non-commercial Civil Society Organizations (CSO) (upper limit 20,000 EUR);

There are three steps for a project submission that each applicant must go through to be selected for grant awarding. During each step there will be a selection process and each project will be ultimately approved or rejected by a majority decision from the LAG's Grant Evaluation (GE) committee. These three steps are:

1. Project Idea (PI) competition.
2. Full Project (FP) competition.
3. Verbal presentations.

Expression of interest/Project Idea competition (PI);

The calls for applications will be announced through entire administrative territory of Khulo Municipality. Applicants wishing to participate in the competition should submit electronically Project Idea form (Annex 9) in Georgian. The application form could be found at www.khulolag.ge site. The submission of applications will last one month.

After the initial applications are submitted, the GE committee of Khulo LAG will review them against the major criteria of Khulo LDS and grant competition (Evaluation Form and Criteria of Project Idea Applications Annex 10). successful project ideas that meet the criteria and receive minimum score according to Evaluation Form of Project Idea Applications will be admitted to the next stage of FP competition.

At this stage, specific groups of applicants will take part in technical trainings (including preparation of full

applications/business plans, financial aspects, marketing, etc.).

Development of full application/ Full Project competition

After the trainings, applicants will prepare a form (textual/descriptive part) of full application on their own, to be submitted electronically by stated deadline.

The GE committee scores applicant's full applications according to full project evaluation form.

Invited experts will also prepare technical/financial evaluation of full project applications and will give scores to full applications and recommendations to GE committee.

At the same time, technical group (CCRG Khulo team) of the LAG will evaluate movable and immovable assets of the applicants that were described in full project application as applicant's in-kind contribution, scores and submit their recommendations to the GE committee.

The GE committee will identify all complete applications to be supported, based on the highest scores, in the range of funding available for the first stage of the grant competition.

Verbal presentations

The GE committee with ENPARD Khulo project manager will appoint a special meeting with applicants of full project applications, who will present their projects verbally.

Basic eligibility check;

Eligibility and co-funding requirements for all project:

Non-commercial projects	Local government and self-government agencies, legal entities of public law and other public institutions in the territory of the municipality	For non-commercial projects: minimum 30 % of the total project budget.
Non-commercial, community projects	Citizens of Georgia and groups of citizens, CSOs that will implement projects in Khulo Municipality	For non-commercial/social projects: minimum 15% of the total project budget
Commercial projects	Small businesses (employing less	For commercial projects: minimum 30

	than 10 people), as well as individuals or groups of individuals who, if awarded the grant, are ready to register their business in accordance with the law of Georgia	% of the total project budget.
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Religious and political organizations and financial institutions are not eligible to apply for RD Grant.

Independent evaluation committee;

The GE committee is a permanent body of Khulo LAG. It consists of 12 members from the LAG (9 key and 3 reserves). Candidates for the committee will be raised by LAG chairman and approved by LAG management body simple majority.

At PI competition, GE committee is organized in three groups (4 persons in each group, including one representative of the technical group (CCRG)). LAG management body is deciding how these three groups will be composed. GE committee evaluates the different project idea applications, filters and selects applicants to participate in full project development. ENPARD Khulo Project Manager as an independent observer (without vote) is participating in the GE committee meetings.

At FP competition, GE committee is organized in one group, which consists of 5 members (including one representative of the technical group CCRG) and is elected randomly from the committee body. The random election will be organized at the beginning of every week, during reviewing full applications.

At Verbal presentation, GE committee together with ENPARD Khulo project manager will appoint a special meeting with full project applicants, who will present their projects verbally. GE committee members may ask additional questions. If majority of the committee will approve the project, it will be admitted for granting.

The GE committee members will undergo trainings on the criteria and procedures for evaluation of the project applications.

In particular GE committee member cannot participate in selection process if:

- The member of selection commission is applicant, the representative of applicant or family member;

- The member of selection commission has work, business or other relations with the applicant;
- The member of selection commission is related to the applicant in some other way or there are circumstances which can influence objective selection.

In the event of any conflict of interests, i.e. if a member of GE committee or his/her family member has any financial or other interests in the project under consideration, this member will refuse in writing to evaluate this project. Another group of the committee will evaluate the proposal.

Project appraisal and scoring;

At PI competition stage, each group of GE committee will evaluate different projects. Each project idea application will be evaluated by three members of the committee and one representative of the technical group (CCRG) independently. Maximum points by one evaluator per project is **100 points**. Maximum points per project is **400 points**. Projects receiving less than **200 points** in total will not be invited to submit full application.

At FP competition stage, the maximum score for each full application is **200 points**, **100 points** from LAG's GE committee, **50 points** from the invited financial/technical experts and **50 points** from technical group (CCRG Khulo team). The mandatory minimum scores for each full application are **150 points**. ENPARD project manager reserves the right to disapprove the decision made by GE committee in case of serious suspicions on the selection process fairness.

For applications with scores from **120** to **149 points**, additionally will be given one week to be corrected.

The GE committee will appoint another meeting where re-submitted applications will be evaluated again.

Evaluation results will be made public (available at Khulo LAG web page) with written explanation of reasons for rejecting the project.

Notification of the decision to applicant;

Successful project applicants, at all three stage, will be notified via phone/mail, invited for next stage and informed about next steps. List of approved project ideas/full projects also will be available online – at Khulo LAG web site.

Appeal procedure

All applicants believing that their applications were rejected unfairly or that some procedures were violated may appeal the decision with ENPARD Khulo Project Manager and LAG Chairman in a written form. The

Project Manager and LAG Chairman will investigate and invite the applicant for an interview. If the applicant provides strong arguments and proves the violation of procedures based on facts and documentary evidence, Project Manager and LAG Chairman will send a letter of recommendation to the GE committee regarding the re-consideration of the issue and taking decision of following steps.

Communications and Publicity

Detailed schedule of information campaign for projects selection will be developed by Khulo LAG and Khulo Project team. Information sessions will be conducted in all

13 communities (3 meetings in each community, in total 39 meetings). The database of potential applicants (developed from the beginning of the project) will be also used to arrange the meetings. At the information sessions, project team and LAG members will introduce the grants guidelines and answer the questions. Furthermore, consultation meetings will be conducted with municipality representatives (25 representatives in 84 villages), who also receive informational materials. Information about grants competition will be also announced in media (newspaper “Khulo”, local TV and online newspapers). All required documentation will be available on Khulo LAG web and Facebook pages.

Overall Risk Analysis

External risks				
Description	Realization potential	Impact	Preventive activities	Mitigative/corrective activities
Policy factors				
1. Changes in legislation affecting objectives set 2. Changes in rural development policy 3. Changes in governmental programs affecting LDS strategic actions	Medium	High	Co-operation with relevant governmental institutions to be informed about the potential changes	Strategy revision/adjustments
Socio-Economic factors				
1. Local, regional, and national economic shocks 2. High fluctuation of exchange rates 3. Substantial changes in social indicators (disease outbreak)	Low	High	Monitoring of development indicators and early consideration of different scenarios	Strategy revision/adjustments
Environmental factors				
1. Strong natural hazards (landslides, mudflows, avalanches, etc.)	High	Medium	N/A	Establishing early response strategies and engagement in coordinated crisis mitigation actions
Internal risks				
1. Low quality proposed projects 2. Negative attitudes of unsuccessful project applicants	Medium	High	Continuous trainings of potential applicants Intensive informational sessions	Proactive communication with potential applicants Information meetings will potential and past applicants together with successful project promoters

Monitoring and Evaluation

The Khulo LAG has set out local objectives in this LDS. Each local objective has indicator and is linked to the most relevant priority area with strategic actions and local

projects linked in turn to specific local objectives. All projects will have common performance indicators relating to their objectives. These performance indicators will facilitate monitoring and measuring program effectiveness.

The two levels at which monitoring will be carried out are:

1. Project Level Monitoring
2. Monitoring of the Khulo LAG

Project Level Monitoring

The appropriate LDS monitoring data (e.g. objectives and performance indicators) will be uploaded to the Khulo support project ICT system once the LDS is approved. Outputs and outcomes of projects will be reported in the context of these objectives and performance indicators. Information at project level will be captured at the following stages:

Application Stage - Most of the basic project information will be captured on the Khulo support project ICT system at the point of application (type of funding applied for, relevance to the objectives, how many (if any) are currently employed, and so on).

LAG Assessment of Application - Khulo LAG will complete a small number of fields on the ICT system as part of the assessment process and link the proposed project to one of the LDS local objectives which. A relevant set of indicators will be automatically associated with each project depending on the objectives concerned. The list of indicators associated with each objective is detailed in in relevant thematic priority area chapters in this LDS.

Reporting on outputs/outcomes - each project will provide information on the results delivered for the various indicators mentioned above. Reporting will also contain a qualitative element in which projects will briefly describe the progress, achievements, and any key learning. Khulo LAG will ensure that the funded projects comply with the established reporting requirements and that the data is quality checked i.e. the data is accurate, consistent, realistic etc.

The timing of the reporting (on outputs) will depend on the project type. In most cases, reporting will take place at the in mid-term and final payment stage. Payments will only issue when all the required data has been received and stored the ICT system. Information related to some outputs will not be available immediately upon completion of the project (e.g. a capital project for establishment of

small-scale processing factory, where funding has been spent and reported before the facility has opened); in these cases, the outputs from the project will be entered no later than 12 months from the date of final payment. Khulo LAG shall ensure that all projects comply fully with these requirements.

Annual Planning & Reporting – Khulo LAG executive team will be required to submit an annual report to management board. This short report should include: An outline of the achievements in the previous year relative to the objectives set and includes:

- Information on operations and decision-making within the LAG;
- Issues or challenges encountered in implementation during the year;
- Particular successes to be highlighted;
- Progress made in contributing to objectives;

Evaluation

Objectives - The primary objective of the evaluation will be to compare the outcome of the implementation of the LDS with the original proposals set out in the strategy taking into account any changes which may have been decided upon in the lifetime of same with a view to learning from the process about what worked and what did not work and how these approaches could be improved and the improvements built upon for the future in Khulo LAG after 2021.

Management of process - The Khulo LAG management board, together with executive director will oversee and coordinate the process.

Topics or themes for evaluation - All topics and objectives of the LDS will be subject to evaluation however as work progresses it may become apparent that some areas of work are more successful and others less so in this scenario a key part of the evaluation will be to determine what have been the underlying reasons for these outcomes and to learn from them for the future.

Data requirements - Comprehensive data on projects will be collected and case studies and a mid-term review will be expected enrich the data resources available for analysis along with reports on project files and the experiences of the development teams.

Methodology - Methodologies to be employed in completing the evaluation may include self-evaluation and the development of additional indicators as part of the ongoing process. There will be a requirement in the LDS

implementation process for the preparation of a series of case studies. The value of having some external inputs in terms of validation and demonstrating the robustness of the work is recognized. Qualitative elements although often subjective can also yield valuable information as to how the LDS implemented and impact are perceived by those who are the intended beneficiaries. The data collection process associated with LDS is expected to yield significant quantitative data.

Timelines and Milestones - The process should start from the commencement of the LDS in terms of data collation and completion of case studies. Evaluation will be completed by 2022.

Communication of findings - It is important that the LDS remains in contact with the public and the community which it serves accordingly the evaluation will be published in appropriate format. Results will be communicated to public on local, regional and national levels through diverse media outlets.

Resources Required – While evaluation will be conducted based on Khulo LAG staff resources, it will be beneficial to have external evaluator contributing to this process. If funds will be available, Khulo LAG will tender out such evaluation services, that might cost from 4000 to 6000 GEL.

Based on monitoring and evaluation results, annual revision of the strategy will be conducted.

- Find synergies and integration LAGs/LEADER methodology with upcoming municipal development plans (owned by local government) and within the scopes of Regional Development Programme and A/R Adjara and National Rural Development Strategies;
- Lobby its engagement with A/R Adjara and national government institutions and policy working groups;
- Empowering LAGs by including them as a consultant and participant in future investment and development programs in the territory;
- Activate horizontal networks with other territories (e.g. Georgian LEADER/Rural Network);
- Establish partnership and regional and national level organizations (NGOs, associations) to develop and implement projects in line with LDS;
- Promote successes and fundraise from diversified sources: local international donors agencies.

Sustainability

It is essential for Khulo LAG to ensure sustainability of LDS beyond the project support. To this end LAG plans following key measures:

- Promotion of LEADER methodology and its successes to Government of A/R Adjara and Georgia and jointly with other seven LAGs assure the Government to continue the support with public funding;

Annex 1 – Map of Khulo Municipality



Annex 2 – Khulo LAG Management Board Members

- Nika Tsulukidze, Representative of Khulo Sakrebulo in LAG, 591 98 99 93 nikusha.tsulukidze@gmail.com
- Guram Abuladze, Representative of Khulo city hall in LAG, Mobile: 598 15 82 87, gurami0110@gmail.com
- Taniel Bolkvadze, Chairman of Dekanashvilebi AMAGI, Mobile: 598 09 68 89, t.bolkvadze58@gmail.com
- Rusudan Shantadze, Representative of Dekanashvilebi AMAGI, Mobile: 591 71 66 05, Shantadzerusudan123@gmail.com
- Irma Shavadze, Representative of Khulo city hall in Didachara village, Mobile: 598 09 15 67, Shavadze.irma@gmail.co
- Nino Zoidze, Nurse, Mobile: 598 09 23 83, Zoidzenino1978@gmail.com
- Lela Dzirkvadze, representative of Dekanashvilebi AMAGI, Mobile: 598096649, Dzirkvadzelela06@gmail.com
- Jujuna Shavadze, School teacher in Satsikhuri village, 595 90 70 01, j.shavadze1968@gmail.com
- Zviad Paksadze, Representative of Khulo city hall in Kortokhi village, Mobile: 596 82 09 09 Dioknisistemi2015@gmail.com
- Tengiz Shavadze, Farmer, Mobile: 591 63 99 00 tshavadze17@mail.ru
- Zebur Iakobadze, School teacher in Beghleti village, Mobile: 577 96 44 04 zeburiiakobadze@gmail.com
- Rodam Shavadze, Representative of Didachara AMAGI, 598 09 07 06, rodamshavadze@gmail.com
- Tamaz Gobadze, Representative of Khulo city hall in Iremadzeebi village, Mobile: 599 12 20 61, gobadzetamaz@gmail.com
- Sulkhan Pasanidze, Georgian folk dance choreographer and member of Didachara AMAGI, Mobile: 551 09 81 92, Pasanidze88@gmail.com
- Giorgi Abuladze, ENPARD Khulo Project Sector Coordinator, representative of Caritas Czech Republic in Georgia (CCRG) in LAG, Mobile: 557 68 62 49, giorgi.abuladze@caritas.cz

Annex 3 – Case examples of the touristic trails in Khulo municipality

Brief description of the popular trails elaborated by company “Geoland” by request of Adjara government in 2015. Illustration of the 4 best trails on the territory of Khulo municipality. Trails could be considered as a source of information for the local rural tourism development purposes.

Trail 1: Khulo – Skhalta monastery – Bakibako village – Khihani forthress

Route Start/Finish: Small Town Khulo/Khikhani Fortress

Route Length: 52,5 km

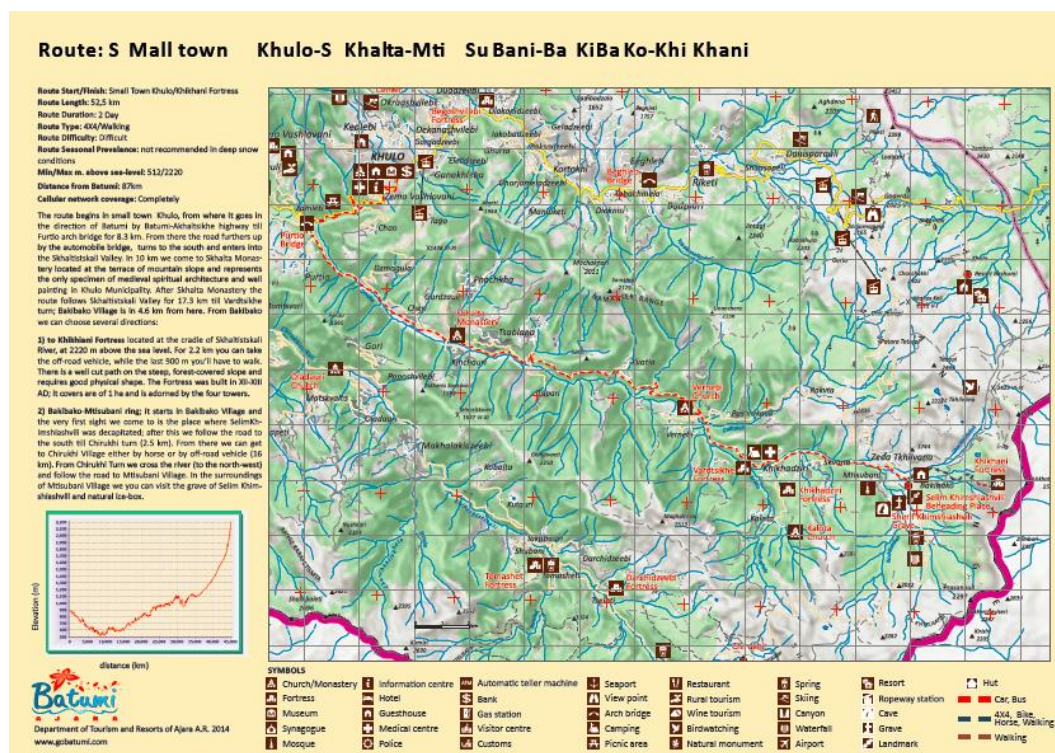
Duration: 2 Day

Route Type: 4X4/Walking/combined with bike, horse, trekking

Route Seasonal: not recommended in deep snow.

Difficulty: challenging

Min/Max m. above sea-level: 512/2220



Trail 2: Khulo –Kedlebi – bridge Uckho (round trip)

Trail connected two municipalities Khulo and Keda.

Route Start/Finish: Small Town Khulo/ Kedlebi

Route Length: 11,5 km

Route Duration: Half Day

Route Type: Car/Walking

Route Difficulty: Easy

Route Seasonal Prevalance: recommended throughout the whole year

Min/Max m. above sea-level: 883/1592

Distance from Batumi: 87km

Cellular network coverage: Full

The tour begins in small town Khulo by visit to Ethnographical museum

ROUTE: SMALL TOWN KHULO-KEDLEBI

Route Start/Finish: Small Town Khulo/ Kedlebi
 Route Length: 11.5 km
 Route Duration: Half Day
 Route Type: Car/Walking
 Route Difficulty: Easy
 Route Seasonal Preference: recommended throughout the whole year
 Min/Max m. above sea-level: 883/1592
 Distance from Batumi: 87km
 Cellular network coverage: Completely

The tour begins in small town Khulo by visit to Ethnographical Museum. From Khulo we can choose out of three options:

1. Small town Khulo-Tago cable way, which brings us to Tago Village in 8 minutes. The 6-km road to this village is strongly damaged and the cable way has extremely important meaning. The cable is 1,700 m. long, ascending for 350 m. Riding by this cable way is interesting adventure, full of the impressions and fascinating views.

2. Small town Khulo-Uchkhob Bridge. The route goes to the north, towards the Okruashvili Village by the medium quality country road in the middle of the forest. After Okruashvili we get to the Dzagzeebi Village. The road is mainly going by the slope and little by little descends to the gorge. The arch-shaped Uchkhob Bridge connects two parts of Uchkhob Village with each other. The bridge is newly rehabilitated and is suitable only for walking.

3. Small town Khulo-Kedlebi. This route also leads to the north. After riding 1.3 km we come to the crossroad, one way, from where, heading toward Uchkhob and the other towards Kedlebi Village. Bridge, and the other – towards Kedlebi Village. The distance from the cross to the Kedlebi Skiing Base is 3.8 km and there is the concrete automobile road. Kedlebi Village bears the typical beauty of Acharian villages and is surrounded by the mixed forests. From the Skiing Base the route follows by the village street, which turns into the path; in approximately 400 m we come to the crossroads, from which we go up towards the forest-covered Slope; in approximately 1 km we will reach Waterfall, which is fed by the springs flowing from Karata Mountain.



Batumi
 Department of Tourism and Resorts of Abkhaz A.R. 2014
 www.gbatumi.com



Trail 3: Khulo – Danispireuli village – Goderdzi resort – lake Mtsvane

Route Start/Finish: Small Town Khulo/Khikhani Fortress

Route Length: 49,5 km

Route Duration: 2 Day

Route Type: 4X4, Bike, Horse, Walking

Route Difficulty: Medium

Route Seasonal Preference: Summer-Autumn.

Min/Max m. above sea-level: 716/2351

Distance from Batumi: 110 km

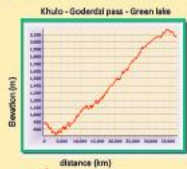
Cellular network coverage: Full

The route starts from town Khulo, car drive continues to the Goderdzi mountain resort and footpath trail finished at the Green lake (Mtsvane tba).

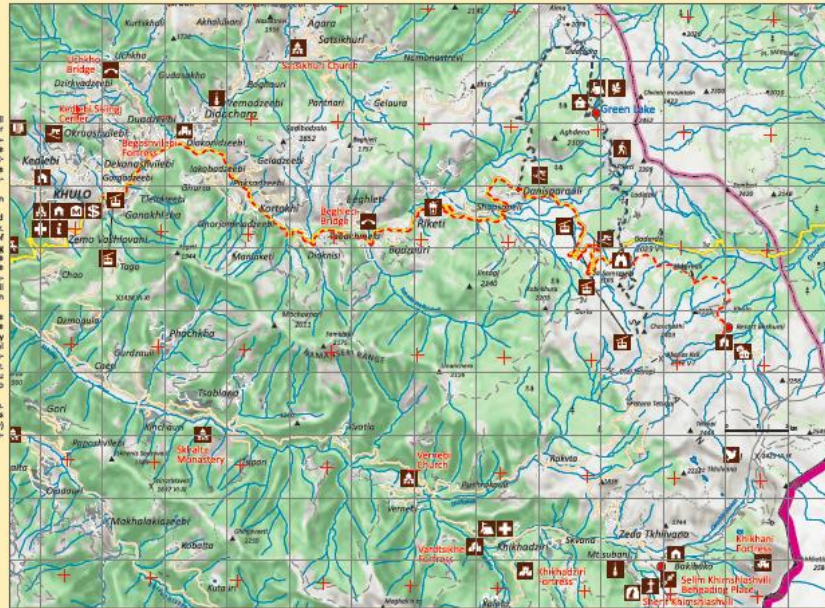
ROUTE: SMALL TOWN KHULO-DANISPARAULI-GODERDZI PASS-MTSVANE (GREEN) LAKE-BESHUMI

Route Start/End: Small Town Khulo/Khikhari Fortness
Route Length: 49,5 km
Route Duration: 2 Day
Route Type: 4x4, Bikes, Horse, Walking
Route Difficulty: Medium
Route Seasonal Prevalence: Summer
Min/Max m. above sea-level: 756/2351
Distance from Batumi: 87 km
Cellular network coverage: Completely

The route begins in small town Khulo, continues to the east till Danisparauli Village and follows Batumi-Akhaltzike Highway for 22 km. From Danisparauli Village we continue towards the Goderdzi Resort by the same road (2,5 km). Goderdzi Resort is the modern downhill skiing destination established in 2012. Currently it is not functioning at the full capacity. In winter, two cable ways are working. They bring us to the height of 2350 m. By Batumi-Akhaltzike road we get to Goderdzi Pass (5,7 km). Goderdzi Pass is the key point of this route. From here you can continue your journey in three directions:
1. Goderdzi Pass-Mtsvane Lake, the route takes to the north and follows the boundary between alpine meadows and forest cover. It can be passed by the off-road vehicle. The main adornment of this route is temporary Alpetian summer stations and fascinating views. In 6 km we come to the crotch. Turning right from there we can reach the Green Lake by walking path. We also can reach the Green Lake if we follow the automobile road. We can also continue to the north from the Green Lake and return to Danisparauli Village via Didchanga. The route can be passed by both, mountain bikes and horse.
2. Goderdzi Pass-Beshumi Resort, for 6,5 km we can follow the automobile road. After we pass the summer station (Shamul), we come to the picnic place, where Shuamtshe Fest takes place every first Sunday of August. From here the route brings us to Beshumi resort located at the altitude of 1,850-1,900 m. It starts functioning in mid-June and season lasts till the beginning of September. Here are the lots of cottages and villas. From Beshumi resort you can take the horse-riding and off-road vehicle tours to Balchiko Village (12 km) and Khikhari Fortness (13 km).
3. Goderdzi Pass-Upper Station of Cable Way distance - 4,1 km. The route goes through the zone of alpine meadows and from its final point (the adjacent area of upper station of the cable way) opens the fascinating panoramic view. From here you can continue your route to Khikhari and Balchiko Villages (13,6 km).



Batumi
Department of Tourism and Resorts of Abkhaz A.R. 2014
www.goderdzi.com



SYMBOLS									
Church/Monastery	Information centre	Automatic teller machine	Seaport	Restaurant	Spring	Resort	Hut	Car, Bus	
Fortress	Hotel	Bank	View point	Rural tourism	Skiing	Ropeway station	Cave	4x4, Bike, Horse, Walking	
Museum	Guesthouse	Gas station	Arch bridge	Wine tourism	Canyon	Grave	Landmark		
Synagogue	Medical centre	Visitor centre	Camping	Birdwatching	Waterfall				
Mosque	Police	Customs	Picnic area	Natural monument	Airport				

Annex 4 - Examples of entrepreneurship and services in rural tourism

Types of local services	Forms operation	Cost. p/unit Standard costs	Capacity p.unit Visitors number	Requirement	Reference and examples
1. Hiking and sightseeing tour	Individual group	25\$ p/day	Visitors groups 1 – 6 pers.	guiding experience, Language, safety experience	Common practice in Kazbegi and Mestia.
2. Mount. Guide and other adventure sports	Individual qualified guide or Tour company	50-150 \$ p/day	Group with 1 – 4 guests	Guide certificate in Trekking, biking, rafting, safety conditions, language.	Limited number of certified adventure tour leaders; example of Georgian Adventure leaders school ATS.
3. Transport	Individual, local comp.	50-80 \$ p/day	Vehicle – 4 p. Bus – 12 pers.	Safe, comfortable 4 WD vehicle	Business for local owners. Problem is quality and safety of the roads.
4. Catering family business.	Fast food, family meal, Café,	5\$ p/meal 15\$ p/person full board.	12 – 20 persons	Clean and quality local product, location, offering local and international meal.	Demands are much higher and will increase along the motor-road and at the destination places.
5. Accommodation (private and business)	Huts/hostels Guest house Small hotel	5\$ p/night 15\$ p/night 25\$ p/night	4-12 pers. 4-6 beds. 12 – 20 beds.	Traditional dwelling, land, new building as private house	High request for accommodation, quality of standards and element of authentic architecture needed.
6. Handicrafts	Shop and production,	5 – 15 \$ p/visitor	Not limited	Production of crafts	Handicrafts production is low and no shops. There are local crafts producers' association to be contacted.
7. Organization of destination development and cultural events (DMO)	Evening entertainment, songs, dances, festivals	5\$ p/person	Not limited	Performance groups, support from municipality, locations, territories and design commit.	It is most needed and do not require large investment. Calendar of the events should be fixed in advance; 6 to 9 months ahead.
8. Local tour operator or destination management organization.	Initiative group, NGO or local ltd	10 to 15% commission on sale.	Not limited	Local company with qualified staff.	Interesting to be developed to insure sustainability beyond of the project investment.

Annex 5 - Potential investment – small grants and contributions per facilities

Proposal for extension of businesses	Applicant	Description	Budget * \$1000	Investment grant up to	Matching fund	In-kind
Guest house	Individual Family /registered enterprise ltd.	Capacity extension to the 8-10 rooms Facilities includes double rooms with toilet and shower, catering.	35-50	50%	30%	20%
Village house	Individual Family, individual entrepreneur	Guest rooms; shared kitchen and dining, simple sanitation	15-25	50%	20%	30%
Mountain Shelter, hostel, hut	Individual, association	Trail shelter, stone, or wooden construction, Clean and simple overnight	5 – 15	50%	25%	25%
Catering Crafts shop	Enterprise cooperation	Café/dining	10 – 15	50%	25%	25%
Tourism Promotion centers	NGO / private	Marketing, Training, promotion Guide transport	20 – 30	75%	No	25%

Annex 6 – Key crops produced by communities (2017)

Administrative unit	Number of household	Total area	Potato		Corn		Tomato		Cucumber		Pepper		Carrot		Beet		Onion		Garlic		Cabbage	
			Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)
Town Khulo	401	5,5	2,5	62,5	1	2,1	0,5	6	0,6	7,8	0,2	0,4	0,2	0,9	0,1	0,9	0,1	0,6	0,1	0,2	0,2	2,2
Dekanashvilebi	1797	349,5	176,8	4420	153	321,3	6,7	80,4	5,8	75,4	3,2	6,4	0,8	4,8	0,9	8,1	1,1	5,5	0,5	1,8	0,7	8,4
Vashlovani	946	217	50,3	1257,5	146	306,6	5,3	63,6	6,1	79,3	5,2	10,4	1,1	6,6	0,9	8,1	1	5	0,8	3,2	0,3	3,1
Tkhilvana	439	92,4	48,1	1202,5	35	73,5	2,9	34,8	3,2	41,6	0,4	0,8	0,4	2,4	0,6	5,4	0,2	1	0,5	2	1,1	12,7
Didachara	605	158,6	68,4	1710	79	165,9	3,5	42	2,9	37,7	2,5	5	0,5	3	0,6	5,4	0,4	2	0,3	1,2	0,5	6
Dioknisi	1229	422,1	290,6	7265	111	233,1	7,1	85,2	5,8	75,4	3,2	6,4	0,8	4,8	0,8	7,2	1,1	5,5	0,8	3,2	0,9	10,8
Satsikhuri	331	101	44,6	1115	56	117,6	3,8	45,6	3,8	49,4	2,3	4,6	0,4	2,4	0,5	4,5	0,5	2,5	0,3	1,2	0,6	7,2
Khikhadziri	462	125,4	67,5	1687,5	54	113,4	1	12	1,3	16,9	0,4	0,8	0,2	1,2	0,3	2,7	0,1	0,5	0,2	0,8	0,4	4,8
Agara	232	86,1	48,9	1222,5	35	73,5	0,7	8,4	0,9	11,7	0,1	0,2	0,1	0,4	0,1	0,9	0,1	0,3	0,1	0,4	0,1	0,8
Ghorjomi	827	238,3	119,2	2980	113	237,3	2,7	32,4	2,3	29,9	0,1	0,2	0,2	1	0,2	1,8	0,2	0,8	0,2	0,8	0,2	2,8
Pushrukauli	290	188,7	32,5	812,5	154	323,4	0,7	8,4	0,8	10,4	0,2	0,4	0,1	0,7	0,1	0,9	0,1	0,5	0,1	0,4	0,1	1,6
Skhalta	627	119,7	61,1	1527,5	45	94,5	7,4	88,8	4,4	57,2	0,6	1,2	0,2	1,2	0,3	2,7	0,1	0,5	0,3	1,2	0,3	3,2
Riketi	567	256,5	179,5	4487,5	65	136,5	3,7	44,4	3,1	40,3	2,6	5,2	0,7	4,2	0,6	5,4	0,4	2	0,4	1,6	0,5	6
Total	8753	2372,6	1190	29750	1047	2198,7	46	552	41	533	21	42	5,6	33,6	6	54	5,3	27	4,5	18	5,8	69,6

Annex 7 – Perennials produced by communities (2017)

Administrative unit	Number of households	Total area	Perennial stone fruits		Perennial stone and pome fruits		Perennial berries		Average per household (ha)
			Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	Area (ha)	Harvest (tons)	
Town Khulo	401	7,45	2,5	2,2	4,9	32,65	0,05	0	0,02
Tkhilvana	439	9,6	1,47	1,276	8,1	54,2	0,03	0	0,02
Pushrukauli	290	11,48	2,95	1,8	8,5	59	0,03	0	0,04
Ghorjomi	827	35,21	3,9	3,42	31,1	220,15	0,21	0	0,04
Khikhadziri	462	20,84	7,81	6,948	13	114,5	0,03	0	0,05
Agara	232	11,44	1,4	0,9	10	70,5	0,04	0	0,05
Dioknisi	1229	69,86	22,85	20,08	45,9	312,9	1,11	0	0,06
Dekanashvilebi	1797	105,19	35,79	31,132	68,9	475,25	0,5	0	0,06
Skhalta	627	41,95	8,1	7,18	33,7	232,95	0,15	0	0,07
Didachara	605	41,18	14,31	12,748	26,8	183,3	0,07	0	0,07
Satsikhuri	331	22,97	3,92	3,436	19	128,5	0,05	0	0,07
Riketi	567	41,6	14,03	12,424	27,5	190	0,08	0	0,07
Vashlovani	946	70,52	24,77	21,916	45,6	322,35	0,15	0	0,07
Total	8753	489,29	143,8	125,46	343	2396,25	2,5	0	0,05

Annex 8 – Livestock by communities (2017)

Administrative unit	Bovine cattle		Sheep	Goat
	Total	Among them heifer		
Ghorjomi	4990	2762	5	
Dekanashivilebi	2818	1802	5	
Vashlovani	1578	761	2	5
Dioknisi	3715	1594	17	
Skhalta	2816	1361	34	19
Riketi	2634	1147	78	45
Pushrukauli	1187	555	12	6
Khikhadziri	1228	630	30	24
Satsikhuri	1039	535		15
Tkhilvana	1225	543		1
Didachara	2479	1602		
Agara	910	347		
Town Khulo	21	12		
Total	26640	13651	183	115