

Situational Analysis of the Tourism Sector for the Project
“Sustainable Development of the Area of Aragvi Protected Landscape
and the Local Communities”



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Abbreviations

WTO - World Tourism Organisation

WEF – World Economic Forum

UNDP-United Nations Development Programm

FAO – Food and Agricultural Organisation

USAID- United States Agency for International Development

GIZ - German Corporation for International Cooperation GmbH

WB- World Bank

RDP3 – Third Regional Development Project

MDF – LEPL Municipal Development Fund

KFW -Kreditanstalt für Wiederaufbau

SPPA - Support Programme for Protected Areas in the Caucasus – Georgia

DMO (Local Tourism Management Organization)

NNLE – Non-Entrepreneurial (Non-Commercial) Legal Entity

LEPL – Legal Entity of Public Law

1. Introduction

The given document has been prepared by the Georgian Ecotourism Association for purposes of the project “Sustainable Development of the Area of Aragvi Protected Landscape and the Local Communities”, which in turn, is being implemented with the financial support of the Czech and Austrian Development Agencies within the framework of a 5-year program “Sustainable Development of Mountain Regions”. The purpose of this component is to explore market opportunities in the project target areas by evaluating the tourism value chain and identifying recommendations for its effective functioning.

The document consists of several key sections and subsections; in particular, one of the sections is dedicated to discussion of the methodologies used for research and evaluation of the target area by tourism value chain. The document also analyzes the projects and programs that have been implemented by governmental and non-governmental organizations in the tourism sector and related fields and draws relevant recommendations. It also provides description of tourism resources, evaluation of tourism service providers, assessment of tour operators and SWOT analysis, which is used as a basis for drawing recommendations and action plans for tourism sector development in the target area.

2. Goals and Objectives of the Document

The document seeks to provide a situational analysis of the tourism sector in the administrative units of Zhinvali, Magharoskari, Ukanaphshavi, Gudamakari and Barisakho. The document explores and processes the information provided by tour operators and stakeholders working in the target area. It also presents evaluation of tourism service providers and field survey results. Main focus is put on identification of the activities needed for managing local tourism potential and promoting sustainable development through targeted recommendations.

Thus, the studies carried out within the framework of the project serve the following objectives:

- Description and analysis of the value chain in the local tourism sector;
- Assessment of needs of local entrepreneurs working in the tourism sector in terms of tourism product development and diversification;
- Development of recommendations to strengthen the potential of entrepreneurs working in the tourism sector at the local level;

3. Applied Methodology

The given part of the document outlines the methodology used for collecting and processing information for tourism value chain analysis. In particular, the following research and evaluation methodology has been applied for purposes of obtaining comprehensive and consistent data:

- Secondary research in the area of tourism by means of exploring the projects and programs ongoing and implemented in the target area, the documents (strategies) elaborated with the support of governmental or donor organizations;
- Field research and telephone survey of tourism service providers in the target area (facilities working on a seasonal basis);
- Study of tour operators working in the target area;
- Stakeholder meetings.

3.1. Secondary Research Methodology

At the stage of the secondary research, big documents were described through questionnaires and then processed by categories. Such format enabled us to extract the information that was relevant to the project.

The information has been collected and processed under the following categories:

Category A: Strategies for Tourism, Environmental Protection and Agriculture (see Annex 1);

Category B: Projects, programs and activities implemented in the target area in the field of tourism, environment and agriculture (see Annex 2).

3.2. Research Methodology for Tourism Service Providers

Tourism service providers operating in the target area were selected as survey respondents and identified through various sources. Specifically, the beneficiaries registered for the project “Produce in Georgia”, entrepreneurs registered in the database of National Tourism Administration and Georgian Craft Association, tourism service providers identified during stakeholder meetings and field surveys. The survey was conducted through:

- In-depth interviews on the site, using specifically designed questionnaires (see Annex 3);
- Phone interview with the respondents who were not on the site due to seasonality of the business operations;
- Assessment of the facilities operating during the study period through evaluation table designed for specific type of the facility.

Having identified tourism service providers, a questionnaire was prepared for each category based on the specificity of their activities. The questionnaire included semi-closed and open-ended questions, enabling respondents to express opposing ideas that could have been omitted by survey organizers.

The questionnaire was designed to identify the following key aspects:

- Practical skills in tourism;
- Facility management skills;
- Education and training;
- Work load / seasonality;
- Catering;
- Marketing: sales and new product development; adaptation to modern technologies through electronic marketing, booking forms and payment systems (particularly, use of Internet, non-cash payment);
- Forms and difficulties with visitor relations;
- Motivation and preferable areas for development.

The following factors may be considered as research constraints:

- Respondents' perception of the field team members as representatives of donor organization and their excessive awareness with the hope of getting some funding;
- Lack or absence of respondents in the sub-category of tourism services;
- Failure to get in touch with a number of facilities due to their restricted access to the phone.

Within the framework of the study, total of 35 interviews were conducted. The target group included tourism service providers, specifically, accommodation and catering facilities, agribusiness, traditional craftsmen and rental services. The average interview duration was 30-45 minutes. After completion of the survey, obtained data were entered into the table (see Table 7).

3.2.1. Methodology for evaluating entrepreneurs providing tourism services

Local providers of tourism services were assessed using a special questionnaire, tailored to the type of entrepreneurial activity.

For all types of facilities, a scoring method was applied. Scores were assigned by the following principle:

Table 2: Principle of assigning scores

Absolutely compliant	5
More or less compliant	4
Partly compliant	3
Non-compliant	2
Absolutely non-compliant	1

For each parameter, 1 stands for the minimum score and 5 – for the maximum. To evaluate each type of facility, minimum criteria and parameters were identified. Scores were summed up to arrive at the final evaluation.

Field expert used individual visits and interviews to evaluate only those entrepreneurs who were available on the site.

In the course of the needs assessment, a ranking method was applied taking into account the following aspects:

- Infrastructural needs
- Needs for enhancing knowledge and skills in the tourism sector.

3.3. Research methodology for tour-operators

The purpose of the tour operator research was to assess the tourism sector of the target area, to reveal the problems faced by inbound, inbound-outbound and domestic tour operators and to identify activities conducive to sustainable tourism development in Aragvi Valley communities. The goal of the research was to study the following issues:

- To identify highly demanded thematic tours in the project target areas;
- To study tour operators' target markets;
- To determine the duration of tours;
- To identify age groups of tourists;
- To identify types of tourism services used by tour operators in the target area;
- To check quality and diversification of tourism services;
- To learn what impressions tourists have about the target area;
- To identify the factors impeding tourism development;
- To identify services that are missing or need development in the target area.

In the course the tour operator survey, qualitative research method was used, in particular:

At the first stage, tour operator detection scheme was defined. It was used to retrieve secondary data through different channels, specifically, through stakeholder meetings, local tourism service providers, online tourism offers and member companies of the Georgian Ecotourism Association.

At the second stage, a survey questionnaire (Annex 4) was prepared and a telephone interview was conducted; to grasp qualitative features, the questionnaire included closed-ended as well as open-ended questions. In the framework of the study, 14 full interviews were conducted. The target group included heads of travel companies and tour operators. The average interview length was 15-20 minutes.

At the third stage, the data obtained through the survey were processed and reflected in the report.

3.4. Stakeholder research methodology

In the framework of this project, stakeholder research aimed to give insight into the real state of affairs in the tourism sector in Gudamakari, Piraketa Khevsureti and Pshavi communities, to detect the factors impeding development and to explore the underlying causes.

Initially, key stakeholders were identified and grouped. For each group, communication channels were defined. In particular, depending on the accessibility of the target audience, telephone or in-depth

interview was conducted.

From the public sector, stakeholders were identified at national as well as regional and sub-regional levels based on their competence in the field of tourism or related sectors. We also identified non-governmental organizations and professional associations operating in the area. Interview with stakeholders covered the following issues:

1. Brief overview of the project goals
2. Overview of the tourism sector in the project target areas
 - The current state of the tourism value chain
 - Identification of the major difficulties
 - Key challenges
 - Recommendations

3. Experience sharing

Government and/or donor supported projects in the tourism sector:

- Over the past 5 years
- Ongoing
- Planned

Find below information on the representatives of each stakeholder group (Table 3). Based on the information obtained from all the sources, the tourism value chain was analyzed and reflected in the report.

Table 3.

a) Representatives of regional and local governments and organizations:

N	Full name	Organization	Position
1	Tamar Maisuradze	Georgian National Tourism Administration	Head of Tourism Infrastructure and Small-Scale Infrastructure Development Division
2	Tornike Zirakishvili	Program "Produce in Georgia"	Deputy Director
3	Nata Sultanishvili / Natia Andghuladze	Agency of Protected Areas of Georgia	Head of Protected Areas Planning and Development Unit/ Ecotourism Specialist

4	David Lomitashvili	Monument Protection Agency of Georgia	Deputy Director General
5	Shalva Givishvili	Mtskheta-Mtianeti Regional Development Agency	Director
6	Babua Aludauri	NNLE Dusheti Culture and Tourism Center	Director
7	Vazha Chincharauli	Administration of Pshav-Khevsureti Protected Area	Director
8	Community trustees	Gudamakari, Barisakho, Magharoskari administrative units	Trustees

b) Central and local CSOs

N	Full name	Organization	Position
1	Ekaterine Kakabadze	GFA consulting group	SPPA National Coordinator
2	Tamaz Dundua	Biological Farming Association “Elkana”	Program Manager
3	Nino Arabuli	NNLE “Khevsureti and Community”	Founder, Director
4	Mamuka Burduli	Gudauri Tourism Association	Chairman

c) Local professional associations

N	Full name	Organization	Position
1	Archil Tsintsadze	Adventure Tourism School in Gudauri	Deputy Director

4. Legal framework for tourism management

The vision on the development of Aragvi Protected Landscape and the surrounding communities is based on the policies and activities set out in the national and international laws, as well as developed and approved strategies and management plans¹. Congruent to the hierarchy of laws of Georgia, the legal regulation of tourism looks as follows:

Table 4: legal framework for tourism regulation

International conventions and treaties	<ul style="list-style-type: none"> - Tourism Charter adopted in 1985 under the auspices of the World Tourism Organization (WTO) in Sofia; approved by the Parliament of Georgia on 25 January 1994.
State laws and regulations of Georgia	<ul style="list-style-type: none"> - Law on Tourism and Resorts - 1997, last edition 2013; - Law of Georgia on the System of Protected Areas - 1996, last edition 2018; - Law of Georgia on Creation and Management of Pshav-Khevsureti Protected Areas-2014 - Law on the Regulation of Registration of Tourists Entering and Leaving Georgia – 1998, last edition 2012; - Tax Code: Article 235, Taxation of Tour Operator Services 2017; - Decree N93 / 04 of the President of the National Bank of Georgia on establishing a different rule for indicating a price when offering and / or advertising property for sale and/or providing services by an entrepreneur in the territory of Georgia.
Strategies and action plans	<ul style="list-style-type: none"> - Tourism strategy of Georgia for 2015-2025; - Mtskheta-Mtianeti Regional Development Agency 2015-2021; - Ecotourism Development Strategy for Pshav-Khevsureti Protected Areas.

Vision on tourism development in the national context: According to Georgia’s vision on strategic tourism development, by 2025, Georgia should establish itself as an advanced, all-season, high-quality tourism country, distinguished by its cultural and natural heritage, with world-class service quality and hospitality traditions.

Through strategic investments in infrastructure, education, marketing and unique impressions of tourists around the world, Georgia will stay at the forefront of competition in the tourism industry. As a result of increased spending by visitors, the share of tourism in the growth and development of the Georgian economy will significantly increase. More attention will be paid to the quality and diversity of visitors, rather than to their overall number.

Table 5: Strategic plan indicators (Prepared on the basis of 2014 National Tourism Administration statistics)

Tourism (international) income	1.8000 million \$	5.500 million \$
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Direct contribution of tourism to GDP	6%	6.7%
Number of people employed in tourism sector	180.000	335.000
Average direct spending per visitor	320 \$	500 \$
Average length of a visit	4.3 days	5.3 days
FDI in tourism	559 million \$	910 million \$
Visitors from neighboring countries	88%	80%
WEF tourism competitiveness index	66	35

In 36 months from adoption of the strategy, the projected increase in tourist flow is clearly evident. As of 2017 and 2018 figures, visitor statistics and economic indicators look as follows (source: National Tourism Administration Report 2018, WTTC, Georgia travel and trade report 2018.)

Table 6: 2018 annual figures (GNTA statistic report 2018 / WTTC, Georgia travel and trade report 2018)²

Visitor statistics and economic indicators	2017	2018
International visitors	7,554,936 +18% from the previous year	8,679,544 +9.8% from the previous year
Including tourist visits (staying in the country for more than 24 hours)	4,069,354 + 23.4% from the previous year	4,756,820 + 16.9% from the previous year
International tourism revenues in USD	2,7 billion	3,2 billion
Direct contribution of tourism to GDP	6.8%	7.6%
Visa-free entry countries	98 (significant growth)	98
Direct flights from Georgia	90 (significant growth)	90
Hotels and registered guesthouses	1,955	2,390
Guest rooms (registered)	65,943	86,772
WEF tourism competitiveness index	3.7	3.9 (2019 figures)

National, regional and sub-regional strategies for tourism and related sectors

Below is a list of strategic documents that are in place in Georgia and pertain to the development of tourism in the area of Aragvi Protected Landscape and the local communities:

Name of the document
<p>Social-Economic Development Strategy of Georgia (Georgia 2020)</p> <p>The document outlines key priorities of Georgia’s economic policy up to the year 2020. The document envisages rapid and effective economic growth, which in turn is based on competitive private sector, inclusive growth-oriented economic policies and effective use of natural resources³.</p> <p>The following are the priority areas of the strategy: competitiveness of the private sector; development of human capital; access to finances.</p>

Georgia's Tourism Strategy 2025

The goal of Georgia's Tourism Strategy 2025 is to develop a guide that will promote sustainable development, increase tourism revenues and enhance the importance of the sector. The main objective is to develop and implement a plan that will help to turn rich natural and cultural resources into world-class tourism products and to gain unique impressions. It will help to attract more high-profile tourists from EU countries, North America, the Middle East.

SME Development Strategy of Georgia (2016-2020)

The document seeks to create a favorable environment for small and medium-sized enterprises, to increase their competitive power and innovation capacities, which in turn, will lead to increase in revenues and employment opportunities and ultimately, will help to achieve inclusive and sustainable economic growth.

To identify strategic directions and outline relevant priority measures in support of SME development, existing situation and institutional framework was analyzed, factors hindering the development of SMEs were pinpointed.

2019-2023 Strategy for the Development of Georgia's Mountain Settlements

The purpose of the law is to determine the benefits for stimulating the social and economic progress of the mountainous regions as guaranteed by the Constitution of Georgia. Such benefits will ensure the well-being of people living in high mountainous regions, will raise living standards, will promote employment and will improve social and economic conditions. According to the law, a settlement located at an altitude of 1500 meters or above is defined as mountainous. Based on various criteria (steepness of the mountain slope, infrastructure conditions, climatic conditions and natural environment, scarcity of agricultural land, demographic conditions, including aggravated migration processes), the Government of Georgia is entitled to grant a mountainous settlement status to a site located at not less than 800 meters above sea level. In exceptional cases, in accordance with the criteria set out in this paragraph, the status of a high mountainous settlement may also be granted to a settlement located below 800 meters.

2017-2020 Rural Development Strategy of Georgia

The strategy was developed in coordination with the Ministry of Agriculture of Georgia, with the involvement of all relevant government agencies and active support of the United Nations Food and Agriculture Organization (FAO) and the United Nations Development Program (UNDP).

The Rural Development Strategy sets out the priorities of the Government of Georgia and outlines all sectoral or multisectoral development directions that are related to rural development. The strategy is based on the analysis of the rural situation in Georgia and reflects current assessments, on-site and ongoing programs. The strategy also includes mechanisms for implementation, monitoring and evaluation of the action plan. The strategy aims to continuously improve the quality of life and social status of rural people through diversity of economic opportunities, access to social benefits, rich cultural life, environmental protection and sustainable use of natural resources, effective management of cultural resources.

Mtskheta-Mtianeti Regional Development Strategy 2015-2021

The document regulates the issues related to effective use of natural, material, labor and financial resources in the region; encouragement of investments; stimulation of social-economic development; development of social infrastructure; protection, restoration and maintenance of environmental and ecological balance. The

document singles out tourism as a priority component, covering tourism development areas as well as potential products such as ecotourism and agrotourism.

The strategy is of great importance for ongoing projects, as it highlights crucial aspects of the region, weaknesses, existing and potential services, priority areas.

Ecotourism Development Strategy for Pshav-Khevsureti Protected Areas (2017). The goal of the document is to support eco-tourism development in Pshav-Khevsureti protected area and the surrounding communities through creation of relevant tourism services. This in turn, is expected to contribute to improvement of the community's social-economic conditions. As a result, Pshav-Khevsureti protected area will become a guarantee of unique experience, bio diversity and high quality of service for both domestic and international visitors.

Projects and Programs

This category includes the programs, projects and activities that have been implemented or are ongoing in the target area in the fields of tourism, agriculture and environmental protection and somehow affect or have overlaps with the given project.

Project name	Supporting/implementing organization	Project impact
Goderdzi Chokheli New Museum	Ministry of Culture and Monument Protection, Dusheti Municipality	A house of Georgian filmmaker and writer Goderdzi Chokheli was built in the village of Chokhi in Gudamakari Valley, with his personal belongings displayed there; exhibition halls, libraries and sanitary facilities have been arranged. Georgian visitors are the main segment of the museum.
Internet in mountains	Implemented by Pshav-Khevsureti CSO "Mountain Community Network" jointly with the Association of Small and Medium Telecommunication Operators. The project is supported by: international organization "Internet Society" (ISOC), the Embassy of the Czech Republic and the Municipality of Dusheti; The project is based on the research carried out by the Center for Civil Activity in 2017-2018, with the financial support of EWMI ACCESS	The project was launched in spring of 2019; the goal of the project is to provide the villages of Khevsureti, Pshavi and Gudamakari with Internet and telephone communication services. Specifically, in Ukanapshavi - Khomi, Shuapkho, Tkhiliana, Muko, Khoshara, Akhadi, Vakisopheli; in Piraketa Khevsureti - Barisakho and Korsha. The project is actively ongoing.
Rural Support Program	Ministry of Regional Development and Infrastructure of Georgia	The goal of the program is to select and implement the projects initiated by local communities in the villages. The following are the initiatives to be financed under the program: arrangement of drinking water and irrigation systems, drainage channels; bank reinforcement works; repair of roads and bridges; arrangement of outdoor lighting, school surroundings, cultural facilities, sports facilities, squares and so on.

Full rehabilitation of Zhinvali-Barisakho-Shatili highway	Ministry of Regional Development and Infrastructure of Georgia	Within the framework of the project, 10 km section of the road and 1 bridge will be fully rehabilitated. Road improvements will improve access to the target area and will promote its future development as a tourism destination.
Support Program for Protected Areas in the Caucasus – Georgia (2014-2019)	Implemented by GFA Consulting Group, funded by the German Bank for Development and Reconstruction (KfW) and supported by Pshav-Khevsureti National Park Friends Association.	The goal of the program is to enhance effective management of the protected areas, to improve social and economic conditions in Pshav-Khevsureti Protected Area and the local communities. In 2018, within the framework of the program, a competition was held for the villages of Ukanapshavi community - “Tourism Development in Ukanapshavi Community”. Within the competition, a training was delivered to potential beneficiaries (12 persons in total); after that, testing was administered. 7 candidates were selected and awarded with small grants (GEL 5000 per beneficiary) to support the development of tourism services
World Bank Project (RDP III) 2015-2020	Municipal Development Fund of Georgia, MDF	The main goal of RDP III is to support development of the tourism economy in Mtskheta-Mtianeti and Samtskhe-Javakheti regions through improvement of infrastructure and building of institutional capacity. Implementation of the project will help to increase accessibility, quality and reliability of public infrastructure; to attract private sector investments in the regions; to increase the number of customer service points (tourism companies) in renovated cultural heritage sites and cities. In particular, RDP III seeks to promote implementation of Mtskheta-Mtianeti Regional Development Strategy (RDS) and the Regional Tourism Development Strategy (RTDS).

5. Brief Overview of the Tourism Sector

5.1. Geographical Overview of Aragvi Protected Landscape

The area of Aragvi Protected Landscape is located in Mtskheta-Mtianeti region, Dusheti municipality. It covers the slopes of the Caucasus Range and its branches, as well as the basins of the rivers: Shavi Aragvi, Pshavi Aragvi and Khevsureti Aragvi. The protected landscape includes several historical-ethnographic areas - Pshavi, Khevsureti and Gudamakari. From the administrative point of view, it covers the administrative units of Zhinvali, Magharoskari, Barisakho and Gudamakari, comprised of 95 settlements.

The Protected Landscape and its surrounding area is separated from Pirikita Khevsureti in the North and from Khevi in the North-West by the Main Watershed Ridge of the Caucasus and its branches. The Eastern border runs along the Kartli ridge and separates it from Tianeti municipality. The valleys of the

rivers listed above eventually end up at Zhinvali reservoir, which borders on the protected landscape from the South.

The area of the protected landscape is characterized by mountainous terrain, with rock, glacial and volcanic formations. Starting from lowland to nival-glacial zone, vertical zonality is prominent.

Caucasus Ridge and in particular, its southern slopes are the main orographic unit. Substantial territory is covered by its branches (ridges), with the main ones being: Mtiuleti, Gudamakri, Kartli ridges and others.

Mtiuleti Ridge is the south branch of the Main Watershed Ridge of the Caucasus. It has the following peaks: Sabadlo (2802 m), Mtatsminda (2759 m), Chalistavi (2750 m). Mtiuleti Ridge represents a watershed for the rivers: Tetri (White) and Shavi (Black) Aragvi.

Gudamakiri Ridge is the South Branch of the Main Watershed Ridge of the Caucasus. It is a watershed of the rivers: Mtiuleti-Gudamakari Aragvi and Pshav-Khevsureti Aragvi. Gudamakari Ridge has the following peaks: Eastern Chaukhi (3644 m), Sachalismta (2910 m), Laghismta (2601), Lutkhubi (2787 m) and others.

Kartli Ridge is one of the southern branches of the Main Caucasus Ridge. It is a watershed of Aragvi and Iori rivers. River erosion processes have played an important role in the formation of the modern appearance of the ridge.

Geological structure of the project area is represented by rocks of different composition and age. The earliest ones are found in the area of the Caucasus Ridge in the form of granites, granitoids and Gabbro-Diabase. The rocks of the modern geological age are rather widespread, being mostly represented by river and glacial sediments.

From the tectonic point of view, the area is located in the fold and thrust belt of the southern slope of the Caucasus, in Kazbegi-Lagodekhi zone; slightly, in Kartli plunging zone.

From fossils and mineral resources, supplies of construction materials are found, including: tuff, limestone, inert materials, granites, diabase, shale, etc.

Considering the fact that a significant part of the terrain is covered by mountains and is characterized by rather complex geological structure, natural disasters occur in different intensities: landslides, mudflows, erosion, rockfall, snow avalanches, etc. Landslides and mudflows are particularly dangerous for settlements and agricultural lands.

The climate is characterized by distinct vertical zonality. There is moderately humid subtropical climate in the valley, with mild cold winters and hot summers. The average annual temperature is 10°C. At 1000 m above the sea level, the climate is moderately humid with cold winters and long chilly summers. At 2000 m above the sea level, real summer does not come at all. Above that, in the nival zone, the average annual temperature is -6°C. Just as the temperature changes with the altitude, so varies the amount of atmospheric precipitation. Overall, this figure makes up 900-1000 mm on average.

The area is quite rich in water resources. The river network mainly consists of rivers - Pshavi Aragvi, Khevsureti Aragvi, Gudamakri Aragvi and their tributaries, of which the following ones are noteworthy: in the territory of Gudamakari - Bakurkhevi, Reka, Boseli, Osaviskhevi; in Pshavi - Katsalkhevi, Kishkhevi, Charglula, Kophchura; in Piraketa Khevsureti - Likoki, Buchukurta, Okherkhevi,

Gudanischala. Most of the rivers originate from high slopes; they are characterized by narrow valleys and large amount of sediments in the riverbed, which, in most cases, provokes mudflows.

The area is not distinguished by the abundance and magnitude of lakes. From the lakes found nearby, Abudelaury beautiful lakes at the foot of Chaukhebi, at an altitude of 2800 m are worth mentioning. Despite their small size, they make an indelible impression on the visitors. There is also an alpine lake in Pkhituri mountain area.

The Zhinvali Reservoir is the most important reservoir in the vicinity of Aragvi Protected Landscape. Area – 11.5 km². Water capacity - 520 million m³. Useful capacity - 370 million m³. Maximum depth - 75 m. The reservoir on the Aragvi River plays an important role in the water supply of the capital.

The Aragvi Protected Landscape and its surrounding areas are characterized by the diversity of flora and fauna. Significant part of the area is covered with forest. The forest is mainly made up of beech, hornbeam and pine trees. Substantial area is covered by sub-alpine and alpine meadows. There are floodplain forests on the banks of Aragvi, with oak, poplar, elm and other trees. Meadow shrubs, steppe and rock xerophytic vegetation are well developed in the region.

Fauna representatives include bears, wolves, roe deer, foxes, jackal, rabbits, marten; in high mountains - Caucasian goat and chamois. From birds - thrush, black kite, partridge, quail, mountain eagle, snowcock, etc. Trout, varicorhinus, carp, nase inhabit the waters. Species close to extinction and included in the red list are also found here: from mammals - Caucasian lynx, birds – bearded vulture, mountain eagle, grey partridge, Caucasian grouse, Rosefinches, redstart. From the plants - yew, black birch, Colchis Box tree, *Senecio rhombifolius*, sea buck thorn, mountain oak, etc.

Within the Aragvi Protected Landscape, according to the Georgian legislation, Vazha spring near the Chargali settlement has a status of a resort. Altitude - 820-840 m. Climate - of Low Mountain. Winter is cold, quite snowy. Annual precipitation - 1000 mm. The natural healing factors at the resort include: low mountain climate, carbon acid, silica, boron, chloride-hydrocarbon, sodium-iron mineral waters with total mineralization of 1.2-27.2 g / dm³ and carbonic acid - hydrocarbon, sodium-calcium iron mineral waters. Types of treatment: mineral water baths and mineral water intake, passive climatotherapy.

From the resort sites, the following merit attention:

- Tvalivi - climatic, prophylactic, cardiological;
- Korsha - climatic, prophylactic, pulmonological, neurological;
- Zhinvali - climatic, prophylactic, gastroenterological

An important natural site adjacent to the protected landscape is the Roshka Stones, which have the status of the protected area. Roshka Stones belong to the number of the biggest erratic (“wandering”) rocks in the world. Their dimensions are 19X5X7 (length, width, height), 22X13X10, 22X20X8, 25X10X11 (“Fractured Boulder”). Relatively smaller but no less impressive erratic rocks are scattered throughout the upper parts of the Abudelaury Valley and below Roshka – in the valley of the river Khevsureti Aragvi. All these stones had been brought down from Chaukhi massif by Pleistocene glacier. The toe of this glacier was located at the village Ghelivake, at 1450 m above sea level.

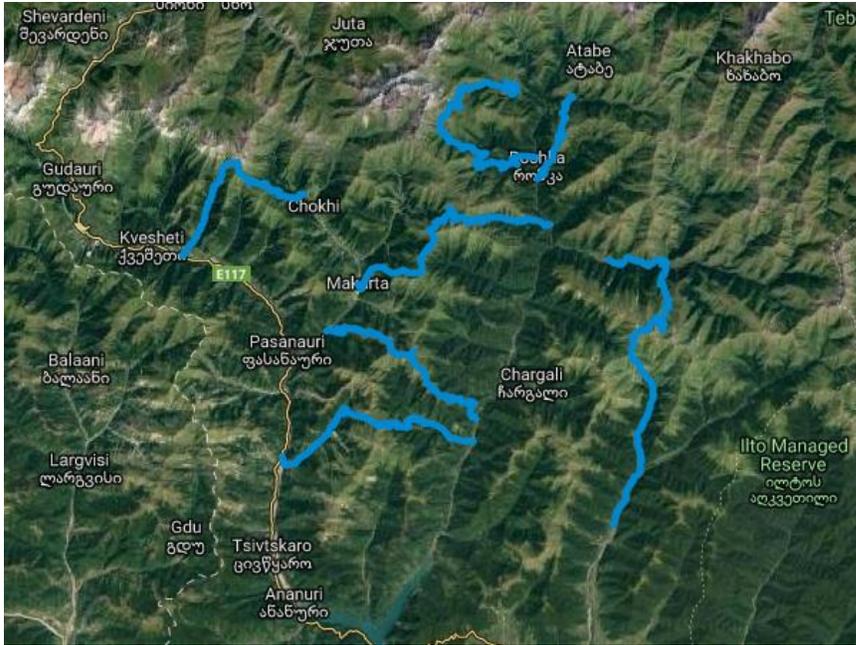
Within the Aragvi Protected Landscape, cultural heritage sites are mainly scattered in the valleys of the rivers and are represented by temples, castles, chapels, house-museums and archaeological sites. Part of the monuments are badly damaged and require restoration.

Among the cultural heritage sites in **Gudamakari Valley**, Makhvilo Fortress in Bakurkhevi, Pirimze – Angel of the House Temple in Chokhi village and Goderdzi Chokheli House-Museum are worth mentioning. Makhvilo Fortress is built of spalls and mortar. The castle consists of four structures, located on different levels and attached to each other. The buildings are rather damaged, part of the walls are demolished. As for Pirimze, the main shrine of Gudamakari dwellers, it is a small mortared stone church, which used to be covered by smooth stone roof, with a stone cross on top of it. The church was surrounded by sacred forest. In St. George Church of Chokhi, Pirimze icon was kept, which represented a silver-engraved cross, with Mkhedruli inscription and the image of St. George.

The cultural heritage sites of Pshavi Aragvi Valley are represented by small temples, towers, shrines and deserted settlements. Vazha-Phshavela House-Museum in Chargali village is a distinguished cultural site. Lashari Cross and Ghele (Tamar Chapel) represent the main shrines for Pshavi dwellers. Every icon has its own sanctuary (the place where the angel of the icon descends at night as a bright pillar). The icon's site is usually surrounded by a fence. In the entrance, there is a small candlestick made of slate stones. There is a bell tower constructed nearby, with one or more bells of different sizes hanging there. In the middle of the site, there is a rectangular pyramid-shaped structure made of dry stone (Nish-Sabrdzanisi). Next is the place for hiding icon treasure. The complex of icon buildings also includes an icon barn and brewery.

As for **Khevsureti Aragvi Valley**, besides the old towers, small temples and icon shrines, deserted residential houses and fortresses have the status of cultural heritage. However, just like other cultural heritage sites in the project area, they are severely damaged and require urgent restoration. From the archaeological point of view, there are several deserted settlements in the valley, among them: Roshka deserted village, Pashaurt Akho Gori deserted village, Maghrani deserted village and others. In Barisakho administrative unit, in the village of Korsha, there is an ethnographic museum, where ethnographic items from the 18th and 19th centuries are displayed: Khevsurian men's and women's clothing, household tools and ammunition, furniture, utensils and more.

Apart from having material cultural monuments, the communities within the Aragvi Protected Landscape possess important treasures of intangible cultural heritage. The status of intangible cultural heritage has been awarded to the technology of preparing the ancient food product of Pshavi – “Dambalkhacho”. In addition, traditional apparel and folklore of locals is an important part of intangible cultural heritage of Georgia.



5.2. Tourist routes currently available in the Aragvi Protected Landscape

Information on tourist routes in the Aragvi Protected Landscape was obtained as a result of conducting cameral works. The study involved identification of tourist routes created at different times in the project area by public, non-governmental and private organizations and their consolidation in a single space. The survey revealed that there are several hiking and horse riding routes in the area, some

of which are transit routes and connect different communities of the Aragvi valley as well as neighboring municipalities (Kazbegi municipality).

Substantial part of the routes have been explored by the National Tourism Administration in the framework of Mtskheta-Mtianeti Mountain-Hiking Trail Project.

Map 1.

Route 1: Chartali - Sakere- Gometsari - Magharoskari

Distance: 24.5 km

Brief description of the route: The route starts from the village Chartali. It goes along the riverbank and crosses the river several times. We reach the village of Sakere. After going through the village, we continue on the trail, heading towards the pass. From the pass, a steep trail runs along the ridge, there is also shepherd's summer camp. From here, we will follow a motorway that crosses the villages of Gometsari and Khiliana. The route ends in the village of Magaroskari.

Route 2: Kalilo - Bakhani

Distance: 22.8 km

Brief description of the route: The route starts near the village Kalilo, at the end of Magaroskari village; a well-marked hiking trail goes to the forest, passes through Arbachkani village and continues in the forest for a while. Shortly after leaving the forest, it crosses the ridge and leads to the pass (2350 m above sea level). After arriving in Dikhcho village, we continue on the motorway that lead to the village Bakhani.

Route 3: Barisakho-Gudani

Distance: 10.2 km

Brief description of the route: The route starts in Barisakho village and crosses Aragvi River. It continues upward the Likoki River valley towards Keo village. Afterwards, it follows the forest-covered slope in the direction of the pass (2400 m); from the pass, you can go to the peak Nakhali (2500 m). A pedestrian trail runs from the pass to the village Chie. From the village, you can reach Barisakho-Shatili road, where the route ends up.

Route 4: Roshka - Korsha

Distance: 36 km

Brief description of the route: The route starts in village Roshka and soon crosses the river Kmosti. You take a right turning here, in the direction of Kmosti village. From here, the trail passes by a deserted village and two shrines and heads to the ridge; it follows the ridge for a while, then shifts again to the slope and gradually puts on the height. It enters the forest and goes to the village Ukanakho. From here, you can reach the motorway that will go through Buchukurta, Chirdili and Chadi villages. Then it goes to Korsha and the route ends there.

Route 5: Shuaphkho – Zemo Artani

Distance: 37.7 km

Brief description of the route: The route starts in village Shuaphkho. The route crosses Aragvi River and follows a forest-covered slope towards village Chicho. The well-marked trail continues into the woods, bypassing the village Chicho; after the woods, it goes up to shepherds' camp. Through Chicho Pass, it goes down to Khashrula valley. From here, a motorway runs to the confluence of the Iori River, then goes through Iori valley and leads to village Artani.

Route 6: Gveleti - Makarta

Distance: 30.9 km

Brief description of the route: The route starts on the way to Gveleti village. The trail that is well marked initially starts to disappear later on, sometimes beneath the riverbank masses. Finally, it reaches



a pass, where it descends sharply into the river valley; after crossing the river, it starts to sharply ascend. The faint trail will lead you to the ridge, from where you can directly descend to

Bakurkhevi river valley, to the motorway and then to the village Kitokhi.

For the project area, Mtskheta-Mtianeti Regional Development Agency routes, which also include transit and inland routes, are of great importance. In this case, the routes mainly cover Pshavi and Piraketa Khevsureti territories and not the Gudamakari Valley.

Pshavi direction

Route 1: Barisakho - Ortskali - Tkhiliana - Shuaphkho – Muko - Ukanaphshavi

Distance: 25 km; duration: 7 hours on foot; maximum height: 1630 m; minimum height - 1330 m.

Route 2: Muko - Matura - Borola Ridge surroundings

Distance: 14 km. Difficulty – more than moderate; duration – 6 hours on foot; maximum height - 2900 m; minimum height - 1330 m.



Route 3:
Ukanapshavi -
Saorbisgori
Range

Distance: 7 km. Difficulty – moderate; duration: 4 hours on foot; maximum height - 3000 m; minimum height: 1620 m.

Map 3.

Khevsureti direction

Route 1: Barisakho — Roshka—Abudelaury — Chaukhi — Juta —Stepantsminda

It is possible to travel on foot, by horse and partially by car (from Barisakho to Roshka and from Juta to Stepantsminda).

Distance: 14 km (Roshka - Chaukhi distance) and the entire road (Barisakho - Stepantsminda) - 50 km; complexity – more than moderate; duration: 6-7 hrs. Maximum height: 3338 m, minimum height: 2000 m.

Route 2: Roshka – Sadzele Pass - Juta – Stepantsminda

It is possible to reach the trail by a hiking trail that starts at Barisakho-Giudani Road, approx. 8 km after crossing the bridge; 7 km after, the trail joins Roshka. It is possible to travel on foot, by horse.

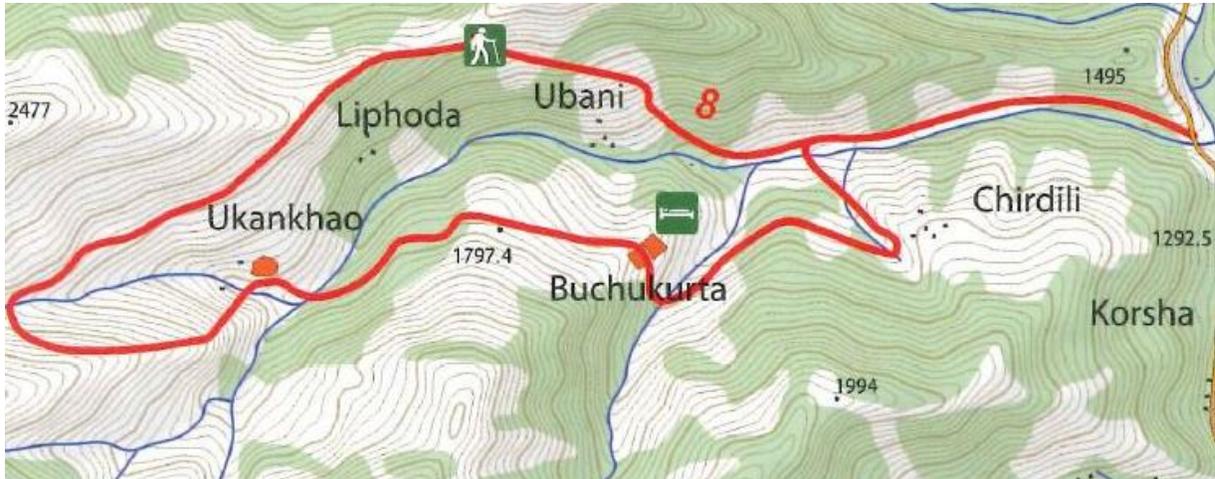
Distance: 7 km. Medium difficulty, duration: 6-7 hrs. Maximum height: 3056 m, minimum height: 2000 m.

Route 3: Chirdili Chala — Chirdili — Ukanakho — Lipoda — Ubani — Chirdili Chala circular route)

Distance: 15 km. Complexity – more than moderate; duration: 6-7 hours on foot; maximum height: 2000 m.

Map 4.

From the existing routes in the project area and its surroundings, Juta - Roshka - Shatili - Omalo route,



interconnecting Khevi, Khevsureti and Tusheti, enjoys particular popularity among the visitors.

It is noteworthy that marking performed on existing trails does not comply with technical regulations of Georgian hiking routes. Only small part of the routes are marked and even that with paints and/or in violation of regulations. Two or several day routes are not equipped with essential infrastructural facilities (shelter huts, picnic areas, camping sites, etc.). In many cases, safety standards are violated: routes run on very steep slopes, declination standards for hiking trails are not complied with. Some of the routes cross the part of the rivers where there are no bridges at all. In some areas, there is a great danger of rockfall.

6. Tourism Value Chain Analysis

When evaluating the tourism value chain, international practices as well as local features were taken into account. The following components of the industry value chain were selected:

Key components of the value chain:

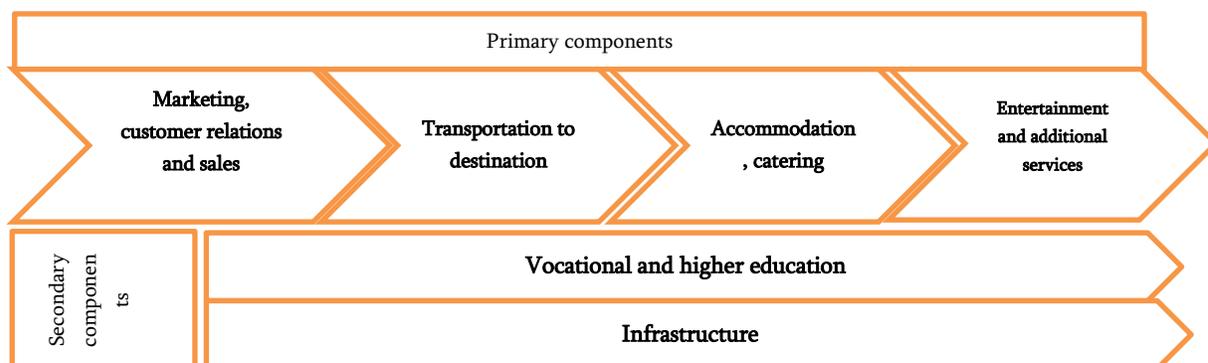
- Marketing, customer relations and sales
- Transportation to destination place
- Accommodation, catering
- Entertainment and additional services

Ancillary components of the value chain:

- Vocational and higher education

- Infrastructure

Diagram 1. Tourism Value Chain Components



6.1. Marketing, Customer Relations, Sales

With respect to tourism in the target area, Mtskheta-Mtianeti Regional Development Agency is in charge of marketing activities at the regional level, while at the subregional level – it is up to NNLE “National Center for Cultural Heritage Preservation and Tourism Development of Dusheti”.

It is noteworthy that a website <https://experiencecaucasus.com> has been launched at the initiative of the National Agency, which provides information on Pshav-Khevsureti tourist resources. However, the given address is not easily accessible through search system. It is also noteworthy that the site is not managed by Dusheti Tourism and Culture Service, while, in fact, the latter should be responsible for updating the information and regularly improving the content of the site. The marketing activities of Dusheti Tourism and Culture Service are circumscribed to posting news on its social network site and annual participation (by means of presenting an independent municipality stand) in the Expo Georgia International Tourism Fair (Tbilisi).

Pshav-Khevsureti Protected Areas do provide separate services, but they lack visitor centers where information on national parks and routes would be available. Construction of visitor center in Shatili has begun in the framework of the project “Support Program for Protected Areas in the Caucasus - Georgia”. There are tourist information centers operating in Mtskheta and the settlement of Kazbegi; they offer a guidebook published in 2015, but it does not contain any information on Pshav-Khevsureti. It is not subject to update and is not available in hard copy either. The only information that the Visitor Centers offer is the brochures with maps, developed by the Tourism Administration.

Both local and international tour operators seek to promote and raise awareness of the municipality’s tourism products, but Shatili community grabs particular interest due to its World Heritage Sites. As for the project target area, there is less interest from tour operators due to poor tourist offers and low quality of services.

In terms of marketing communications, only a few facilities are represented on commercial electronic sites such as Booking.com, or social networking site - Facebook.com. It was caused by the lack of Internet access in high mountainous villages; although in the course of our research, Internet provisioning works were underway.

6.2. Availability of Transport

Road infrastructure project had been launched in the target area, which is expected to make tourism destinations more easily accessible. However, winter period still remains to be a major challenge, as mountainous settlements get completely cut off from municipal centers; it poses a great impediment to the development of the region.

Secondary roads in local centers and tertiary roads connecting villages are in poor shape. Pavements are regularly damaged by landslides and floods. Most of the secondary roads are represented by ground roads. Therefore, they are hardly suitable for driving in winter, during heavy snowfall. Most of the rural roads are out of order. In this regard, worst is the case in Piraketa Khevsureti, Gudamakari and Ukanapshavi villages, where transportation is difficult even in summer, not to say anything about winter.

The region's auto fleet is represented by private and municipal buses and minibuses, the intensity of traffic is seasonal; it sharply diminished in winter and gets even fully restricted in some communities. The state of municipal bus and minibus stations is largely unsatisfactory across the region.

The option to book a vehicle online or in advance is not available; however, a web site developed by the Agency (<https://experiencecaucasus.com>) provides brief information on the vehicle schedule.

While traveling on their own (without intermediaries), tourists learn about transport facilities through tourism and visitor information centers; they are able to buy tickets only upon arrival at the bus station, which to some extent affects the number of visitors in the region; being unable to make a booking in advance, they prefer to spend their vacation in some other regions or countries.

In many cases, public transport malfunctions may also serve as a reason for refusing to travel to the region. Since mini-buses are not owned by the municipality and the private sector is not subject to obligatory requirements for safety and technical standards, the quality of service is often below average.

6.3. Accommodation, Catering

Tourist services in the target area are mainly concentrated around the central road, namely, adventure centers in Zhinvali administrative unit (village of Tvalivi), catering facilities in Magharoskari and guesthouses in Chargali, Korsha, Barisakho villages. In terms of tourism services, Ukanapshavi and Gudamakari administrative units remain to be completely untapped. Visitors to Gudamakari valley

mostly include school children and holiday makers (local segment). Accommodation facilities are mainly limited to guesthouses and camping sites, though they are small in number, with almost no diversification of tourist products.

Catering facilities are mainly represented by canteens, cafes (Restaurant “Khomi” in Pshavi is an exception). In general, the given component requires much attention, as it is targeted at local consumers only. Local cuisine is also lacking. One will rarely find a place where a visitor would be able to taste Dambalkhacho – a product bearing the status of Georgian intangible cultural heritage. As the survey of tour operators revealed, for the given sightseeing, they mainly use guesthouse services.

6.4. Entertainment and additional services

Currently, two workshops are operating: “Arabian Arthouse” in Korsha village and “Pshauri Sakhi” in Magharoskari village, which offer customers items of local production on Pshavian and Khevsurian motifs. There are also some places in villages, such as Barisakho, where items created by locals are sold. It should be noted, however, that because of competition, the materials and embroidery are not quality-oriented; besides, there is not a designated, well-designed space that would allow to display locally produced items in a manner attractive to visitors.

Despite its rich cultural heritage and traditions, opportunities for cultural tourism development are not well structured. In Gudamakari, Pshavi and Khevsureti, there are still celebrations or various religious and public holidays that could be assigned greater touristic significance through active involvement of the local community.

Ecotourism is one of the important resources for the development of local tourism. In Pshav-Khevsureti Protected Areas, eco and adventure tourism leave room for development, hiking routes are not yet marked by common national standard. The only offers include those of rafting and adventure bases.

6.5. Vocational and Higher Education

While this component is of secondary nature, in the long run, it is the underlying cause for most of the primary component failures; namely incorrect classification, management and marketing of accommodation facilities is the result of inadequate vocational education and lack of knowledge. Although some guesthouse owners have undergone a short-term training in hospitality and hotel administration, the current situation demonstrates the need for knowledge enhancement in a number of respects. This is further compounded by the fact that vocational colleges in the region do not teach the subjects that are essential to tourism development.

With respect to service and product development, representatives of all stakeholder groups talked about low staff professionalism and low awareness among the locals. It is noteworthy, however, that the only qualified vocational school in the country, the Adventure Tourism School, which focuses on preparation of mountain, hiking and ski guides, is located in this region. The school receives 30 students from Tbilisi

and other regions (including the project target area) once every two years for diploma courses, and twice a year for short-term certificate courses. The training courses are built upon international standards and the knowledge of graduates complies with internationally recognized standards.

6.6. Infrastructure

Good infrastructure is an important component of the tourism value chain. Significant infrastructure problems are observed in the target area, such as:

- Poor condition of road infrastructure, especially of secondary and tertiary roads (rehabilitation works are underway on the main road);
- Environmental pollution and poor waste management;
- Problems with water supply and sewage in most populated areas of the region. The issue of potable water is not regulated; the sewage system is defective or not functioning at all;
- Gasification, which is a major impediment to the operation of tourist facilities. This is one of the determinants for seasonal operation of the facilities.

6.7. SWOT analysis

Strengths	Weaknesses
<p>Management</p> <ul style="list-style-type: none"> ✓ NNLE “Dusheti Center for Cultural Heritage and Tourism Development” with relevant staff <p>Location and accessibility</p> <ul style="list-style-type: none"> ✓ Proximity to World Heritage Sites, Shatili and Mutso fortress -villages - Kazbegi Protected Area; ✓ Proper central road infrastructure <p>✓ Cultural and natural phenomena</p> <ul style="list-style-type: none"> ✓ Biodiversity and unique ecosystems; ✓ Pristine nature ✓ Pshav-Khevsureti Protected Areas ✓ Rich intangible culture (traditional clothing, folklore, cuisine, holidays) ✓ Shrines 	<p>Management</p> <ul style="list-style-type: none"> ✓ Lack of professional qualification and skills in tourism product development, management and branding; ✓ Lack of financial resources and investments; ✓ lack of inventory (ex. GPS); ✓ Lack of vehicles, which would simplify description of resources and communication with the community <p>Location and accessibility</p> <ul style="list-style-type: none"> ✓ Access to high mountain villages during the winter; ✓ Poor state of inner roads <p>Cultural and natural phenomena</p>

<ul style="list-style-type: none"> ✓ Vazha-Pshavela House Museum, Goderdzi Chokheli House Museum ✓ Ethnographic Museum ✓ Rich in water resources (lakes, rivers) <p>Local community</p> <ul style="list-style-type: none"> ✓ Embroidery, Culinary, Honey and Livestock Tradition; ✓ Rich Pshavian and Khevsurian folklore <p>Product and infrastructure, tourism requirements</p> <ul style="list-style-type: none"> ✓ Adventure sports opportunities (two bases in Tvalivi) ✓ Popular tourist route (Juta-Roshka -Shatili-Mutso-Atsunta-Omal) ✓ Handicraft workshops (Pshavi, Piraketa Khevsureti) ✓ Ethnographic Museum, House-Museums <p>Marketing</p> <ul style="list-style-type: none"> ✓ Social network page of LEPL “Dusheti Cultural Heritage Preservation and Tourism Development Center” ✓ Social media marketing “Mountain News” ✓ Pshav-Khevsureti page https://experiencecaucasus.com 	<ul style="list-style-type: none"> ✓ Intangible handicraft tradition being given to oblivion by the local community; ✓ Ill-treatment and pollution of natural resources; <p>Local community</p> <ul style="list-style-type: none"> ✓ Low awareness of the local community in resource and business management; ✓ Diminishing interest in agricultural activities (eg. Nobody cultivates barley, production of Dambalkhacho has dropped) ✓ Low involvement of the local community in tourism development and management; ✓ Low qualification in tourism services; ✓ Poor knowledge of foreign languages ✓ Inflexible pricing policy for tourist services by active and passive months <p>Product and infrastructure, tourism requirements</p> <ul style="list-style-type: none"> ✓ Seasonality of the target area ✓ Failure or complete lack of appropriate infrastructure, including inland transport, communication, gas, electricity, sewage systems in a number of areas ✓ Modified traditional architecture ✓ Low qualification of tourism service providers; ✓ Poorly developed network of catering facilities (existing ones are only targeted at the local segment) ✓ Small number of entertainment spaces and activities; ✓ Lack of agrotourism products
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	<ul style="list-style-type: none"> ✓ Lack of local guides and poor knowledge of foreign languages for communication purposes; ✓ Lack of safety components and irregularities in rental facilities (except of bicycle center in Tvalivi village); ✓ Routes not marked (including the National Park); ✓ No tourist infrastructure at sightseeing sites; ✓ Absence of spaces (stalls) where local products and souvenirs will be sold; ✓ Non-diversified tourism products. <p>Marketing</p> <ul style="list-style-type: none"> ✓ Lack of access to the information on tourist services; ✓ Inability to book tourist services electronically; ✓ Non-segmented tourism market and lack of appropriate positioning on target segments.
Opportunities	Threats
<p>Management</p> <ul style="list-style-type: none"> ✓ Development of various professional skills with respect to tourism products; ✓ Development of the volunteer system <p>Location and accessibility</p> <ul style="list-style-type: none"> ✓ Road rehabilitation and development of tourist routes; ✓ Arrangement of the transport system; <p>Local community</p> <ul style="list-style-type: none"> ✓ Increasing awareness of the local community in terms of tourism product development 	<p>Management</p> <ul style="list-style-type: none"> ✓ Lack of communication with the local community ✓ Deterioration in the quality of service and loss of attractiveness of tourism destinations (since visitor satisfaction survey is not administered, problems remain largely undetected and no care is taken on their settlement) <p>Location and Accessibility</p> <ul style="list-style-type: none"> ✓ Avalanche hazards <p>Local community</p>

<ul style="list-style-type: none"> ✓ Improving the quality of tourism services and diversifying offers <p>Product and infrastructure, tourism requirements</p> <ul style="list-style-type: none"> ✓ Development of ethnographic tours, integrated with nature ✓ Development and marking of hiking routes ✓ Diversifying tourism products and services to support the development of mining, adventure, eco-tourism. ✓ Development of rural tourism packages (which involves development of rural tourism elements, one package that includes interaction with domestic animals, participation in dairy production, involvement in agriculture, etc.); ✓ Offering tours integrated with the nature (collection of berries); ✓ Tourist packages with local transportation facilities <p>Marketing</p> <ul style="list-style-type: none"> ✓ Update and availability of printed products (guidebooks) in tourism information centers; ✓ Putting the Tourism and Culture Department of the municipality in charge of managing the site: https://experiencecaucasus.com ✓ Development of a calendar for annual events; ✓ Planning / organizing information tours; ✓ Development of an application on designed tourist routes or incorporation into an existing “Trail” system. 	<ul style="list-style-type: none"> ✓ Threat of losing authenticity and cultural identity; ✓ Conflict with the community (illegal wood cutting, hunting); ✓ Depletion of high mountainous villages <p>Product and infrastructure, tourism requirements</p> <ul style="list-style-type: none"> ✓ Ease of access to tourism destinations is accompanied by the risk of mass tourism and unsustainable use of resources, loss of authenticity and deterioration of service quality <p>Marketing</p> <ul style="list-style-type: none"> ✓ Incorrect positioning
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7. Evaluation results for providers of local tourism products

Through face-to-face and telephone interviews, a total of 35 existing and potential tourism service providers were evaluated in the target area. Specifically, 20 accommodation facilities, 5 catering facilities, 5 rental service providers, 2 agri-farms and 3 handicraft facilities – two workshops, and one handicraftsman (see Table 7, by target areas).

Site	Target administrative units				
	Barisakho	⁴ Ukanapshavi	Magharoskari	Gudamakari	Zhinvali
Craftsman	1		1	1	
Catering facility	1		4		
Accommodation facility	11		9		
Rental	4				1
Agribusiness	2				
SUM	19	0	14	1	1
Total	35				

Table 7: facilities by categories and target areas

Below are the results of the survey and evaluation conducted by field experts for tourism service providers in the target area. The categories are further discussed in separate sections.

7.1. Accommodation facilities

According to the results of the survey, the biggest number of tourism service providers are concentrated in the given category of the value chain (20 facilities in total). Namely, 2 camping spaces, 1 hotel and 17 guesthouses.

As a result of summarizing the survey findings and evaluating the facilities, the following problems were identified:

7.1.1. Part of evaluation

Safety. None of the accommodation facilities complies with guest safety standards. The facilities have no smoke detectors or fire extinguishers. Neglect of safety norms demonstrates that the above-mentioned

⁴ In Ukanapshavi administrative unit, none of the tourism service providers could be identified during either primary or secondary research phase.

requirements are overlooked by both entrepreneurs and consumers. There is lack of control on the part of the state as well.

Infrastructure and inventory. The exterior and interior design of a guesthouse is one of the important components for attracting both local and foreign tourists. Traditional Georgian architecture, typical to the region is largely neglected. Use of non-traditional materials and damage of the old style ultimately causes the site as well as the tourist destination to lose its attractiveness and authenticity.

Apart from altered interior design, problems with the arrangement of the guest rooms are reflected in insufficient inventory, such as closets or hangers, well-functioning locks and chairs. Having no knowledge of specific standards, money invested in the guest room arrangement is frequently wasted; accessories that are essential for tourists, are frequently lacking. In almost all accommodation facilities, lack of proper linens and mattresses is a great problem, while it is a key requirement for guest comfort.

The main problem with bathrooms is that sanitation node is shared between the guest and the family, which is often a source of dissatisfaction for visitors. It is all coupled with the lack of cleanliness and ventilation as well as the lack of necessary accessories.

Frequently, yards of accommodation facilities lack outdoor furniture, entertainment spaces for kids, paved path from the gate to the building. Besides, a great number of family-run hotels do not have name plates or indicative signs.

Diversity and quality of service. Accommodation facilities mainly render accommodation and catering services to customers. Certain facilities also have extra offers for guiding, horse rental services or culinary master classes. It can be said that agritourism activities are largely neglected in tourist offers.

None of the accommodation facilities has well-formulated rules of conduct, with the exception of smoking bans. As for satisfaction surveys, only a few facilities administer them through e-commercial sites and/or in most cases, do with verbal evaluations.

Marketing and Sales. Most of the guesthouses are not registered on e-commerce sites while in case of the very few registered ones, the information provided on the facility or its services is not attractive and does not provide a complete picture. This makes it difficult to turn “intangible” tourism products into “tangible” ones for potential customers.

Guesthouses can only handle payments in cash and through invoices, since they cannot afford to incur additional expenses due to the size of the premises.

7.1.2. Survey results

Experience in the field of hospitality. Experience of accommodation facilities operating in the target area varies (see Chart 1); although, a number of facilities have experience of 1 to 3 years, with most of them having been developed with the support of the state-run program “Produce in Georgia”.

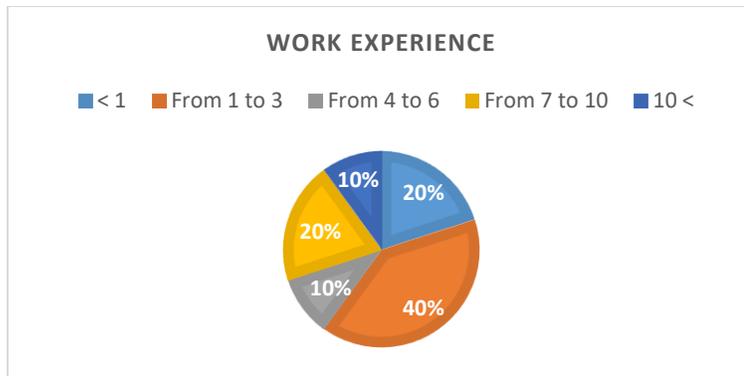


Chart1: Work experience of tourism facilities by years

Education: The majority of respondents have higher education (see Chart 2) and the majority (70%) have undergone a training in tourism and entrepreneurship within the framework of the "Produce in Georgia" program. It indicates that people have basic knowledge in this field.

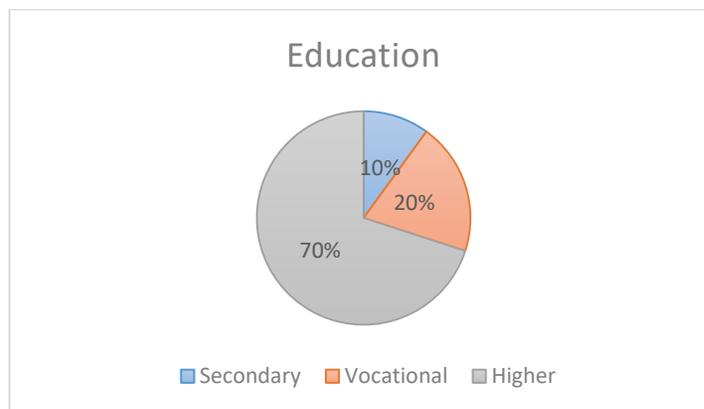


Chart 3. Entrepreneurs' quality of education



Chart 4. Percentage of trainings taken by respondents in the field of tourism

Visitor segmentation. According to the survey, 35% of local tourism service providers mainly serve foreign tourists (see Chart 5). However, Georgian tourists, who are mainly concentrated in Pshavi accommodation facilities, also hold a substantial share in the overall number of visitors.

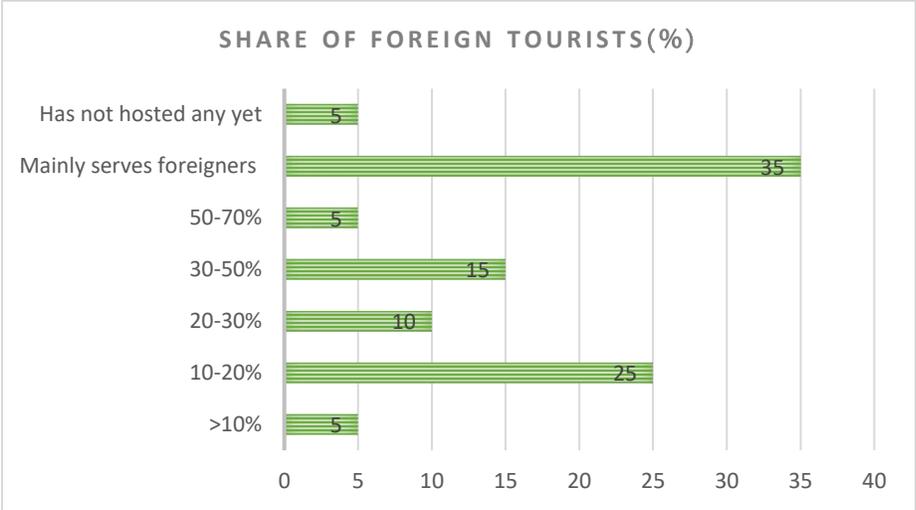


Chart 5. Share of foreign visitors in total load of facilities

As for the countries the facilities are working for, the picture looks as follows (see Chart 6). Germany is the main generator (14%), followed by the Czech Republic and Poland (11-11%); Israel is fourth and France is fifth. According to Georgia’s marketing strategy, Europe and Israel are one of the most important segments for the country. Although statistics demonstrate interest in Georgia, it is recommended to focus on this particular segment and to attract more European visitors, since the country’s awareness is still low in this segment.



Chart 6. Target markets

Seasonality and workload. According to respondents, 80% of the accommodation facilities are operating on a seasonal basis. In particular, the main load is in July and August. April, May, June, September, October are transitional months while November, December, January, February and March are passive ones. An important determinant of seasonality is the problem of gasification in the target area, which affects the total number of tourists in the facilities (see Chart 8).

As for the length of the stay at the facilities, for 60%, it varies from 1 to 3 days. The given segment mainly includes foreign tourists. As for local holidaymakers (domestic tourists), they stay from one to two weeks (40%). In this case, the main segment includes families with children, who prefer to stay in Pshavi valley.

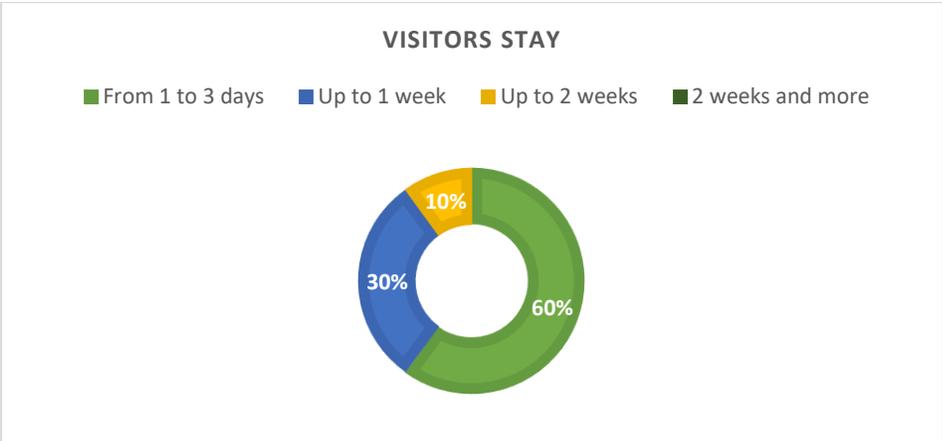


Chart 7: Duration of visitors' stay at accommodation facilities

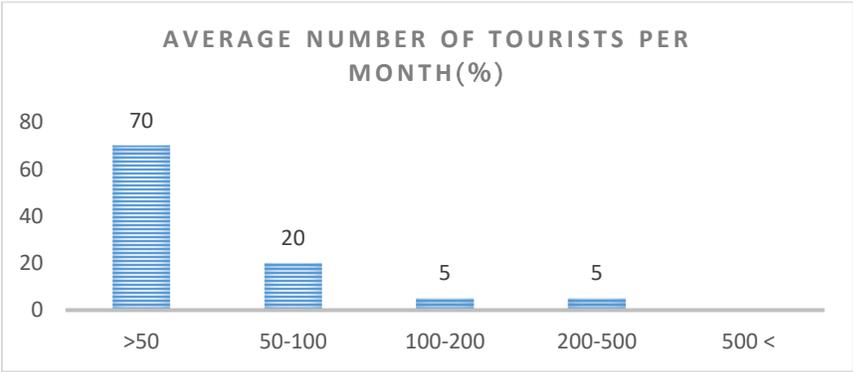


Chart 8: average number of tourists at the accommodation facilities per month

Facility Management. In terms of management and provision of services at the accommodation facilities, in most cases, only family members are involved. They distribute affairs between each other and manage the property on their own, irrespective of the season. Only 45% of respondents hire additional people for seasonal positions such as cleaner and cook. According to the respondents, they never know in advance how many seasonal workers they will need and they hire staff as per demand.

The majority of accommodation facilities (95%) offer full catering service to guests, with the option to agree on the menu in advance. A number of facilities also prepare lunch boxes for hiking routes.

Prices vary at the accommodation facilities. In Khevsureti, accommodation cost with breakfast included starts from 20 GEL and reaches 40 GEL at the most. In Pshavi, the cost varies from 10 GEL to 25 GEL. Demand is highest for two-course meals. Prices for this kind of service are in the range of 60-70 GEL in Khevsureti and 30-40 GEL in Pshavi.

As for pricing, it is mostly determined in Khevsureti by cost and profit margin while in Pshavi - by reference price and personal agreement with the visitors.

In extra services mentioned above, the facilities are mainly limited to offering transportation, guiding and culinary master classes. Only a few facilities offer agritourism activities such as beer brewing, but in this case, imported products are used as raw materials, which deprives the offer of its uniqueness and attractiveness.

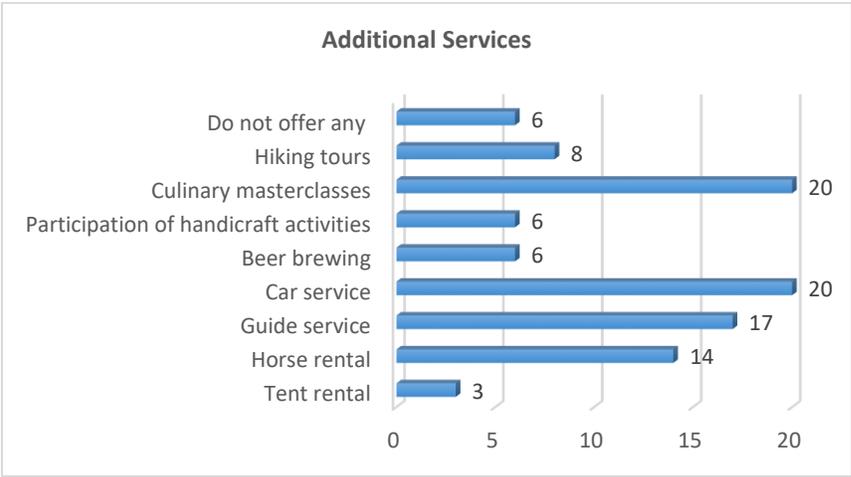


Chart 9: Additional services at the sites

Marketing and sales. Only 29% of respondents use e-commerce sites to raise awareness and obtain bookings. 41% - social network (facebook.com), and 30% consider the possibility of using these channels in future to raise awareness and attract potential customers.

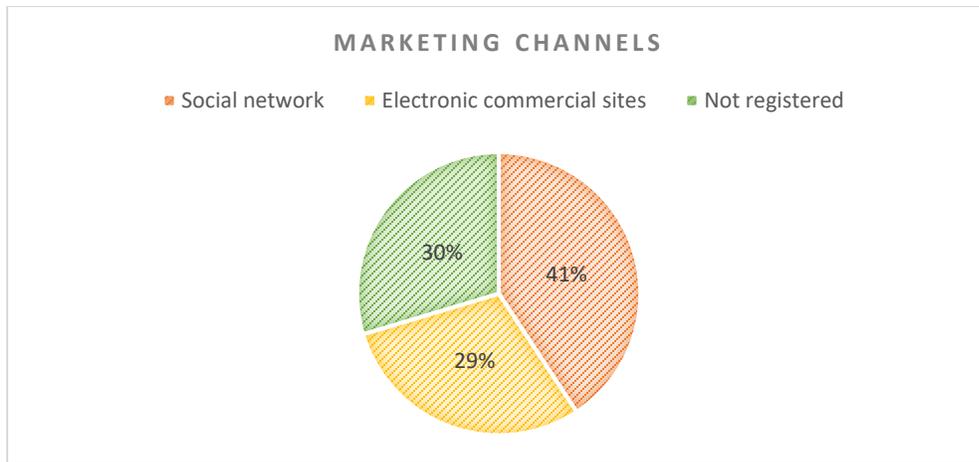


Chart 10. Communication channels for disseminating information about the facilities

30% of respondents identify tourism companies, mostly located in Khevsureti community, as the main sales channels for their products and services (see Chart 11). 22% of the facilities report that visitors are sent to them by local tourist service providers (mostly in Pshavi); 4% name Tusheti and Kazbegi tourism service providers who recommend accommodations in this area, and 13% - loyal guests and their recommendations. Bookings from the electronic sites are also worth mentioning, making up 9% in total.

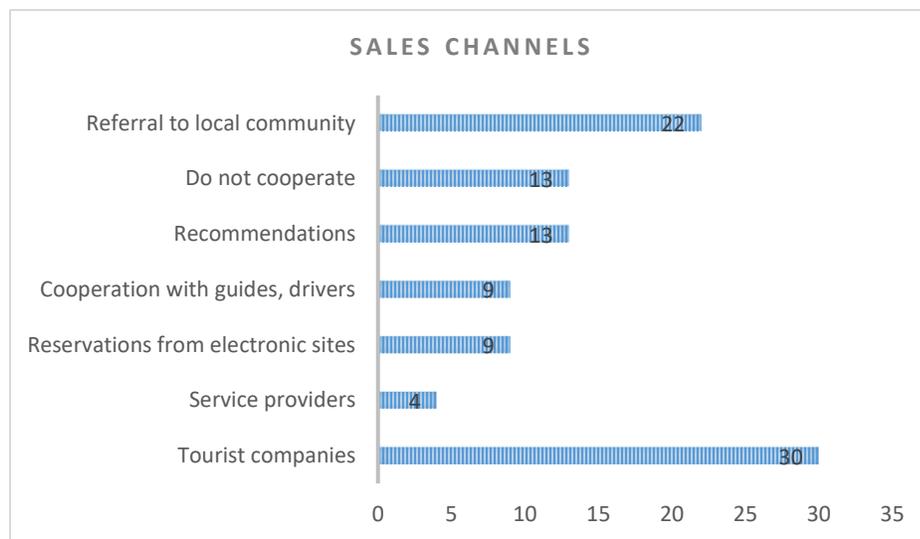


Chart 11. Received booking channels

As for the main impediments to tourism development, the entrepreneurs named the following ones:

- Poor road infrastructure;
- Power supply disruptions (provided by a small HPP that is frequently out of order);
- No gasification, which prevents the facilities from operating all year round;
- Lack of marked routes and poor tourist infrastructure (information boards, signs, garbage bins);

- Lack of jobs, which fuels migration
- Problems with agribusiness development, lack of natural products
- Low awareness of the region

7.2. Catering facilities

Five local food service providers, willing to develop and actively engage in the tourism sector took part in the survey. According to the methodological section, field expert evaluated catering facilities on the site, namely, one restaurant and 4 cafes (this is the way entrepreneurs classify the facilities).

7.2.1. Evaluation

Main problems identified when evaluating catering facilities:

Safety. In general, this is the most problematic component for all types of facilities. Problem mainly lies in lack of knowledge and poor awareness of threat prevention among both customers and service providers, which ultimately affects the safety conditions. The majority of the facilities do not have an evacuation plan, smoke detectors/fire extinguishers and emergency lighting. Absence of first aid medical toolkit is another critical point.

Infrastructure and inventory. Catering facilities in the target area are poorly developed and are mainly represented in the category of cafes and canteens, with the exception of Khomi restaurant in Pshavi. Conditions vary in terms of infrastructure and inventory, but the common drawback is the lack of a uniform concept. Catering infrastructure, exterior / interior design and menu are not relevant to the category as well as to the concept of the facility.

The condition of kitchens and bathrooms is particularly critical. Kitchens are not divided into workstations where products would be split up in order to avoid cross-contamination. In a number of facilities, product storage conditions are violated, freezers are not separated by product types, and temperature is not controlled. They also lack technical equipment such as dishwashers and so on.

The condition of bathrooms is one of the major problems for food establishments. They mainly have the so-called “Turkish toilet bowls” which do not have an individual sewage system and in most cases join the river. The hygiene problems are further compounded by the lack of required accessories; there is no ventilation either.

Menu. Most catering facilities do not have a well-formulated printed menu or, if they do have, it is just a single sheet paper, with no emphasis on the visual or contextual elements. When offering meals and drinks, structure is not considered. The catering facilities need to develop a tourist menu with appropriate wording and emphasis on regional dishes, since a properly designed menu is the main marketing tool for catering establishments.

Services. The catering facilities do not have bank terminals, which is a hindrance to visitors when paying for tourist services. As for the ordering system, it can only be managed through telephone communication. Khomi is the only restaurant represented on electronic marketing communication channels (ex. Booking.com).

7.2.2. Survey results

Experience in the field of hospitality. The work experience of all five facilities interviewed within the survey is different (Chart 12), which implies that they require different types of development support.

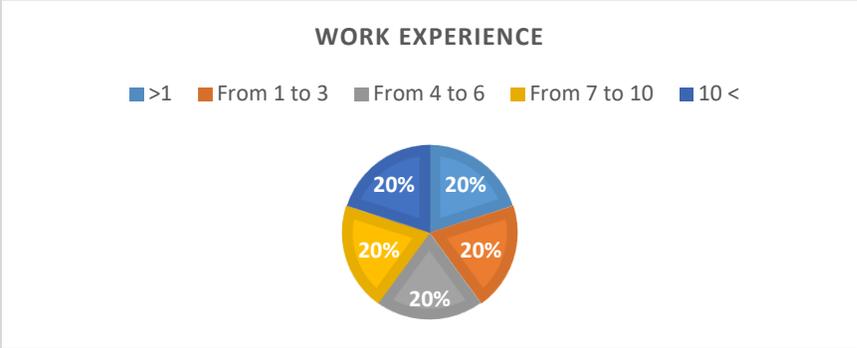


Chart 12. Experience of respondents by years, reflected in %

Visitor segmentation and seasonality. The segment of the surveyed catering facilities includes both local residents as well as domestic and international tourists; although, as respondents point out, there is less interest on the part of foreign tourists in the facilities (see Chart 13). The average number of tourists in the months of active season look as follows (see Chart 14).

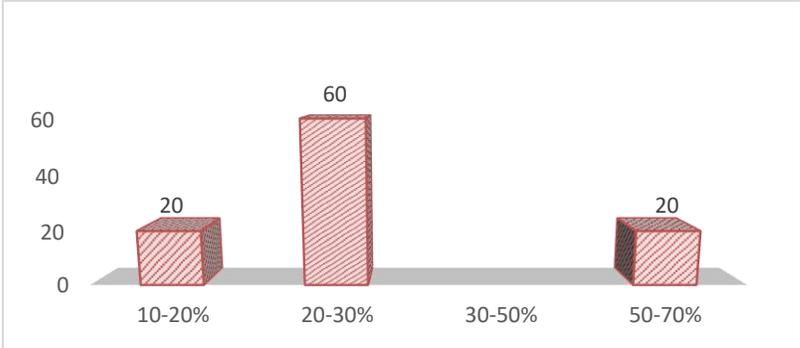


Chart 13. Share of foreign tourists in total number of visitors

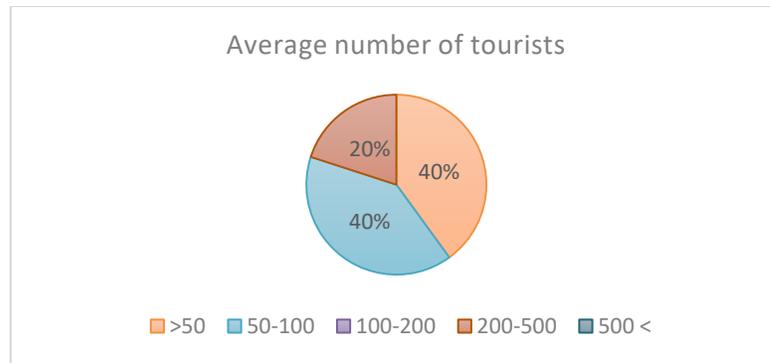


Chart 14. Average number of tourists per month, during active season

As for seasonality, the survey demonstrated that food establishments located in Pshavi operate all year-round depending on the location and main segment (locals) (see Chart 15), while operation is seasonal in Barisakho; It starts in spring and lasts until late autumn. As for the active months, respondents mainly named the period of May–October.



Chart 15. Workload of catering facilities

The spending capacity of guests varies by facilities as reflected in the amount spent per person. Specifically, for 60% of the facilities, spending per person for food consumption is 20-30 GEL, and for 40% - visitors spend 10-20 GEL.

Management of catering facilities. The majority of the catering facilities hire the local staff. They have both permanent and seasonal staff. On average, 2 to 4 people are regularly employed at the facility; additional people are hired as needed. Seasonal staff mostly include the positions of cook, waiter and administrator. The majority of the respondents do not care about building employees' capacities and do with just sharing their personal experiences.

It is noteworthy that 60% of respondents have not been inspected by the Food Quality and Safety Service, which may have a negative impact on the quality of offered products on the one hand, and on the other, may pose a risk to business development.

Marketing, sales and product development. Catering facilities are offering only Georgian cuisine to visitors. Despite increase in the number of tourists, none of the facilities has introduced a tourist menu that would put an emphasis on local dishes and would be designed with corresponding visual elements.

Respondents do not much use marketing channels to increase awareness and popularity of the site. Only 40% are registered on social networking sites (Facebook.com), and none are represented on intermediary websites such as Tripadvisor.com, foursquare.com and more. According to respondents (40%), tourists mainly visit the site because of its visibility or through personal contacts (including through travel companies).

50% percent of catering facilities regard culinary masterclasses as an additional service (see Chart 16), and 33% receive orders from local residents. As an additional service, Restaurant Khomi offers accommodation in the same space, in particular, hotel services to its guests.



Chart 16. Additional services at catering facilities

The desire of respondents to improve their knowledge and professional skills at catering facilities looks as follows (see Chart 17); in case of increased tourist flow, all respondents expressed desire for product development and diversification.



Chart 17. Desirable training topics named by respondents

7.3. Traditional crafting activities

In terms of traditional crafting, the situation differs in the target area. At the preliminary study phase, two handicraft workshops were identified in Barisakho and Magharoskari administrative units; during the field research, a craftsman doing traditional knitting was also identified.

The following problems were revealed as a result of evaluating traditional handicraft facilities. In particular, in the case of Gudamakri master - lack of knowledge of tourism product development; for all three facilities - lack of information and experience in the use of electronic marketing channels. Respondents were unanimous in their desire for active involvement in the tourism sector, mainly in the development of workshops and master classes.

Product development and marketing. Products in both cases are diversified, however, respondents need to refine their products in terms of regionality, functionality and design. They also do not have packaging and information cards indicating by whom and under what conditions the item was made or what additional cultural or social value the item has.

The scale of production varies by craftsmen, depending on the complexity of produced items and the time required for production. As far as sales are concerned, mainly Barisakho workshop has problems; Magharoskari workshop does well with sales with help of the Traditional Craft Association. The workshop sells products to the Association's store chain "Ethnodesign" and actively participates in various fairs and exhibitions.

Given the current circumstances, all three facilities have different development needs; therefore, different approaches should be applied when offering financial and technical support.

7.4. Agribusiness

On the basis of the information provided by stakeholders at the research phase, 2 agricultural farms were interviewed in Barisakho administrative unit. These are: herbal tea production and cattle breeding (meat and dairy products). At present, none of the facilities is involved in the tourism industry, however, they consider the possibility of diversifying in the direction of tourism services in the future. In case of tea production, there is interest in packaging and retail sales at tourist facilities, in product diversification by adding forest dried fruit. In case of the second facility - in developing infrastructure, arranging economic and tasting areas for tourists. As for technical support - introducing new technologies and enhancing knowledge in tourism sector.

Given the proper development of the concept, infrastructure, cleanliness and safety norms, both facilities have significant potential for engaging in the tourism sector.

7.5. Rental service

In the rental service category, car (Delica) and horse rental providers were assessed in Barisako Administrative Unit, and the Adventure Tourism Center - in Zhinvali Administrative Unit.

Safety. The service providers, with the exception of the Adventure Tourism Center, fail to comply with minimum safety standards. Firstly, horse rental providers do not have a place where visitors could go and select horses and equipment on their own. Accordingly, the first aid inventory and insurance component are not provided for. As a result, the issue of legal liability is a critical point for both inventory damage and customer injuries.

Management of the facility. The work experience of the given facilities exceeds 5 years, which leads them to have a vision on future development of the tourism industry. For car rental, there are no separate facilities, only the Adventure Center has a base for visitors to get the service. In other cases, contact is made through personal relations and pre-mobilization. Respondents note that they serve both foreign and local tourists. As with other tourism service providers, seasonality also applies here. In particular, July and August are active months; May, June, September, October are transitional months while November, December, January, February, March and April are passive.

Respondents have significant problems with facility management because they do not plan their budget, do not produce cost estimates and do not know how many people they serve during the season. These circumstances also affect their performance and percentage of sales.

Marketing and product development. From general requirements, rental facilities fail to meet the information accessibility component. Information about them is not available on the Internet. For profit maximization, it is also advisable to introduce some extra services to customers on top of the basic ones (ex. organized tours, selling of maps, food service, etc.).

As a result of evaluating tourism service providers, the following problems and needs were identified for improvement of the local tourism value chain.

A) Accommodation facilities

Detected problem	Need
<ul style="list-style-type: none"> • Unsatisfactory hygienic conditions 	<ul style="list-style-type: none"> • Provision of information and raising awareness on modern standards and hygiene norms.
<ul style="list-style-type: none"> • Neglect for guest safety standards 	<ul style="list-style-type: none"> • Enhancing knowledge on safety issues; • Financial support to ensure compliance with minimum safety requirements on site (fire extinguishers, smoke detectors).

<ul style="list-style-type: none"> • Inadequate state of the building, yard and surrounding area 	<ul style="list-style-type: none"> • Raising awareness on modern standards of yard, interior and exterior design; • Financial support with arrangement of the building, yard and surrounding area in line with local architectural style.
<ul style="list-style-type: none"> • Lack of knowledge and skills in hospitality standards and hotel management 	<ul style="list-style-type: none"> • Enhancing knowledge on modern standards of hotel management and hospitality
<ul style="list-style-type: none"> • Catering at the accommodation facilities 	<ul style="list-style-type: none"> • Enhancing knowledge on beverage and catering services at guesthouses
<ul style="list-style-type: none"> • Lack of diversified offers 	<ul style="list-style-type: none"> • Enhancing knowledge on product/service diversification and offering financial assistance to support development
<ul style="list-style-type: none"> • Inadequate sanitary conditions 	<ul style="list-style-type: none"> • Providing information and raising awareness on modern standards of sanitary and hygiene norms. • Enhancing knowledge on provision of hotel cleaning services • Financial support for arrangement of bathrooms.
<ul style="list-style-type: none"> • Discrepancy between overnight stay cost and quality of service 	<ul style="list-style-type: none"> • Enhancing knowledge on pricing • Budget planning and management

B) Catering facilities

Detected problem	Need

<ul style="list-style-type: none"> Seasonality of catering facilities 	<ul style="list-style-type: none"> Enhancing knowledge in product development and marketing.
<ul style="list-style-type: none"> Inconsistence of the menu with the type of the catering facility Design and content of the menu 	<ul style="list-style-type: none"> Enhancing awareness on product planning/development and marketing; putting focus on traditional dishes of local cuisine.
<ul style="list-style-type: none"> Unsatisfactory hygienic conditions 	<ul style="list-style-type: none"> Providing information and raising awareness on modern standards of sanitary and hygiene norms, food safety issues; Financial support for arrangement of kitchen and sanitary facilities.
<ul style="list-style-type: none"> Neglect of safety norms 	<ul style="list-style-type: none"> Enhancing knowledge on minimum guest safety standards; Financial support to ensure compliance with minimum safety requirements on site (fire extinguishers, smoke detectors).

C) Handicraft facilities

Detected problem	Need
<ul style="list-style-type: none"> Lack of regional souvenirs 	<ul style="list-style-type: none"> Refinement of products in terms of regionality, functionality and design. Support with product packaging and branding.
<ul style="list-style-type: none"> Lack of product sales channels and poor skills in product exhibition/display. 	<ul style="list-style-type: none"> Raising awareness in marketing; introducing exhibition methods and principles; enhancing knowledge about modern methods of sales (direct / indirect)

<ul style="list-style-type: none"> Lack of workshops and master classes 	<ul style="list-style-type: none"> Financial and technical support to handicraftsmen in development of workshops and formation of master classes.
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D) Agribusiness

Detected problem	Need
<ul style="list-style-type: none"> Lack of agro tourist farms Low awareness and problems with availability of local agro products at tourist sites 	<ul style="list-style-type: none"> Financial and technical support to existing agribusinesses in arranging tourism infrastructure and developing relevant offers. Support with marketing, branding and sales

E) Rental facilities

Detected problem	Need
<ul style="list-style-type: none"> Lack of equipment and their condition 	<ul style="list-style-type: none"> Financial and technical support for appropriate equipment
<ul style="list-style-type: none"> Lack of information on rental services on Internet 	<ul style="list-style-type: none"> Enhancing knowledge on marketing in general and e-marketing in particular.
<ul style="list-style-type: none"> Neglect of customer safety standards 	<ul style="list-style-type: none"> Enhancing knowledge on first aid methods
<ul style="list-style-type: none"> Lack of insurance 	<ul style="list-style-type: none"> Legal advice on customer and rentor liability and inventory insurance.

8. Stakeholders

The following problems and needs were identified by stakeholders:

Detected problem	Need
<ul style="list-style-type: none"> Lack of local guides 	<ul style="list-style-type: none"> Preparation of local guides
<ul style="list-style-type: none"> Inappropriate hygienic conditions at tourist facilities 	<ul style="list-style-type: none"> Providing information and enhancing knowledge on modern standards of sanitary-hygienic norms
<ul style="list-style-type: none"> Inadequate quality of service 	<ul style="list-style-type: none"> Enhancing knowledge on hospitality and service standards
<ul style="list-style-type: none"> Loss of traditional architectural appearance, which in the long run will diminish interest in tourist destinations 	<ul style="list-style-type: none"> Enhancing knowledge about preservation of authentic environment and its necessity in planning and offering tourist services; Need to use traditional materials when supporting the infrastructure component
<ul style="list-style-type: none"> Lack of accommodation facilities and poor choice of categories 	<ul style="list-style-type: none"> Support in development of various categories of accommodation facilities
<ul style="list-style-type: none"> Absence of agrotourist farms 	<ul style="list-style-type: none"> Supporting existing agro businesses with planning/offering tourist infrastructure and services, with focus on maintaining/restoring and promoting local traditions
<ul style="list-style-type: none"> Lack of traditional handicraft workshops 	<ul style="list-style-type: none"> Development of craft workshops and popularization of traditional crafts, development of master classes and planning/offering of tourist infrastructure and services (only Georgian wool, herbal dyeing, use of traditional ornaments and colors).
<ul style="list-style-type: none"> Lack of hiking, biking, horse riding routes, no marking 	<ul style="list-style-type: none"> Planning, development and marking of hiking, bicycle, horse riding routes in line with national standards of marking; arrangement of small tourist infrastructure.
<ul style="list-style-type: none"> Poor knowledge of quality standards 	<ul style="list-style-type: none"> Introduction of quality management issues
<ul style="list-style-type: none"> Lack of knowledge and skills in product development and marketing 	<ul style="list-style-type: none"> Enhancing awareness and conducting trainings in product planning/development and marketing
<ul style="list-style-type: none"> Lack of trained staff 	<ul style="list-style-type: none"> Provision of vocational trainings

<ul style="list-style-type: none"> • Service quality at catering facilities 	<ul style="list-style-type: none"> • Enhancing awareness on food safety and hospitality standards
<ul style="list-style-type: none"> • Inappropriate, irrational and unsustainable use of grant funds 	<ul style="list-style-type: none"> • Grant funding based on pre-defined conditions, such as international (http://www.eceat.org/) or local (Georgian Ecotourism Association) evaluation criteria; increase of the grant amount at the expense of reducing the quantity to create high quality and sustainable tourism products (consideration of the lessons learned from the program “Produce in Georgia”); In addition, monitoring component should be introduced.

9. Tour Operator Survey Results

The study demonstrated that most of the tour operators in the target area are focused on Pshav-Khevsureti whereas Gudamakari valley remains largely neglected due to the lack of tourist products and services. In Pshavi, tour-operators are mostly interested in adventure and rafting bases (including for visitors coming from Kazbegi tour) and do not go beyond Chargali village, as tourist services are not developed in Ukana Pshavi. In Piraketa Khevsureti, demand is high for Abudelaury direction (sometimes with the prospect of extending the route to Juta or Atsunti Pass); On the way, guesthouses or family-run catering facilities serve as stopping places for tourists. Travel company “Travel Shop” is actively working on hiking and horse riding tours in Chirdili, Likoki and Okherkhevi valleys. However, Shatili-Mutso direction represents a place of particular interest for substantial part of Piraketa Khevsureti visitors. As for Gudamakari valley, as mentioned above, it triggers less interest; Hiking tours are mainly tailored to domestic tourists. Goderdzi Chokheli House Museum is the site of interest for domestic tourists only.

As for tours, they mainly represent a combination of cultural and adventure tours, with hiking and riding elements. The main segment in this direction is West Europe, namely Germany, France, Austria, Switzerland, the Netherlands, Belgium and England to be followed by Central and Eastern Europe: Poland, Czech Republic, Latvia, Lithuania, Estonia. From Southern Europe - Italy; From distant countries - America and Australia. There is little interest and low intensity from the post-Soviet countries, in particular Ukraine and Russia.

In terms of age segment, the study showed that the majority of tourists (43%) are aged between 36-55 (see Chart 18). This is the most economically active segment, which means that given their income, they are distinguished for higher demand for comfort and diversified tourism products.

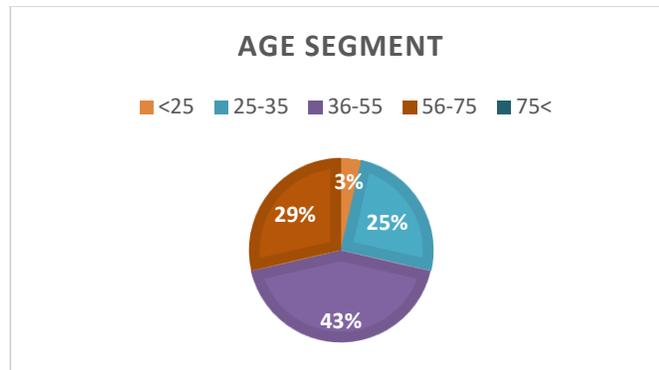


Chart 18. Main age groups named by tour operators

Duration of tours varies depending on the visitor's request, though the average duration is 2-3 days (36%). (See Chart 19).



Chart 19. Average duration of tours

Tour operators mainly use guesthouses and cottages of Aragvi Adventure Center, as other types of accommodation facilities are not available in the area. Extra services include rental of horses and Delica, master classes in family-run hotels, local guides and various activities at the Adventure Center.

A number of factors hindering tourism development have been identified in the target area.

Specifically, tour operators identified the following main problems at the local level:

- Unsustainable tourism development and lack of state control mechanisms;
- Problems with road infrastructure
- Lack of toilets
- Lack of information both in the form of printed products and in the Internet;
- Lack of tourist infrastructure at cultural and natural sites (landmarks, information boards, recreation areas);
- Environmental pollution with solid waste;
- Lack or absence of shops, pharmacies and other support facilities;

Problems identified at the entrepreneurial level:

- Lack of catering and accommodation facilities, lack of choice (mainly guesthouses and canteens)
- Neglect of food hygiene and food safety norms in catering facilities;
- Lack of diversified tourism offerings, such as folklore, traditional crafts, agri-tourism services, adventure activities;
- Low quality of service / unqualified staff in both accommodation and catering facilities; lack of qualified local guides; non-compliance with equipment quality and safety measures for rental services;
- Cashless payment option not available.

The situation is grave in Khevsureti in terms of the quality of available tourism services (see Chart 20). The situation could not be assessed in Gudamakari, as the given area is not included in available tourist offers. Given the tourism potential of the target area, low quality of tourist services significantly impedes the development of the tourism destination. Therefore, its is urgently required to enhance staff qualification in business management and service provision. As for product diversification, situation is tough in all areas alike (see Chart 21). It is necessary to develop new tourism products at both local and entrepreneurial levels and to support their correct packaging and positioning.

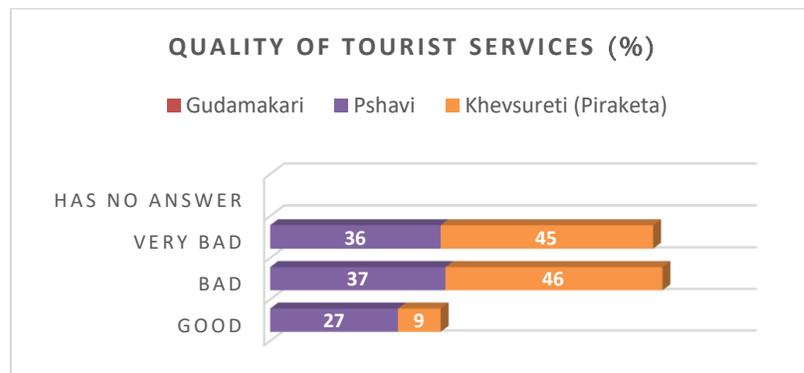


Chart 20. Quality of services, as assessed by tour operators in target areas

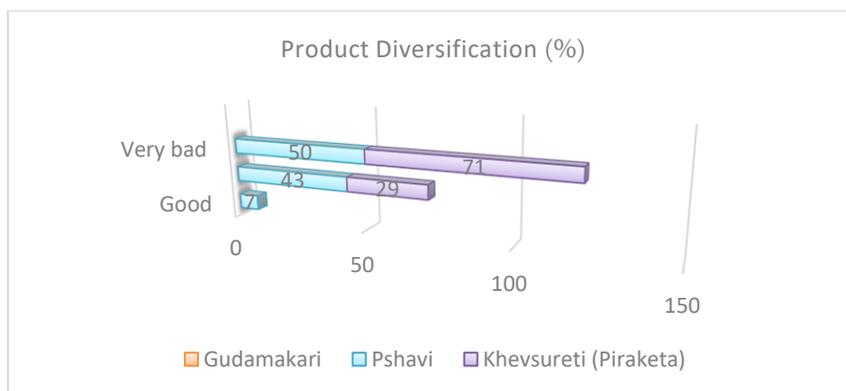


Chart 21. Diversification of tourism products identified by tour operators, by areas

Despite the existing problems, the impression of tourists is quite positive (see Chart 22), which underscores the urgent need for sustainable development of tourism management.

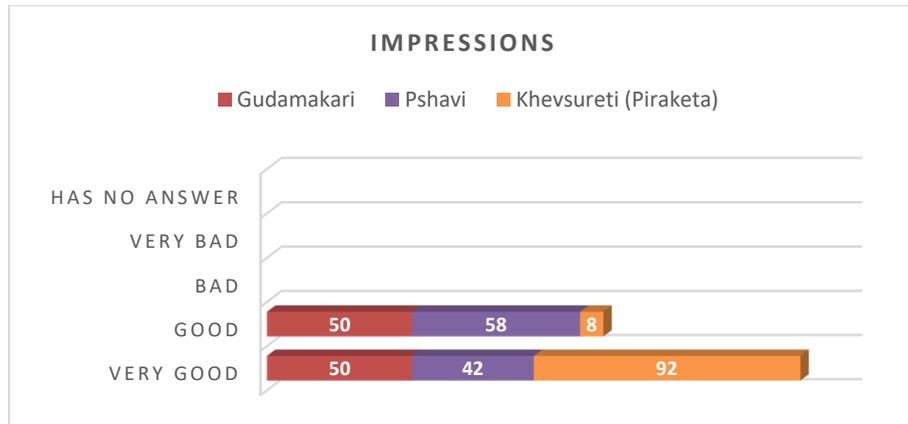


Chart 22. Impressions of tourists as described by tour operators

Problems identified at tour operator research stage and recommendations for development:

Detected problem	Need
<ul style="list-style-type: none"> Lack of local guides; Low qualification of existing guides; Lack of organized tours and hiking routes. 	<ul style="list-style-type: none"> Preparation / training of local guides in foreign languages, guide competencies and safety issues; Development of local companies providing guiding services; Focusing on untapped tourist routes and areas, developing new tourism products (tours) through infrastructure and interpretation. Redistribution of tourist flows to other areas (Ukanapshavi, Gudamakari) by creating new tourism products.
<ul style="list-style-type: none"> Poor knowledge of Russian and English languages in the consumer sector. 	<ul style="list-style-type: none"> Intensive, practical training of local service providers in Russian and English languages.
<ul style="list-style-type: none"> Lack of comfort in accommodation facilities and neglect of sanitation norms (ex. Bathrooms, quality mattresses and linens) 	<ul style="list-style-type: none"> Enhancing knowledge and skills on guesthouse arrangement and management standards, financial support;

<ul style="list-style-type: none"> • Lack of diversified tourism products 	<ul style="list-style-type: none"> • Development of competencies and financial support for tourism product diversification. Specifically, product / service diversity would increase duration of visits and would help to attract different target groups. • Supporting hotel development
<ul style="list-style-type: none"> • Lack of flexible forms for cooperation with tour operators; 	<ul style="list-style-type: none"> • Enhancing knowledge on long-term cooperation with intermediaries (including discounts, exclusive services, etc).
<ul style="list-style-type: none"> • Small number of catering facilities and lack of choice in the categories; • Low quality of service; • Inconsistence of menu with the category of the catering facility; Absence of tourist menu; • Lack of diversified offers (ex. culinary master classes, folk evenings). 	<ul style="list-style-type: none"> • Promoting diversification of catering facilities • Training staff of catering facilities in the following areas: <ul style="list-style-type: none"> - Food safety and hygiene; Development and promotion of local cuisine; - Diversification of products (dishes) and their proper presentation in the menu (with emphasis on local dishes); - Typology of catering facilities, related infrastructure and attributes.
<ul style="list-style-type: none"> • Low cultural awareness and poor knowledge of hospitality standards 	<ul style="list-style-type: none"> • Enhancing knowledge and awareness on customer relationship standards; • Development of intercultural competencies
<ul style="list-style-type: none"> • Lack of diversified tourism products on site 	<ul style="list-style-type: none"> • Supporting local craftsmen with development of masterclasses and arrangement of workshops, where visitors will have an opportunity to get familiar and take part in production process, purchase handmade products; • Development of agri-tourism farms with relevant infrastructure and food safety standards, where visitors will be able to participate in or observe agro-tourism

	<p>activities, taste and purchase packaged products.</p> <ul style="list-style-type: none"> • Development of rental services with due regard to necessary equipment and safety standards
<ul style="list-style-type: none"> • Poor knowledge of modern business skills 	<ul style="list-style-type: none"> • Developing modern business skills and raising the level of knowledge

10. Conclusions

The implemented studies and tourism value chain analysis revealed the need for strengthening tourism sector in the target area.

As of today, tourism development in the area is uneven and is mainly concentrated on the central road and the surrounding villages, while Gudamakiri and Ukanapshavi resources remain completely untapped. It was caused by increasing demand for Shatili and Abudelaury lakes, which was further supported by government and non-governmental projects implemented in the target area. Expansion of tourism coverage from tightly concentrated sites will relieve the area from tourist overload on the one hand, and involvement of the population in sustainable tourism development, on the other, will promote social-economic development and return of migrants.

From accommodation facilities, guesthouses and camping sites are prevalent, operating in the area on a seasonal basis due to lack of heating in winter. In particular, there is no gasification in the area, which impedes year-round operation of the facilities.

The catering facilities are mainly represented by canteens, with locals being the main target segment. The language barrier, low quality of service, neglect of traditional cuisine in the offerings cause lack of interest among intermediaries, tour operators and individual travelers.

Craftsmen working in the area are somewhat involved in the tourism industry, but need support in terms of master classes and product packaging. As far as agribusinesses are concerned – they need support in terms of adding tourism infrastructure and services that would allow visitors to get familiar with the production process and take part in it upon desire. Agro businesses are not much supplying the local tourist facilities, which in turn affects the development of the local economic chain.

Overall, people interested in tourism need additional trainings in tourism business management and service delivery. In this regard, close cooperation with donors and regional vocational colleges is of great importance.

As for tourism infrastructure, it needs to be further developed with the financial support of state or donor organizations. In order to develop a small tourism infrastructure, it is first necessary to prepare projects on arrangement of hiking trails as described in the methodology, as well as on marking routes in accordance with technical regulations of the Georgian hiking trails; then, necessary amenities should be introduced. It is also necessary to arrange stalls at key places and tourist sites for selling local handicrafts and food products.

10.1 Recommendations

Intervention site	Intervention	Responsible entity	Intervention result
Enhancement of knowledge and development of relevant competencies among tourism staff	Elaboration of work schedules by positions; Short-term trainings in specific areas such as quality assessment of tourism services, tourism product development, digital marketing, event management, introductory tours in local tourism management organizations (DMOs) and others.	Dusheti Center for Cultural Heritage Preservation and Tourism Development, Regional Development Agency, Donor Organizations	Group of professionals
Refinement of transportation system	Road infrastructure arrangement; proper and safe municipal transport; Availability of information on transport schedules for both local and foreign tourists; Basic knowledge of foreign languages by drivers.	Regional Development Agency, Dusheti City Hall, Donor Organizations	Ease of access and well-functioning transportation service
Tourist trails	Infrastructure development and interpretation on existing routes in Aragvi protected landscape; Supporting development of potential tourism routes with community involvement (see Chapter 10.1)	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, Dusheti City Hall, Donor Organizations	Marked and interpreted tourist routes and various types of tourism products developed nearby
Accommodation facilities	Facilitating development and assisting various categories of accommodation facilities with regard to individual needs, safety and arrangement standards https://www.countryliving.com/life/travel/g19611934/glamping/ ; Ex. In order to eliminate major problems in guesthouses: arrangement of additional bathrooms (existing ones are used by families themselves),	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, Dusheti City Hall, Donor Organizations	Duly developed accommodation facilities with safety measures in place, with authentic environment, with focus on traditional activities, crafts,

	provision of quality mattresses and linens, arrangement of a heating system to reduce seasonal work of facilities; Other additional needs include safety measures, focus on local architectural appearance and promotion of traditional activities in offers.		culinary activities and more
Development of agrotourist farms	Grant-based projects to develop agrotourism farms. In particular, supporting existing farms (small, medium) with development of tourism infrastructure and services with consideration of local traditional elements; focusing on development and promotion of traditional food products in offers. It is advisable to consider European standards as guiding prerequisites for the development and management of agri-tourism facilities (http://www.eceat.org/), or the evaluation criteria developed by the Georgian Ecotourism Association at the local level.	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, Dusheti City Hall, international and local CSOs.	Well developed agrotourism farms, restored traditions.
Supporting development of catering facilities	Offering support to catering facilities with engagement in the tourism sector. In particular, support with infrastructure, inventory and technical issues to ensure alignment between the type of the facility and its concept.	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, international and local CSOs	Well-developed catering facilities, positioned on various segments.
Development of craft workshops	Grant projects to support handicraftsmen. Specifically, support with restoration of traditional crafts, including the use of Georgian wool and natural dyes in the production of items, arrangement of workshops with traditional architecture and ethnographic elements; promoting the development of master classes and product branding.	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, Donor Organizations; Professional Unions / Associations (ex. Traditional Crafts Association)	Qualified handicraftsmen, restored handicraft traditions, participation of younger generation in maintenance of the tradition.
Rental facilities	Facilitating the rental of horses, bicycles with safety measures in place;	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, donor organizations; professional associations/unions.	Well-developed rental facilities providing secure and quality services; Availability of information for both Georgian and foreign customers.
Trainings for private sector	See table # 8 below.	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism	Enhanced quality of service

		Development, Dusheti City Hall, donor organizations.	
Marketing	Management of the website by Tourism Service, where information will be updated on a regular basis https://experiencecaucasus.com ; adding tourism service providers that comply with pre-agreed service standards; availability of printed materials in information centers; arrangement of information tours to introduce advanced tourism products; Arrangement of calendar events throughout the year (especially in passive and transitional seasons) with community involvement to increase awareness and boost demand.	Regional Development Agency, Dusheti Center for Cultural Heritage Preservation and Tourism Development, Dusheti City Hall, Donor organizations.	Improved marketing communication channels; Strengthening the role of tourism service as of the mediator.

Table 8. Recommended training programs

Training module	Target group	Topics
Accommodation facility management	Accommodation facilities	<ul style="list-style-type: none"> Standards for arranging a guesthouse/hotel/camping site; Safety standards; Essential infrastructure of the facility; Minimizing environmental impacts at the expense of technical and infrastructural development; Protected areas, visitors and their behavior; Planning and development of basic and additional services; Visitor service stages: booking, guest reception and hosting, catering service, food safety issues, cleaning standards, payment; Pricing policy at guesthouses; Marketing and sales; Business plan development.
Restaurant and catering service management	Catering facilities	<ul style="list-style-type: none"> Classification of catering facilities, services and evaluation criteria by categories; Menu as the main marketing tool of the catering facility; Designing a tourist menu in line with the facility type; Operational issues: procurement, warehousing, production and service; Food safety requirements; Service quality management Marketing mix and marketing communications in the public catering sector.

Agrotourist farm management	Agrotourist farms	<ul style="list-style-type: none"> • Basic principles of agrotourism development; • Common norms and safety standards for agrotourist farms; • Planning and development of basic and additional services; • Packaging and branding agrotourist products; • Marketing and sales
Handicraft product development and branding	Handicraftsmen	<ul style="list-style-type: none"> • Product development; • Branding and positioning; packaging, creation of information cards; • Workshop arrangement; • Development of workshops; • Marketing and sales.
Rental facility management	Rental of horses, cars, bikes	<ul style="list-style-type: none"> • Facility management; • Customer safety • Insurance and liability • Development of diversified offers • Electronic marketing

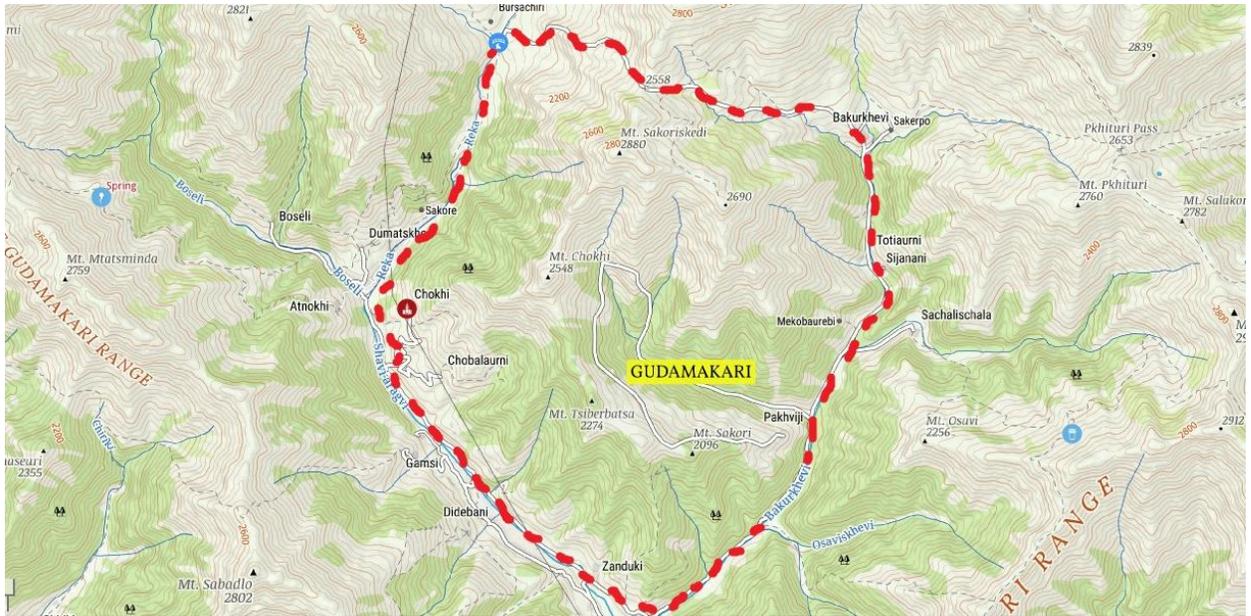
10.1. Potential tourist routes in the Aragvi Protected Landscape and recommendations

Potential tourist routes in the Project Area include right and left slopes in the valleys of Khevsureli Aragvi and Pshavi Aragvi rivers, as well as minor valleys of Shavi (black) Aragvi and its tributaries. Within the Aragvi Protected Landscape, in Pshavi and Khevsureti areas, tourist trails connecting villages on the right and left slopes of Aragvi river can be considered as potential tourist routes.



Map 5

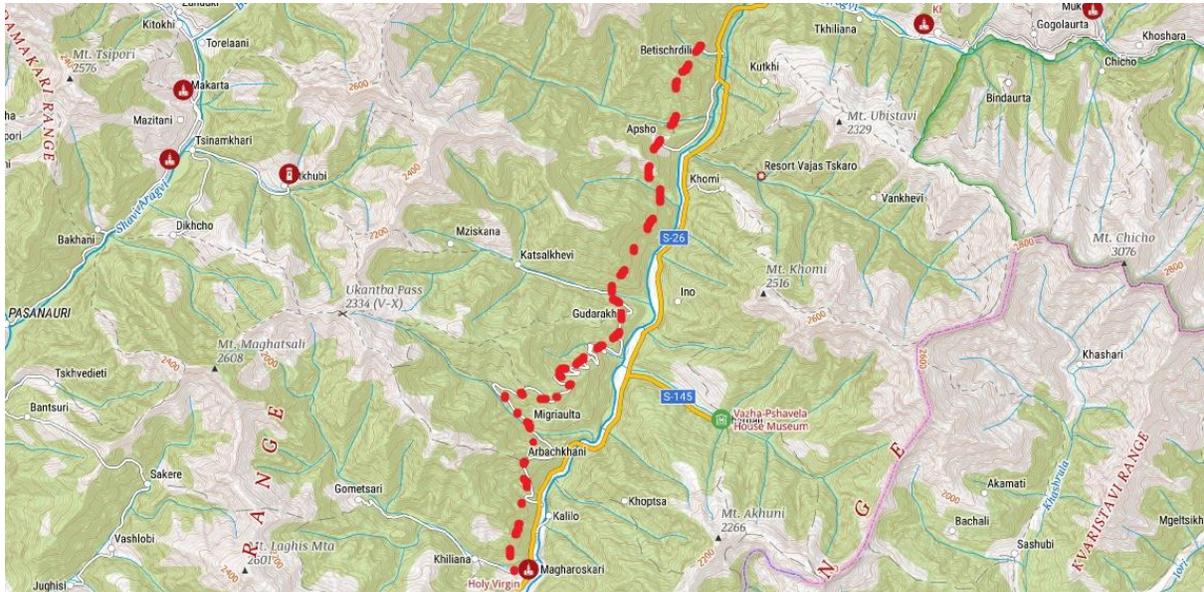
It is also possible to arrange connecting routes for Pshavi-Gudamakari, Piraketa Khevsureti - Pshavi, Piraketa Khevsureti - Gudamakari, Pirikita Khevsureti - Ukanapshavi, Gudamakari – Khevi.



Map 6.

Gudamakari Valley allows for arrangement of small inland circular hiking and horse riding routes, connecting valleys of Bakurkhevi and Reka rivers.

Map 7.



Development of potential routes in the target area should be based on international standards of route planning and should embrace three stages of development: planning, design and construction. Potential routes need to be thoroughly explored in the field and designed with consideration of all subtle nuances (terrain features, climate, hydrology, vegetation). Routes should be marked in accordance with approved regulations. It is advisable to install interpretive boards at points of interest. It is advisable to arrange tourist shelters, camping and picnic areas on long and difficult routes.



11. References:

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12. Annexes

- 01_ Strategies for tourism, agriculture, environment and social-economic development
- 02_ Programs, projects and activities related to tourism, agriculture and environment
- 03_ Questionnaires for tourism service providers by categories
- 04_ Evaluation tables for tourism service providers by categories
- 05_ Questionnaire for tour operators