

# Value Chain Analysis of Rural Tourism in Mtskheta-Mtianeti Region



Research



With funding from

 Austrian  
Development  
Cooperation

# Organic Agriculture and Rural Tourism Development in Mtskheta-Mtianeti Region

*Value Chain Analysis  
of Rural Tourism*

Implemented by Biological Farming Association ELKANA  
Funded by Austrian Development Cooperation  
Research Conducted by PMC Research

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## ■ GLOSSARY

- ARDA - Agricultural and Rural Development Agency
- GEOSTAT - National Statistics Office of Georgia
- RT - Rural Tourism
- VC - Value Chain
- VCA - Value Chain Analysis

## ■ 1. INTRODUCTION

The Project “Organic Agriculture and Rural Tourism Development in Mtskheta-Mtianeti Region” is implemented by Biological Farming Association ELKANA and funded by the Austrian Development Cooperation. It is carried out in two geographic areas – Tianeti Municipality and Lower Pshavi area (Dusheti Municipality) of Mtskheta-Mtianeti region.

The overall objective of the project is to create economic opportunities for men and women in deprived rural areas with high potential for sustainable tourism and organic agricultural development. By focusing on generating economic opportunities in these two sectors, the expected impact of the project is to reduce poverty through sustainable local economic development in the Mtskheta-Mtianeti region.

One of the components of the project is to support rural households in target areas to improve their agricultural practices and start sustainable local development initiatives. The project will develop the capacities of target groups by organizing training courses, consultations, and study visits for farmers and businesses.

One activity of the project was to conduct mapping of rural tourism sector in target areas, focusing on the following issues:

- Understand the market system for rural tourism (RT)
- Identify opportunities for green growth within these sectors in the project areas
- Understand the challenges and potentials for vulnerable population
- Develop recommendations for the project to ensure maximum benefit of the poor and vulnerable groups as well as the environment; these recommendations to be in line with national development plans and commitments

To achieve the project objectives PMC Research conducted a mapping of rural tourism sector.

## ■ 2. RESEARCH METHODOLOGY

For the Rural Tourism Value Chain Analysis in target areas Tianeti Municipality and Lower Pshavi, the desk and field research studies were conducted.

### 2.1 DESK RESEARCH

The first phase was the diversity sensitive mapping of tourist sector service providers – existing accommodation units, food service places, transportation services, entertainment, and souvenir production. In addition, the main tourism assets of the target areas were identified. This was accomplished by conducting online desk research, review of the documents provided by Elkana, analysis of the data from National Statistics Office of Georgia and Georgian National Tourism Administration.

### 2.2 FIELD RESEARCH

After desk research was done, in the next stage, a questionnaire was developed to better understand the existing services in the target areas, types of visitors and problems of the guesthouses. This was followed by the interviews with guesthouse owners. The questionnaire was diversity sensitive and included questions capturing differences and relations, division of labor and roles, practical needs of diverse groups (women, youth, PWDs, etc.), access, control, and benefit of resources. In total, 9 phone interviews were conducted (for detailed information see Annex 4: RT Value Chain). The research team could not identify any PWDs involved in tourism in Tianeti Municipality. The results of the mapping and information gathered from the questionnaires have been combined in this report.

**Table 1:** List of interviews conducted

| VALUE CHAIN | VALUE CHAIN ACTOR                      | NUMBER OF INTERVIEWS | MALE | FEMALE |
|-------------|--|----------------------|------|--------|
| Tourism     | Accommodation                          | 8                    | 3    | 5      |
| Tourism     | Souvenir production                    | 1                    | 0    | 1      |
| Tourism     | Food Place                             | 1                    | 1    | 0      |
| Tourism     | Guides                                 | 1                    | 0    | 1      |
| Tourism     | Tianeti Municipality -Local government | 1                    | 1    | 0      |

This chapter on mapping of rural tourism in Tianeti Municipality and Lower Pshavi provides information about main tourism trends, their travel patterns and motivations in the region. It also gives information about the number of guesthouses, their provided services, conditions of their facilities, their problems, prices and incomes. The report also discusses other players in the local rural tourism chain; it concludes with SWOT analysis of the sector and recommendations for improvement.

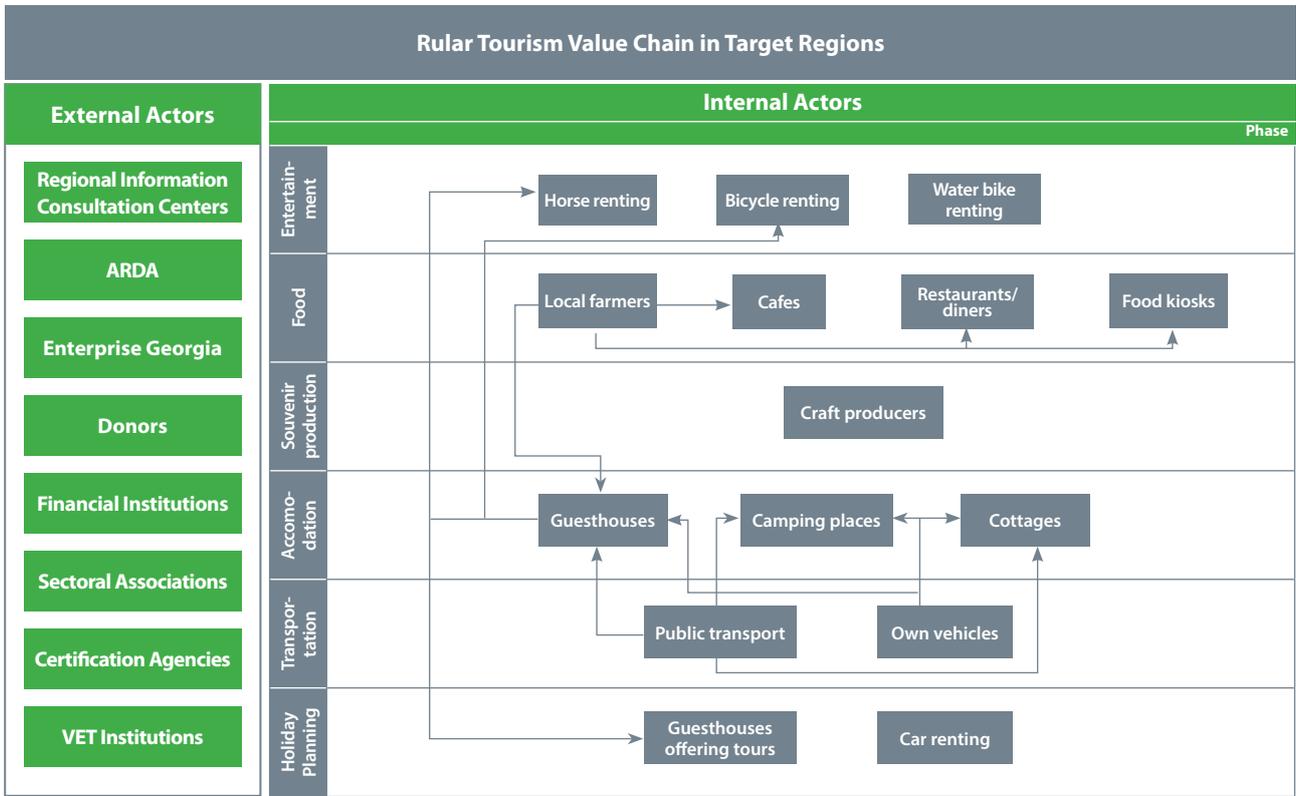
### 2.3 RESEARCH LIMITATIONS

The given study has several limitations:

- There is incomplete statistical information on the municipality and community level in Georgia.
- Due to COVID- 19, the Government of Georgia announced the state of emergency during March-May 2020, therefore the research team was unable to conduct face to face in-depth interviews, as planned. Instead, the phone interviews were conducted. However, this did not have a negative impact on the research process due to value chain participants' high motivation and willingness to provide information about their activities.

### 3. GRID MAP – RURAL TOURISM VALUE CHAIN ACTORS

The following diagram shows rural tourism value chain in target regions.



**Diagram 1:** Rural Tourism Value Chain in target regions

Source: Field research

## ■ 4. TOURISTS IN THE TARGET AREAS

Mtskheta-Mtianeti is a popular destination among both international and domestic visitors. The number of international visitors was increasing each year during 2015-2018, while in 2019 the number of tourists in the first 3 quarters slightly decreased compared to the same period of 2018. The most popular destinations within the region are Kazbegi and Mtskheta historical sights. The data for international visits is not available separately for Lower Pshavi and Tianeti Municipality.<sup>1</sup>

**Table 2:** Number of International Visitors

| International Visitors  | 2015    | 2016    | 2017      | 2018      | 2019<br>(3 quarters) |
|---|---------|---------|-----------|-----------|----------------------|
| <b>Mtskheta-Mtianeti</b>  | 515,812 | 729,091 | 1,093,786 | 1,348,046 | 997,619              |
| <b>Mtskheta (Svetitskhoveli, Jvari Monastery, Armazi Castle, Samtavro, Pompei Bridge, etc.)</b> | 241,204 | 256,589 | 411,481   | 686,898   | 385,375              |
| <b>Kazbegi (Gergeti Trinity Church, etc.)</b>   | 256,200 | 437,014 | 465,329   | 619,581   | 493,165              |
| <b>Gudauri</b>  | 94,350  | 144,661 | 339,146   | 340,552   | 277,764              |
| <b>Ananuri (Church, Jinvali reservoir, etc.)</b>  | 73,556  | 93,654  | 94,922    | 124,343   | 95,670               |
| <b>Shatili and Mutso</b>  | 6,216   | 8,474   | 10,301    | 2,609     | 5,839                |

Source: GeoStat

As for the number of domestic visitors, a significant trend cannot be observed for the Mtskheta-Mtianeti region – the number has been around 700,000-800,000 visitors per year in 2015-2019. It is important to note that the number of domestic visitors in the first 3 quarters of 2019 compared to the same period in 2018 has increased by 29% in the region and by 97% in Tianeti Municipality. The data is not available separately for Lower Pshavi.

**Table 3:** Number of Domestic Visitors

| Domestic Visitors            | 2015    | 2016    | 2017    | 2018    | 2019<br>(3 quarters) |
|------------------------------|---------|---------|---------|---------|----------------------|
| <b>Mtskheta-Mtianeti</b>     | 665,684 | 792,437 | 778,555 | 761,407 | 709,381              |
| <b>Dusheti Municipality</b>  | 149,274 | 154,527 | 148,453 | 112,237 | 246,666              |
| <b>Dusheti City</b>          | 24,170  | 34,315  | 25,236  | 17,345  | 15,120               |
| <b>Tianeti Municipality</b>  | 48,173  | 61,873  | 45,953  | 54,810  | 101,446              |
| <b>Mtskheta Municipality</b> | 173,371 | 184,953 | 143,832 | 218,709 | 211,433              |
| <b>Mtskheta City</b>         | 210,245 | 256,861 | 310,495 | 263,015 | 288,879              |
| <b>Kazbegi Municipality</b>  | 61,259  | 104,623 | 109,713 | 92,866  | 112,667              |
| <b>Gudauri</b>               | 15,546  | 35,655  | 18,556  | 26,950  | 15,801               |
| <b>Ananuri</b>               | 8,891   | 30,601  | 13,403  | 3,912   | 19,379               |
| <b>Shatili</b>               | 6,775   | 1,455   | 3,634   | 3,265   | 6,849                |

Source: GeoStat

According to the statistics of the National Statistics Office of Georgia, generally, international tourists who travel to Mtskheta-Mtianeti, visit more than one location as part of their trip to the region. This can indicate the potential for certain tourist attractions in Tianeti Municipality if they are included in the tour packages.

<sup>1</sup> Source: National Statistics Office of Georgia (GeoStat)

According to the conducted interviews, the center of tourism in the target area seems to be Borough Sioni. During the high season – July – August, Borough Sioni is receiving a large number of visitors. This has been true for many years, given Sioni's proximity to Tbilisi, the Sioni Reservoir, the mild climate, and affordable prices, starting as cheap as 10 GEL per person. The number of tourists has increased even more during the past years since the rehabilitation of the road from Tbilisi.

Visitors to Sioni tend to be overwhelmingly domestic travelers mostly from Tbilisi who plan their own trip and often travel with their own transport.<sup>2</sup> Among these visitors, there are mostly families including small children, parents and sometimes grandmothers, who visit for longer periods of time – 1-2 weeks.

Another major category of visitors to Sioni is young people, aged 18-35 who travel as groups of friends. They mainly travel to spend time near the reservoir, go fishing or for picnics in the nearby forests and do not go sightseeing around the settlement. However, there is no difference between the gender of visitors, guesthouses mentioned that about 50% of their guests are female, and 50% - male.

On the other hand, Borough Tianeti, as the center of the municipality, is more popular among international visitors. However, they stop there on their way to other regions, they do not visit the sights around and stay there for only one night on average.<sup>3</sup>

As Tianeti is on the highway that connects Vladikavkaz and Kakheti, tourists from Russia, as well as tourists coming from Gudauri and Kazbegi bypass through Tianeti on their way to Kakheti. Many of them often stop at the restaurants / food service places and some of them even stay for 1-2 nights at the accommodations in Tianeti. There is no tourist information center available for them in Tianeti that would provide information about the sights nearby, however, they might get recommendations from the owners of the cafes/restaurants, as well as from the guesthouse hosts.<sup>4</sup>

The villages in Tianeti Municipality and Lower Pshavi are much less popular and the number of tourists is very low. The majority of the visitors that the interviewed guesthouses had were video production crews, as well as people working on constructions and Pshav-Khevsureti National Park rangers. There are also some passer-by visitors, who travel from Tusheti and Shatili through Lower Pshavi to Tianeti. They tend to have their own camps and equipment and do not stay at the guesthouses.

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<sup>2</sup> Source: Interviews with Guesthouses

<sup>3</sup> Source: Interviews with Guesthouses

<sup>4</sup> Source: Interview with Tianeti Municipality

## ■ 5. TOURIST LOCATIONS AND ASSETS

Tianeti Municipality and Lower Pshavi are well-known for their beautiful nature and a number of old landmarks and cultural sights.

Tianeti Municipality is more populated, it contains two resorts popular among domestic visitors – Tianeti and Sioni, therefore has more potential to develop. The Municipality also has remnants of previous centuries that can become popular among the visitors. These include old churches, monasteries, basilicas, religious complexes, and other religious sights, as well as the remains of the old settlements and artefacts that are kept in the Tianeti Local History Museum. However, it should be noted that most of the sights are not maintained and well-preserved. The municipality can offer a mix of culture, nature, and gastronomy to its visitors. Some of the important landmarks are listed below:

**Table 4:** Tourist locations

|                          |   |
|--------------------------|---|
| <b>Nature</b>            | <ul style="list-style-type: none"> <li>✓ Sioni Reservoir</li> <li>✓ Grdzelvelebi Lake</li> <li>✓ Khmala Mountain</li> <li>✓ Sabaduri forest</li> </ul>  |
| <b>Cultural heritage</b> | <ul style="list-style-type: none"> <li>✓ Bochorma</li> <li>✓ Tskhrakara</li> <li>✓ Jaleti Basilic</li> <li>✓ Ertso castle</li> <li>✓ Jebota Mariamtshminda church complex</li> <li>✓ Ochani Castle</li> <li>✓ Archil Monastery</li> <li>✓ Gorshevardenu Church and Castle</li> <li>✓ Tianeti Local History Museum</li> <li>✓ Mirza Gelovani House-Museum</li> </ul> |
| <b>Gastronomy</b>        | <ul style="list-style-type: none"> <li>✓ Dambal Khacho (made from cottage cheese) – unique national dish</li> <li>✓ Khinkali</li> <li>✓ Locally grown organic food, dairy products and honey.</li> </ul>  |

Lower Pshavi is mostly known for its nature and its proximity to the Pshav-Khevsureti National Park. The village Bindaurta is situated within the National Park, while villages Lower Pshavi and Khoshara are adjacent to it. Visitors can also hike to Borbalo Mountain (3294m) and Tsodviani Lake on the northern slope of Tchicho Mountain on 2600 – 2800m above the sea level.

The administrative unit covers small rustic villages with old houses and small religious landmarks. From Lower Pshavi, hikers can continue their journey to Khevsureti, Tusheti and Pankisi.

During the interviews with guesthouses, undiscovered nature and many natural landmarks, such as lakes, waterfalls, and views in Lower Pshavi were named as the most attractive assets for nature and adventure that motivated tourists. There are still many unknown landmarks here - National Park rangers are trekking different parts of the park and identifying interesting sights or remains of cultural heritage. On the other hand, for families with children, as well as people who want to get away from their busy schedules and city life, the region offers quiet and peaceful villages, rivers, clean air and beautiful forests, Sioni Reservoir, as well as opportunities for fishing, hiking, and horse-riding.

Other important tourist assets mentioned in the interviews were many cultural landmarks in Tianeti Municipality, such as Bochorma, Ertso castle, Jaleti Basilic, and numerous religious sights in the villages. However, most of the sights are not well maintained. People, mostly local pilgrims and sometimes tourists visit these places. Jebota Mariamtshinda church complex (close to Tianeti) has also been recently restored.

Another interesting place for the visitors (domestic as well as international) is Lashari where orthodox religious services are conducted. This is a popular place for religious holidays.

From the two museums in Borough Tianeti, Mirza Gelovani House-Museum has been renovated while Tianeti Local History Museum is a relatively old building. They receive visitors free of charge and are quite popular destinations among domestic visitors on school field trips, while international visitors very rarely visit them.

On the other hand, other sights have certain problems. For example, Bochorma needs restoration and there is no road leading to it and people have to hike to it. Tskhrakara consists of small ruins that might not be interesting for tourists. Other sights also need some infrastructure works to interest visitors.<sup>5</sup>

The target area is well known for Dambal Khacho, a dish unique to Pshavi, Khinkali, locally produced organic products, local souvenirs and crafts – knitted socks, mittens, and other clothing items, also unique to the region.

It can be concluded that there are many touristic assets in Tianeti Municipality and Lower Pshavi, however, these offerings have not been converted into products that can be marketed and sold to the potential visitors.

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<sup>5</sup> Source: Interview with Tianeti Municipality

## ■ 6. TOURS AND GUIDES

There are no local tour operators or guides, there is also a lack of itineraries or the list of places to see that the tourists can follow.

From the perspective of guesthouse owners, currently this was not perceived as an issue, as the people visiting and staying in the guesthouses do not express interest to visit other tourist sites; they neither seek information about them. They mainly go there to spend time near the Sioni Reservoir and nearby forest for picnics.

Visitors mainly plan their own trip and do not use the services of national tour operators, except some one-day tours organized in Tbilisi, e.g. towards Sabaduri forest in winter, Sioni Reservoir in summer.

As mentioned above, international visitors stop in Borough Tianeti for only 1-2 days so to prolong their stay, guesthouse owners often give them some recommendations to visit the places around, or even offer them transportation to nearby sights or tours in Iori River valley and fishing trips. However, these tours are planned spontaneously, based on the visitor's interest.

Lower Pshavi, mainly Tkhiliana and Shuafkho villages are very close to the Pshav-Khevsureti National Park and numerous natural landmarks, however, the lack of routes, signs and other trekking infrastructure is a challenge. The existing routes are not well-maintained. It was mentioned that there were some efforts made to access these routes in this direction from National Park rangers. In addition, young people in village Tkhiliana are interested to arrange some road signs themselves, plan routes near and within the National Park and provide guided tours to interested visitors.

## ■ 7. TRANSPORTATION

Visitors can use public transport to travel to the project area. Tbilisi – Sioni minibus operates every hour during the tourist season, and every day – after the season.

Minibus to Lower Pshavi (Tbilisi – Shuafkho and Dusheti – Shuafkho) operates less frequently – 3 times a week. In addition, internal transport routes from Borough Tianeti to Tianeti Municipality villages operate 4 days a week.

There are several private transport owners that offer services to visitors both in Tianeti and Lower Pshavi, however, the demand is not high as visitors do not go on tours around the municipality.<sup>6</sup>

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<sup>6</sup> Interviews with Guesthouses

## ■ 8. ACCOMMODATION UNITS

### 8.1 NUMBER OF ACCOMMODATION UNITS AND THEIR CAPACITY

The first step of desk research was to analyze the Georgian National Tourism Administration (GNTA) database of tourism sector accommodation units. The database does not distinguish hotels from guesthouses. Currently, the number of accommodation units in Tianeti Municipality is very low – there are only 5 units with 31 rooms and 91 beds.

GNTA does not provide information separately for Lower Pshavi administrative unit – even though there are 30 accommodation units in Dusheti Municipality, it can be reasonably assumed that most of them are concentrated in popular tourist destinations, such as Jinali, Bazaleti, Ananuri, Pasanauri, Shatili, and this number does not give a good idea about the situation in Lower Pshavi.

**Table 5:** Number of Accommodation Units registered in GNTA database

| Region                | Number of accommodation units | Number of rooms | Number of beds |
|-----------------------|-------------------------------|-----------------|----------------|
| Mtskheta-Mtianeti     | 179                           | 2,276           | 5,842          |
| Dusheti Municipality  | 30                            | 439             | 1,315          |
| Tianeti Municipality  | 5                             | 31              | 91             |
| Mtskheta Municipality | 63                            | 377             | 880            |
| Kazbegi Municipality  | 81                            | 1,429           | 3,556          |

Source: GNTA

The following table shows the number of new accommodation units that are already planned or are under construction in the entire Mtskheta – Mtianeti region according to GNTA (The data for Tianeti and Lower Pshavi separately were not provided by GNTA).

**Table 6:** Number of expected accommodation units

| Region            | Number of accommodation units | Number of rooms | Number of beds |
|-------------------|-------------------------------|-----------------|----------------|
| Mtskheta-Mtianeti | 28                            | 721             | 1,398          |

Source: GNTA

It should be noted that GNTA only reports registered accommodation units, so another step to identify accommodation units in target areas was through the online research on the most popular websites: Booking.com and Airbnb.com, as well as some of the Georgian hotel and accommodation websites. As a result, it is reasonable to say that the online exposure of local accommodation is low for Tianeti Municipality, while for Lower Pshavi there was no information about accommodation units at all.

Below is a list of tourist accommodations on Booking.com and Airbnb.com for Tianeti Municipality – from the total eight registered places, half of them are in Sioni, the three in Borough Tianeti and one in village Tushurebi (the prices were collected during February 2020):

**Table 7:** Accommodation units registered on Booking.com and Airbnb.com

| Name of the Accommodation                  | Type of Accommodation | Place             | Prices                |
|--|-----------------------|-------------------|-----------------------|
| Green Tianeti                              | Hostel                | Village Tushurebi | From GEL 50           |
| Elba                                       | Hotel                 | Sioni             | From GEL 60           |
| Ethno-house Inn Tianeti                    | Guesthouse            | Tianeti           | From GEL 60           |
| Cottage in Tianeti                         | Cottage               | Tianeti           | GEL 100 (Family room) |
| Tianeti Guesthouse                         | Guesthouse            | Tianeti           | Not provided          |
| Hotel Sioni                                | Hotel                 | Sioni             | From GEL 63           |
| Stonewood Guesthouse                       | Guesthouse            | Sioni             | From GEL 150          |
| Cozy Wooden Cottage by the Sioni Reservoir | Cottage               | Sioni             | From USD 49           |

Source: Booking.com and Airbnb.com

Another source of information can be Enterprise Georgia – a Georgian Government program that finances micro and small businesses around Georgia. In 2015 – 2018, Enterprise Georgia financed 19 grant projects for tourism accommodation in the target area. From this 2 accommodation units were in Lower Pshavi (Tkhiliana and Shuafkho) and 15 accommodation units were in Tianeti Municipality – 8 in Borough Sioni, 6 – in Borough Tianeti and 3 in village Tushurebi (Tianeti Municipality).<sup>7</sup>

After the interviews with the guesthouses, it is evident that there are more accommodation units in the target area than the analysis of GNTA and online platforms shows. There are families who offer accommodation services to visitors on the site, without registering in business registry or on online platforms.

The interviews also show that situation drastically differs between Borough Sioni and the rest of the target area. There are about 4-5 guesthouses in Borough Tianeti and 1-2 guesthouses in at least three of Tianeti Municipality villages (Mamadaanebi and Artani – interviewed, Tushurebi – registered online). As for the Lower Pshavi administrative unit, many villages are very difficult to access, since the road is closed for 4-5 months in winter and spring, generally from November till April, depending on the snow and the river that crosses the road in several places, at this time, the villages are almost empty. Therefore, currently, there are only a few guesthouses there.

On the other hand, given the proximity to the Sioni Reservoir, the demand is quite high, mostly from domestic tourists and almost every house in Borough Sioni receives guests in summer. There are 3-4 larger hotel type accommodation units, many guesthouses with varying living conditions, facilities and the prices. Some visitors prefer to use camping sites near Sioni Reservoir.

As it emerged from the interview, the capacity of guesthouses is on average 10-12 people, ranging from 4-5 people to about 25 people. However, this capacity is not fully used, especially for guesthouses outside Sioni, where the demand is very low.

The table below demonstrates the capacities and prices at interviewed guesthouses. It is interesting to note that most of them have been established quite recently as the development of tourism sector is on the very first stages in the target area. The exception is guesthouses in Borough Sioni, as it has historically been a popular destination among domestic travelers, especially from Tbilisi.

<sup>7</sup> Source: enterprisegeorgia.gov.ge

**Table 8:** Information about interviewed guesthouses

| Name of the interviewee | Type of accommodation | Offers Food | Established in     | Prices  | Capacity   | Location                            |
|-------------------------|-----------------------|-------------|--------------------|---|--|-------------------------------------|
| Givi Elizbarashvili     | Guesthouse            | Yes         | 2018               | 1 person 20 GEL<br>50 Gel with Breakfast and Dinner                       | 10 beds,<br>5 rooms  | Lower Pshavi,<br>Tkhiliana          |
| Giorgi Kavtaradze       | Guesthouse            | Yes         | 2019               | Has not decided the prices yet  | 20-25 beds,<br>8 rooms   | Tianeti Municipality, Mama-daanebi  |
| Goderdzi Kochashvili    | Guesthouse            | Yes         | 2019               | 1 Person - Gel 25-30<br><br>With breakfast / dinner / supper – Gel 40     | 5 beds,<br>2 rooms, possibility of adding one room with 3-4 beds | Lower Pshavi,<br>Shuafkho           |
| Irma Tskipashvili       | Guesthouse            | Yes         | 2020               | 1 Person – Gel 20<br>Additional price of food depends on the menu         | 6-8 beds,<br>3-4 rooms   | Lower Pshavi,<br>Tkhiliana          |
| Lela Zurabishvili       | Guesthouse            | No          | More than 20 years | 1 Person – Gel 10   | 16 beds,<br>4 rooms  | Tianeti Municipality, Borough Sioni |
| Mzia Bichinashvili      | Guesthouse            | No          | 2019               | 1 Person – Gel 10-15  | 7 beds,<br>3 rooms   | Tianeti Municipality, Borough Sioni |
| Soso Chamashvili        | Guesthouse            | No          | 2014               | Triple room – Gel 20  | 4-5 beds,<br>2 rooms   | Tianeti Municipality, Artani        |
| Lia Urtmelishvili       | Guesthouse            | Yes         | 2018               | Double room – Gel 100<br><br>Additional price of food depends on the menu | 13-14 beds,<br>4 rooms   | Tianeti Municipality, Tushurebi     |

The current research demonstrated that there are either very few, or none of the female-owned guesthouses in Tianeti municipality. This is stipulated by the fact that mainly houses are owned by men in Georgia. It appeared that in Tianeti, there are no disabled people involved in running guesthouses, which can be stipulated by no access to the different capital assets.

## 8.2 FACILITIES

Infrastructure seems to be better developed in those guesthouses where the interviews were conducted in Lower Pshavi, as two of them have been co-financed by the government or donor programs, such as People in Need and Agency of Protected Areas. Another guesthouse in Shuafkho was mentioned that is under construction and has been financed by Enterprise Georgia. On the other hand, many Sioni guesthouses need renovations and additional bathrooms/toilets. In some cases, the bathrooms are outside the building and in poor condition, while in other instances, they are in good condition but are used by too many visitors. Several guesthouses also need new furniture and renovations for the rooms. Such guesthouses still have many customers, though they cannot charge a high price.

None of the interviewed guesthouses has central heating, so far this has not been an issue for them because of the seasonal nature of tourism. In every guesthouse, visitors have access to kitchen and/or leisure area that are either separated or shared with the hosts. Even though there is no entertainment within the house, guests can spend time in garden, with hammocks or swings for children. As confirmed by the current research, the majority of the guesthouses do not meet all users' needs. More specifically, the buildings are not accessible neither inclusive; they are difficult for disabled people to use it with dignity and ease.

### **8.3 EXISTING AND PLANNED SERVICES**

5 out of 8 interviewed guesthouses offer breakfast/dinner/supper, based on the request from the visitors. It should be mentioned that none of them has a menu from which the guest can choose the options from. Two guesthouses have previously set prices for providing food, while the rest mentioned that they mostly decide case by case, depending on the tourists' requests. The offered food is mostly traditional Georgian food prepared from locally produced vegetables, fruit, honey, dairy and meat products. A guesthouse in Borough Tianeti offers gastro-tourism to visitors - they can participate in cooking Khinkali, Khachapuri and other national dishes. This activity was mentioned to be very popular among international tourists.<sup>8</sup>

5 interviewed guesthouses also mentioned that they have suitable vehicles to offer transportation to tourists if there is demand from them. However, so far, they did not have such demand from their guests. The interviewed guesthouses do not have additional services, such as renting of bicycles, horses and equipment, guided tours or route planning, however, they mentioned that guesthouse Iaraji in Tushurebi offers bicycle renting and a guesthouse in borough of Tianeti has horses for rent.

Currently, they do not have plans to extend their business given the low demand on their existing services. However, they are open to the idea and are ready to either increase the number of rooms and bathroom facilities designated for tourists or offer additional services (transportation, renting of horses, tours) if the number of tourists and demand in these products increase.

On the other hand, two guesthouses in Sioni and 1 guesthouse in Shuafkho are planning to gradually improve the conditions in their houses, renovate bathrooms/toilets and rooms, replace old furniture in order to improve the living conditions for the visitors, therefore, be able to charge higher prices for accommodation. They are reluctant to take risks with obtaining a loan and prefer to use their own income, therefore, for some guesthouses, this process is very slow and cannot be accomplished in one tourist season. This again limits opportunities for women and youth who have even less access to finances, as mentioned above.

### **8.4 WORK FORCE AND ENTREPRENEURSHIP SKILLS**

Currently, tourism products and services only now are starting to emerge in the target areas. In the beginning, the existing operations in restaurants / food places are small-scale and families can mostly manage to work without any additional help. If such help is needed, the necessary staff will be mostly low-skilled – assistants for cooks, cleaning staff, transportation providers, waiter/waitresses. As the level of unemployment is relatively high and most people are self-employed in agriculture, there is the availability of possible personnel and vehicles.

Similarly, given that the most interviewed guesthouses only offer accommodation and sometimes food and transportation, they do not receive many visitors at once. Therefore, they can rely on the family members and do not need additional hired staff. For this reason, they do not cooperate with

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<sup>8</sup> Source: Interview with Tianeti Municipality

any professional or vocation education providers.

6 out of 8 interviewed guesthouse owners do not have prior experience of managing a tourist accommodation unit, however, almost half of them have participated in trainings related to tourism, conducted for example, by Agency of Protected Areas. They are interested in improving their skills necessary to meet increased demand and offer new services/products. Recently, the Municipal Development Fund also implemented a project aimed to support the private sector tourism providers in improving their accommodation services, increase visibility, attract customers and increase their incomes. Within this project, TASME – export development association in Mtskheta-Mtianeti -conducted trainings, individual consultations and study tours/meetings with guesthouse owners in Tianeti Municipality. Around 20 people attended the trainings, mainly from Borough Tianeti and nearby villages.<sup>9</sup>

The research demonstrated that the division of roles and responsibilities is organized in a gender-specific way. It is following traditional gender roles in households, which is based on deeply rooted stereotypes. Women are represented in accommodation and food services, while men are in transport. This is in line with international experiences, according to which even though the majority of people employed in tourism worldwide are women, both in formal and informal jobs, women are concentrated on the low paid, low skilled sectors of the industry. What is more, they are involved mostly in unpaid work in family tourism businesses. They are not either well represented in the highest levels of employment and management of the tourism industry.<sup>10</sup>

The research confirmed that women mostly perform cleaning and cooking activities, reflecting stereotypical gender roles within the family, however, they are also equally involved in management and supervision of the guesthouses. On the other hand, men are involved in logistics, supply of groceries and other products, basic maintenance/repairs of house and facilities and transportation when necessary. As for the youth, even though almost all the female and male respondents believe that this sector gives youth the vast number of opportunities, currently their participation in Tianeti Municipality is relatively low. International experience shows that it is a sector that thrives on entrepreneurship and offers youth opportunities for self-employment, which are less accessible in other sectors. Its flexible nature, requirement for skilled and unskilled employees, and strong growth prospects make tourism industry real opportunities for job creation to address the youth unemployment problems.<sup>11</sup>

#### **8.4.1 FINANCIAL PLANNING**

None of the interviewed guesthouses is conducting financial planning at the beginning of the year or keeping track of costs and revenues in a systemic way. They find financial planning unnecessary due to the very few numbers of visitors. However, guesthouses plan the renovation works in advance, based on the possible costs and the expected number of visitors, they also consider risks and weigh them accordingly.

#### **8.4.2 MARKETING**

The online presence of the guesthouses in the region is very limited as mentioned above. Online research showed only a few guesthouses on popular tourist websites and social media.

- None of the interviewed guesthouses was registered on booking.com or Airbnb.com, and just one was registered on Facebook. Several reasons were mentioned for this:

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<sup>9</sup> Source: Interview with Tianeti Municipality

<sup>10</sup> EIGE. (2020). Relevance of gender in the policy area. Available at the following link: <https://eige.europa.eu/gender-mainstreaming/policy-areas/tourism>

<sup>11</sup> World Travel and Tourism Council and Oxford Economics. (2013). Gender Equality and Youth Employment in Travel & Tourism. Available at the following link: <https://tourismknowledgecenter.com/publication/gender-equality-and-youth-employment-in-travel-tourism?page=5>

- Two guesthouses are relatively new and have not yet started any marketing activities, but both claimed to have the capacity and information to register their business on international websites; they could also manage their page.
- Two guesthouses in Sioni wanted to create a page on Facebook and were hesitant due to poor conditions (old furniture, lack of proper bathroom facilities) of the accommodation.
- One guesthouse in Tkhiliana was registered on Facebook
- One guesthouse in Tushurebi had information about the websites and other marketing opportunities, such as videos, advertisements, but did not want to invest in marketing activities, as they only received guests for several months in summer.
- One of the guesthouses did not think of receiving guests as a full-time activity and was satisfied with the a few number of visitors that found out about them through mutual acquaintances, while another guesthouse has already been booked for the upcoming summer by a construction group and decided not to place the information about the accommodation online.
- Half of the guesthouses do not have enough information about registration on international websites. No correlation was shown between age, gender, or other aspects. One factor that can be observed is the interest from the guesthouses, for example, guesthouses in Sioni had not yet researched information about registering on international websites as demand from Georgian visitors is sufficiently high there.

The interviewed guesthouses also do not conduct additional marketing activities - they do not attend conferences, festivals, or other events. Because of the lack of online presence and marketing, the information about guesthouses is spread through recommendations from people who already visited them or from asking around among locals. The number of returning visitors (people who visit the same guesthouse several times) is also high.

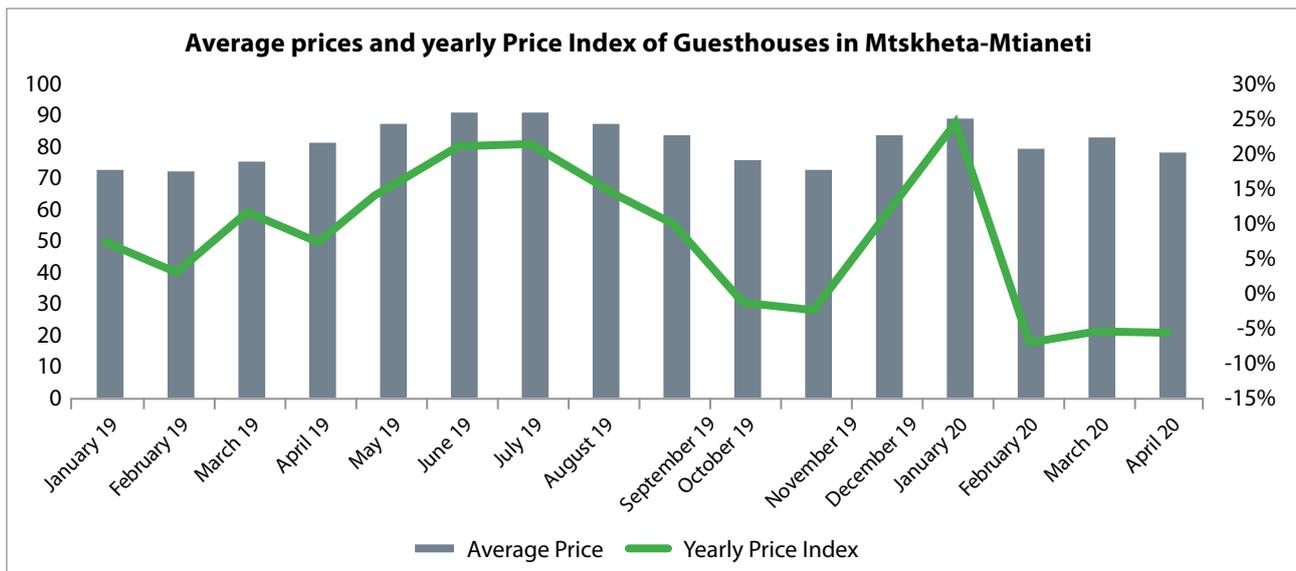
Almost every guesthouse that was interviewed has a young family member who has knowledge of English, good computer skills and can manage the social media or tourism website pages, in case such are sites created.

## 8.5 ACCOMMODATION PRICES AND INCOME

The graph below shows the change in average prices (in GEL) per person in guesthouses in Mtskheta-Mtianeti from January 2019 till April 2020<sup>12</sup> as well as the Yearly Price Index, which shows the percentage change in prices every month compared to the same month of the previous year. The number follows the logical trend of tourism seasonality – the prices are higher during summer months and for winter holiday season. It should be noted that these numbers are not representative for the Tianeti Municipality and Lower Pshavi, considering that the calculations include only guesthouse from Tianeti.

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<sup>12</sup> Source: PMC Research Center, Hotel Price Index



Comparing the average of regions to the information provided in the interviews, a significant discrepancy is visible - while the average price is about 90 GEL in Mtskheta - Mtianeti during July-August, the price for accommodation for 1 person varies between 10-20 GEL (without food services) in Sioni and Lower Pshavi guesthouses. Even considering the fact the Mtskheta - Mtianeti includes very popular destinations, such as Kazbegi and Mtskheta, where accommodation prices are very high and they contribute to the high average prices, the difference is drastic. These low prices can be explained mainly by a lack of demand, especially from international visitors and poor conditions in the accommodation units.

Based on the interviews, it seems that low prices and a few number of visitors in Lower Pshavi and Tianeti Municipality villages do not allow the guesthouses to be dependent on tourism sector for their income. Each interviewed guesthouse reported less than 10 visitors in 2019 so the share of tourism revenues in their yearly income is currently very low.

The situation is quite different among interviewed guesthouses Borough Sioni. It can be concluded that tourism sector plays an important role for Borough Sioni and surrounding villages, even though the tourism season lasts one or two months. During July – August, many people are employed in temporary jobs and local farmers have a chance to sell their products to visitors. One of the guesthouse owners reported that regardless of very poor living conditions in their accommodation and very low price, their revenue from renting the rooms and selling their produced milk products contribute to 50% and more of the yearly income. They also reported that some more well-maintained guesthouses could earn up to 10 000 GEL during the season. Another interviewed guesthouse owner reported that they were not employed anywhere else and the accommodation and the café-bar constituted their only income source.

## ■ 9. SOUVENIRS/CRAFTS

Based on the interviews, there are two female souvenir producers in Lower Pshavi, who mostly make embroidery and knitted socks, mittens, etc. One of them taught a course of knitting and craft-making in Tkhiliana village but they failed to receive a grant and it was discontinued. The capacity of these producers is very low, they do not mass produce crafts which is mainly caused by a lack of interest from the potential buyers. One family in Magharoskari also creates woodwork souvenirs.

Locally, there is a very little demand from the visitors or local population. Several souvenir producers in Tianeti Municipality mostly participate in festivals and the local holiday celebrations, or travel to Gudauri, Kazbegi and nearby larger towns to sell their crafts. Some souvenirs can be bought in Borough Sioni, during tourist season.

## ■ 10. FOOD

The situation regarding the places where visitors can eat can be assessed as unsatisfactory. According to the National Statistics Office of Georgia, there are 9 active registered entities (cafes, restaurants, catering, food providers) in Tianeti Municipality<sup>13</sup>, mainly in Borough Tianeti and Sioni.

Around 4-5 restaurants/cafes are working currently in Borough Tianeti. They work all year round with more demand during summer season. They are visited both by domestic and international visitors, as well as the local population. All of them serve the traditional Georgian food and are very famous for their Khinkali.

In addition to this, there are small grocery shops in Tianeti, Sioni and most of the smaller villages.<sup>14</sup> Unfortunately, the statistics for Tianeti Municipality, that include the data on entity ownership disaggregated by gender and age is not available. However, the data retrieved from the current research on the experience of running and owning guesthouses by women and youth allows to make assumption that women and youth, due to their more limited access to finances, are employed at low-skilled and low-paid positions.

Information from the conducted interviews confirms that most of the food places and shops are concentrated in Borough Tianeti and Sioni. Outside of them, there is a lack of food places, grocery stores, agriculture markets, and cafes/food places. There are several café-bars in Sioni and many barbecue (Mtsvadi) kiosks. However, visitors sometimes complain that there are no such cafes, where they can visit with their children and have dinner there.

Sioni, because of its popularity among the domestic tourists, opens opportunities for neighboring villages during the tourist season. Even though there is not a market in the settlement, new kiosks, small shops and food places open up where local farmers manage to sell their produced goods<sup>15</sup>.

It should also be mentioned that most guesthouses in Tianeti Municipality and Lower Pshavi administrative unit that are registered online provide the visitors with the option to have breakfast and dinner at the accommodation.

The Most interviewed guesthouses provide food to the visitors based on their requests. Domestic tourists travelling with their families and young children in Sioni and Tianeti Municipality mostly

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<sup>13</sup> Source: GeoStat – Business Registry

<sup>14</sup> Source: Elkana – Tianeti Communities

<sup>15</sup> Interviews with Guesthouses

cook their own food, while international visitors request breakfast and sometimes dinner as well. Even though in Lower Pshavi the interviewed guesthouses are very recently established and currently there is not enough data to identify any tendencies in visitor demands, it is more likely that because of the lack of market and grocery stores in the village's visitors, both domestic and international visitors will request food services from the guesthouses.

In most villages, the products that are offered to the visitors, such as fruits and vegetables, as well as dairy products, meat and honey are locally produced. Guesthouses produce all or some of these products; other products are purchased from the local farmers. Visitors have access to the local products as well and sometimes they buy large amounts for their yearly stocks.

## ■ 11. ENTERTAINMENT

Based on the online research, the main place for recreation in Borough Tianeti is Vaja-Pshavela Culture and Recreation Park (Kujana Park) where people can find kids playgrounds and sporting facilities. In the center of the park, there is a football stadium and an amphitheater. There is no renting equipment or other products in the park, however, summers concerts by the local performers are regularly held in the amphitheater.

In Sioni, the main place for entertainment is the Sioni reservoir, which is very popular for sunbathing. During the summer season, one of the cafes also offers visitors music in the late evenings. Other than this and cultural sights, picnic and fishing places, there are no entertainment places in the target areas. Due to a very low number of visitors, so far, a demand on certain products and services has not been identified either from the interviewed guesthouses or from the Tianeti Municipality.

There are several traditional holidays in the target areas. Tianeti Municipality is known for the traditional public holiday "Tianetoba" which is held in August by the municipality. The agenda varies from year to year, but it generally includes cultural and folklore events, and sport competitions. Visitors can taste the local traditional dishes, buy souvenirs and local traditional crafts as well as watch and listen to folklore performances. The holiday includes special activities for children. The day generally ends with a concert and fireworks.

Two other main traditional public holidays/religious holidays in Tianeti are Lasharoba and Kvelieri, where people can buy products, watch folk performances and competitions.

The information gathered during online research was confirmed in the interviews - except for Sioni, where visitors can spend time near Sioni Lake, sunbathe, rent camps, water bicycles, boats and beach chairs. They can also play on the tennis court near the lake. There are few entertainment opportunities in other places within the target areas. There is no cinema, musical or sports events that will attract visitors.

Recently, Tianeti Municipality together with some private tourism service providers was planning to create routes for bicycles, horses, bikes and hiking around Borough Tianeti – currently, there are no trails or road signs there. However, this initiative was not very successful, and no routes have been developed so far<sup>16</sup>.

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<sup>16</sup> Source: Interview with Tianeti Municipality

## ■ 12. EXTERNAL STAKEHOLDERS

### 12.1 STATE AUTHORITIES

#### **Georgian National Tourism Administration (GNTA)**

Georgian National Tourism Administration (GNTA) is one of the main important external stakeholders that sets the goals of tourism sector, identifies products and assets with most potential and conducts the marketing of the country on international markets. The most recent Georgian Tourism Marketing Strategy recommends promoting nature and adventure as one of the main strategic pillars of tourism in Georgia. Considering the current situation with the global pandemic, it is likely that the nature of tourism will change and the interest towards less crowded destinations will increase. All this creates opportunities for the Tianeti Municipality and Lower Pshavi to attract more international tourists.

#### **Agency of Protected Areas (APA)**

Due to the proximity of Pshav-Khevsureti, National Park Agency of Protected Areas (APA) is also an important external stakeholder. The management of the park, identification of hiking routes, construction of shelter huts and other possible infrastructure in the park, as well as the promotion activities organized by APA will increase the flow of travelers to the National Park and the nearby communities will benefit greatly. So far, APA has supported the local rural tourism development, for example, they have conducted trainings about the tourism sector and in one case, they have financed the renovation of a bathroom in one of the guesthouses.

The Tianeti Municipality currently does not cooperate with either GNTA or APA, the municipality neither conducts any joint promotional activities for the region. The only marketing activity of the municipality is participation in Expo Georgia exhibitions and conferences and presenting tourism brochures together with another municipality in Mtskheta-Mtianeti region. Tianeti also participates in the local holiday celebrations, such as Mtskhetoba and presents local foods, however, these activities have not been considered as very effective.<sup>17</sup>

#### **Enterprise Georgia**

Enterprise Georgia, under the Ministry of Economy and Sustainable Development of Georgia, works to promote an entrepreneurial culture, stimulate the establishment of new enterprises, and offers grants and co-financing opportunities. The most relevant to the target area is the micro and medium businesses financing program. Enterprise Georgia regularly announces contest of the best business ideas, where SMEs can apply. Shortlisted candidates will then be trained in business plan writing and will be asked to provide their business plan for the business idea. The winning business plans will be co-financed with amounts up to 20 000 GEL.

So far Enterprise Georgia has financed 438 grant projects in Mtskheta- Mtianeti regions with the total grant amount – 3 442 570 GEL. Specifically, in 2015 – 2018, Enterprise Georgia financed 19 grant projects for tourism accommodation in the target area – 2 projects in Lower Pshavi and 17 projects – in Tianeti Municipality. Total grant amount was GEL 164,314.<sup>18</sup>

In addition to programs for micro and medium enterprises, the program also offers financial support to larger projects for hotel industry development, and offers co-financing for loan interest payments, technical assistance consultancy projects, as well as providing royalty fees for using international hotel brands.

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<sup>17</sup> Source: Interview with Tianeti Municipality

<sup>18</sup> Source: [enterprisegeorgia.gov.ge](http://enterprisegeorgia.gov.ge)

Several interviewed people had information about Enterprise Georgia. Some of them had participated in co-financing of guesthouse renovation (in Sioni and also in villages of Tianeti Municipality), however, their business plans were not selected. According to the respondents, the reason for rejection might have been either a high competition in Sioni or an incomplete business plan.

## 12.2 DONOR ORGANIZATIONS

There are few donor organizations targeted at tourism development in the Tianeti Municipality and Lower Pshavi. One is Austrian Development Cooperation, that finances the project “Organic Agriculture and Rural Tourism Development in Mtskheta-Mtianeti Region”, which is implemented by Elkana in Tianeti Municipality and Lower Pshavi area.

Another donor is People in Need (PIN). PIN is Czech non-profit organization that has been actively working in Georgia to empower people, reduce poverty and inequalities, especially in rural areas. For this, they are promoting Good Governance, Social Inclusion and Protection and Sustainable Livelihood and Environment. In November 2019, PIN implemented a grant project “Sustainable Development of Aragvi Community” aiming to improve living conditions and socio-economic development in the villages of Jinvali, Gudamakari, Magharoskari, Lower Pshavi and Barisakho administrative units. The Project financed selected project proposals with small grants of 3 000 – 35 000 GEL, and in exceptional cases, grants up to 100 000 GEL were discussed.

The priority sectors of the project were tourism and agriculture development for small and medium enterprises, as well as other rural development activities that directly support or create positive environment for the above-mentioned sectors. More specifically, the project considered to finance the following activities for tourism development: construction and/or renovation of guesthouses, creation of innovative and safe tourist services (horse-riding, rafting, bicycle renting, etc.), traditional crafts, information services for hiking/trekking routes and development of food service places.

An interviewed guesthouse in Tkhiliana that is planning to open for visitors in summer 2020, has been financed within this project.

## 12.3 FINANCIAL INSTITUTIONS

There are two commercial banks in Tianeti Municipality: Liberty and Credo, while none is in Lower Pshavi. The microfinance organizations are not located in target areas. ATMs of Liberty Bank (2) Credo (1) and Bank of Georgia (2) are located also in Tianeti<sup>19</sup>, none is in Lower Pshavi.

None of the guesthouses had bank loans for tourism purposes or insurance for their accommodation. Even though some guesthouses need renovation or new furniture, they are less willing to take out loans and take risks due to the high seasonality of tourism revenue and unpredictability of the number of visitors.

## 12.4 VET INSTITUTIONS

Another important stakeholder is the Ilia Tsinamdzgvrishvili College in Mtskheta. In Tianeti Municipality there is a branch of this college - Ilia Tsinamdzgvrishvili Community College. The college offers a range of vocational qualification programs, including two tourism sector-related ones: Georgian Cultural Heritage Guide and Hotel services (with vocational qualifications in Georgian and English Languages). Currently, the interviewed guesthouses do not cooperate with any VET institutions as they do not hire external staff. However, as the number of tourists increase in the target area, as well as the additional services are developed, cooperation between the college and tourism sector can create a pool of tourism professionals in the Municipality.

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<sup>19</sup> Source: National Bank of Georgia

## ■ 13. SWOT ANALYSIS

The table below represents the strengths, weaknesses, opportunities, and threats related to rural tourism in Tianeti Municipality and Lower Pshavi.

**Table 9:** SWOT analysis

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>- Proximity to Tbilisi</li> <li>- Beautiful nature and mild climate</li> <li>- Unique local dishes</li> <li>- Locally produced agriculture products</li> <li>- Many cultural heritage sites</li> </ul>  | <ul style="list-style-type: none"> <li>- Difficult access to villages</li> <li>- Lack of cafes and shops in villages</li> <li>- Poor conditions in existing guesthouses</li> <li>- Lack of knowledge and visibility about the region within Georgian and international tourists</li> <li>- Unequal distribution of tourists (majority in Sioni)</li> <li>- Seasonality, short season</li> <li>- Low interest from local population, especially youth towards participating in tourism sector</li> <li>- People are cautious about investing in tourist accommodation</li> <li>- Lack of entrepreneurship skills, especially among youth and women</li> <li>- Exclusion of PWDs</li> <li>- Gendered division of roles</li> <li>- Women's, PWDs' and youth's limited access to formal credit services</li> <li>- Unpaid or low-paid labor for women within family business</li> <li>- Low interest from tourists</li> </ul> |
| Opportunities  | Threats   |
| <ul style="list-style-type: none"> <li>- Planning cultural heritage routes</li> <li>- Offering local guided tours</li> <li>- Improved infrastructure in guesthouses</li> <li>- Offering new services – bicycle renting, horse renting, fishing equipment renting</li> <li>- Conducting online marketing activities for guesthouses</li> <li>- Cooperating with tour companies</li> <li>- Offering Khinkali and Dambal Khacho cooking workshops</li> <li>- Good entry point for low-skilled rural youth</li> <li>- Skills development programs for youth and women</li> </ul> | <ul style="list-style-type: none"> <li>- Becoming overcrowded</li> <li>- Worsened economic conditions in Georgia and internationally</li> <li>- Pollution of environment, especially near Sioni Lake</li> <li>- Bad weather (cold, rainy) during the tourist season</li> <li>- Differences in culture might cause discontent from the locals, especially in villages with many religious sights</li> <li>- Hindered social norms and stereotypes</li> </ul>   |

## ■ 14. RECOMMENDATIONS

In this section, we summarize conclusions turned into recommendations as possible solutions to the issues encountered during rural tourism value chain analysis in the targeted area. The conclusions are based on concerns of stakeholders, as well as our observations.

### 1. Support improvement of holiday planning

*Conclusion:*

It can be concluded that holiday planning for the target area is very underdeveloped. There are no official tour guides or agencies in the area. Most of the domestic visitors here plan their own tour without the support of tour operators, while international tourists just bypass through the area on their way to other destinations, they only stop in the area for 1 night on average. Furthermore, there is no information centers where they can find out any information about interesting tourism offers.

The only tour guides can be considered to be offered by the guesthouses in order to extend their customers' stay in their accommodation. This will provide tourists with nearby sightseeing or fishing tours.

*Recommendation:*

Elkana could support Tianeti Municipality and Lower Pshavi to develop tourism information, e.g. a tourist brochure with main attractions and offers of the target area, that can be either printed out and given to the interested visitors or uploaded on relevant websites.

As Tianeti is on the road from Kazbegi / Gudauri to Kakheti, it might be also useful to cooperate with the tour operators who offer tours in Kazbegi and Kakheti so that they can include Tianeti in their itinerary and therefore, increase the duration of international visitors in the municipality.

### 2. Support improvement of conditions and services in accommodations

*Conclusion:*

Most guesthouses are concentrated in borough of Sioni and borough of Tianeti due to the high demand from the visitors. One of the challenges of the guesthouses in Sioni is poor living conditions, including bathroom facilities, old infrastructure, furniture and a lack of central heating or other heating options in winter.

Another major weakness of the tourism sector in the target area is seasonality. Currently, the season of tourism lasts for 2-3 months in summer which means that for many guesthouses, tourism cannot be a stable source of income.

Guesthouses also lack online exposure and their tourism products are not very diversified; the most guesthouses only offer accommodation, food and sometimes transportation.

*Recommendation:*

To improve the existing situation in guesthouses, the project can support the guesthouses in capital renovation, improving bathroom facilities and purchasing of new furniture. This support will allow the guesthouses to attract more visitors and charge higher prices. In addition, installing central heating in guesthouses can somewhat improve the issue of seasonality, as guesthouses will be available to receive visitors during spring and autumn, when the nature is very beautiful. The cost of heating can be included in the price of a room by accommodations.

Elkana can support the guesthouses to plan and create additional services. The autumn, as a harvest season can also provide opportunities for agritourism – visitors can go on tours in the field and par-

participate in fruit picking and vegetable harvesting. Guesthouses can also offer cooking workshops of Dambal Khacho, cheese and Khinkali as well as beekeeping tours.

One very important step for guesthouses is to register on main tourist platforms, such as Booking.com and Airbnb.com, as well as create their own Facebook page and provide photos along with information about nearby places that visitors can see. Lower Pshavi is likely to be more popular among international tourists who are interested in hiking and trekking – such tourists are mainly planning their own trips and are considered as budget travelers, so to reach them online presence will be important.

### **3. Support Souvenir Producers in product realization**

*Conclusion:*

There are a few souvenir / craft producers in the target area who only sell their production during festivals and holiday celebrations, as well as in summer in Sioni. The sales' channels for them are very limited. There is no souvenir shop or stand anywhere else, so the visitors have no access to these crafts.

*Recommendation:*

Elkana could support cooperation between guesthouses and craft producers, e.g. guesthouses could keep and sell some souvenirs to their visitors, or even cooperate with local craftsman who will offer knitting / craft-making lessons to visitors.

### **4. Support increased standards for Food providers**

*Conclusion:*

There are seasonal cafes and food kiosks in Sioni during summer season. There are also several restaurants / diners in borough of Tianeti offering traditional Georgian food, including local specialties – Khinkali and Dambal Khacho. Even though they have many domestic and international visitors who are satisfied with the quality of food and the prices, there the facilities are not very modern and up to date to meet international standards.

There are no food places in Lower Pshavi and Tianeti Municipality villages – in these areas many guesthouses offer food services. However, they do not have established menus or even fixed prices for food services.

*Recommendation:*

For Lower Pshavi and Tianeti Municipality villages, due to a lack of local population and a low numbers of tourists, it is not feasible to have a permanent café/ restaurant, so instead, it will be helpful to support the guesthouses in improving food provision services – e.g. support them in the development of menus, diversifying offered foods, training about food service standards, financing refrigeration and/ or kitchen appliances.

For existing food service providers, the project could support the improvement of facilities to increase compliance with international standards, as well as support outreach and marketing measures – for example, façade of the building, menus at the entrance, cooperation with tour operators and guides.

### **5. Diversify tourist entertainment products**

*Conclusion:*

There are not many entertainment opportunities in the target area. For example, in Sioni, the number of tourists is very high during the summer season, however, there is not much that the guests can do other than sunbathe near the reservoir, rent boats or water bicycles or go for picnics in the surrounding forest.

Similar situation is in Borough Tianeti, where there are no entertainment points, except a park in the center of Tianeti, as well as horse-renting and bicycle renting opportunities in 2 guesthouses, while in Lower Pshavi, the options are even fewer.

*Recommendation:*

Supporting local guesthouses or micro businesses to develop bicycle renting and horse renting services, especially in Sioni. This can interest the visitors and increase the revenues of local people, as well as increase tourist satisfaction. In addition, both in Sioni and Tianeti it might be helpful to create picnic infrastructure in the forest or arrange hiking trails.

Also, the river Iori valley is popular among local people for fishing and recreation, so offering fishing equipment renting services and sport fishing tours will interest visitors and diversify the tourism offer.

For Lower Pshavi currently there is no infrastructure for hiking and trekking – there are no routes, shelters, information signs, etc. Supporting improvement of such infrastructure will attract more visitors to the area.

## **6. Support women, youth and PWDs**

*Conclusion:*

From the analysis it can be concluded, that most of the existing tourism sector providers are not owned or managed by youth, while women are frequently participating in the management of the accommodation units and supervision of the operation, finances and services.

*Recommendation:*

It will be important to provide women, youth, and PWDs with entrepreneurship opportunities, more specifically opportunities for development and advancement of women and youth-led tourism businesses, like guesthouses, cafes, etc. Moreover, providing support schemes in partnership with financial institutions will support access to credit, land for women, youth and PWDs, and ensure that they are actively involved in hard and soft skills' development opportunities, including providing short courses on leadership, networking, management, marketing.

## **7. Popularization of the target area**

*Conclusion:*

There is a lack of marketing activities of the target area from the local government, while private sector representatives, mainly guesthouses only conduct very limited marketing activities – for example, attending some local festivals and managing their guesthouse page online.

*Recommendation:*

One important opportunity can be the popularization of the target area and its products. It will be useful to identify strategic tourist products and create a rural tourism development strategy, together with a marketing plan for the target area. Conducting a relevant communication campaign for relevant websites and cooperation with national stakeholders, as well as tour operators increase visibility of the target area overall and attract more visitors.

## **8. Support rural tourism value chain actors to improve entrepreneurship skills**

*Conclusion:*

Most of the guesthouses have no prior experience of managing tourist accommodation. Even some of them have participated in tourism-related trainings, they still do not necessary skills for marketing and financial management and with the increase in tourism numbers and diversified products they will need more skills for guesthouse management.

Similarly, food service places are working in more traditional ways, they do not conduct any marketing activities.

*Recommendation:*

Elkana could provide trainings to guesthouses and restaurants / food places in management of tourist accommodation / food services, financial management, product development and marketing.

## **9. Supporting the compliance with Government regulations**

*Conclusion:*

In case of extended measures against current global pandemic, tourism service operators will need to follow the guidelines and regulations enacted by the Government of Georgia. For the food places and guesthouses, necessary materials, equipment and supplies will be needed – for disinfection barriers, liquids, outdoor infrastructure, etc. as well as technical skills to manage the process.

*Recommendation:*

Elkana can provide guesthouses and food places with financial and technical support. Guesthouses and food places will need to purchase equipment and arrange infrastructure in accordance with government regulations. Moreover, they will need special knowledge to follow the standards.

Trainings could also include recommendations about crisis management plan, so that the entrepreneurs can be more prepared to meet any possible future crises.





Research