



Borjomi Local Development Strategy

2016-2019



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BORJOMI LOCAL ACTION GROUP

www.borjomilag.ge



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Contents

1. Executive Summary	4
2. General Overview of Borjomi Municipality	5
3. Analysis of the Development Needs	6
3.1 Description of the region.....	6
3.1.2 Socio-economic situation	7
3.1.3 Education and qualification	8
3.1.4 Agriculture	8
3.1.5 Bio-diversity.....	9
3.1.6 Forestry.....	9
3.1.7 Tourism and recreation	9
3.1.8 Infrastructure.....	10
3.1.9 Health system	11
3.1.10 Cultural / social facilities and activities	11
3.1.11 Civic engagement and civic associations	12
3.1.12 Structure of Local Authority	12
3.2 Identification of Development Priorities and Needs.....	13
3.2.1 Overview.....	13
3.2.2 Interviews with local community and NGOs	13
3.2.3 SWOT Analysis Workshops and Needs Assessment.....	14
3.3 Defining Local Development Needs	18
4. The Local Development Strategy.....	19
5. Organisational Structure	26
5.1 The Local Action Group (LAG).....	26
5.2 LAG Membership	26
5.3 The Project Appraisal Advisory Group.....	27
5.4 LAG Role in Selection of Sub-Projects	27
5.5 Conflict of Interest.....	27
5.6 The LEADER Coordinator	28
5.7 The Accountable Body.....	28
6. Grant Application Process	29
6.1 Animation Process	29
6.2 Grant Project Funds & Co-Financing	29
6.3 Application Submission & Selection Process.....	29
6.4 Signing of Agreements and Procurement Process	33
6.5 Selection Transparency and Grievance Mechanism.....	33
6.6 Flow Chart on the Application, Assessment and Selection Process.....	34

1. Executive Summary

The Local Development Strategy (LDS) of Borjomi Municipality provides a framework to support the economic, social, cultural and environmental development of the municipality and to improve the quality of life for its people. The LDS has been developed using a consultative process with input from a broad cross section of the Borjomi population, and in particular members of the Borjomi Local Action Group (LAG). The Borjomi LAG is comprised of 28 members from the public and private sector, representing sectors such as tourism, agriculture, sport, culture, environment, conservation and working in the local municipality, state agencies, private business, NGOs and other civil society organisations.

The development of this LDS has been financially support by the European Union under the ENPARD project “A New Approach for Rural Development in Georgia” implemented by Mercy Corps. Technical support was provided by consultants from the Austrian Federal Institute for Less Favoured and Mountainous Areas (BAAF), with additional input from the project partners, Angus Council in Scotland and Borjomi Municipality.

The LDS analyses the challenges and opportunities within Borjomi and lays out potential solutions to enable sustainable socio-economic development. The overarching aim of the Borjomi LDS is:

To improve the quality of life of Borjomi residents and create a more attractive destination for visitors

To achieve this aim four objectives have been identified which provide the basis of this Local Development Strategy:

- ***To increase the contribution of sustainable tourism to the local economy making it a model for the whole of Georgia***
- ***To improve agricultural productivity and diversification, and to enhance professional knowledge, making farming a more attractive and profitable business sector***
- ***To strengthen sports and cultural activities to enhance quality of life and increase a sense of belonging***
- ***To protect the environment through sustainable use of natural resources, effective land and waste management and awareness raising to enable local people to take a more active role on environmental issues.***

This LDS provides a supportive framework for the development of a wide range of social and economic initiatives that can contribute to the realization of the overarching aim and objectives. Under the aforementioned ENPARD project “A New Approach for Rural Development in Georgia” funds are available to support such socio-economic initiatives that are in line the LDS. These grant funds will be overseen by Borjomi LAG, that is the principal decision making body for assessing and selecting projects to be funded. Full details about the Local Action Group and the modalities of the grant component under this ENPARD project are provided within this Local Development Strategy.

2. General Overview of Borjomi Municipality

Borjomi Municipality is a part of Samtskhe-Javakheti region, located in the south of Georgia. It is situated within the Meskheti and Trialeti mountain ranges of the Lesser Caucasus Mountains and covers an area of approximately 1,189 km². The altitude of Borjomi Municipality varies by more than 1,500 metres with the main town, Borjomi located at a 800-950 metres above sea level and the mountain ranges reaching up to 2,500 metres above sea level. Its geographical location includes three different climatic zones, with regards to temperature and precipitation – the humid colchic zone, the moderate central Caucasian zone and the dry continental Caucasian zone. The distance from the municipality to the regional center Akhaltsikhe is 50 km and to the national capital Tbilisi it is 157 km.

Map 1: Location of Borjomi Municipality in Georgia



There are 11 territorial units in the municipality, that include Borjomi town, 3 semi-towns (Akhdaba, Tsagveri and Bakuriani) and 7 rural territorial units (Balanta, Dviri, Kvibisi, Tabatskuri, Tadzrisi, Tba and Tsikhisjvari), each including one or more villages (see map 2). In total there are 33 villages within the municipal boundaries, of which 22 are eligible to additional benefits and incentives under the recently passed Law of Georgia on the Development of High Mountainous Regions (2015). The population of the municipality from the 2002 census is 32,422 inhabitants, however based on the preliminary results of the 2014 census the population has decreased to 21,100 inhabitants.

Map 2: Borjomi Municipality towns and territorial units



The municipality is rich in natural resources – in particular mineral waters, huge forest areas and bio-diversity rich pastures, lakes and water resources – and a large portion of the Borjomi-Kharagauli National Park (85,000 hectares) lies within its boundaries. The wide climatic and precipitation range within Borjomi finds its expression in a variety of flora and forest types across the municipality. The forest area covers approximately 63,200 ha, or 57%, of the whole territory and there are different types of forests, both mixed and coniferous, according to the climate types. One other important characteristic of this mountainous landscape are the meadows and pastures. The deterioration of pastures is a serious problem in Borjomi Municipality as their productivity has decreased significantly over recent decades. An absence of rotation grazing has led to soil erosion and a decrease in the volume of fodder. Other analysis shows that 13.4% of Borjomi Municipality area is unstable landscape, which indicates a significant threat. Such areas are located in the river valleys of subalpine and upper mountainous forest landscapes, adjacent to the settlements, particularly within the anthropogenic influence.

One of its main assets is curative mineral water and in the Borjomi Gorge there are a large number of springs. These mineral waters are used both as medical treatments and as drinking water across the whole of Georgia and abroad. For over one hundred years the bottling of mineral water is a major source of income for the municipality. Today Borjomi Municipality represents one of the most important tourism centers in Georgia. Since the 19th century tourism has been a priority for the municipality with its health sanatoriums with recreation-curative facilities that make use of the natural spa waters, skiing infrastructure (located in the semi-town of Bakuriani) and numerous historical and cultural monuments in villages such as Akhaldaba, Tsemi, Kechkhobi and Tsagveri.

3. Analysis of the Development Needs

3.1 Description of the region

3.1.1 Population

In 2002 Borjomi Municipality had 32,422 inhabitants of which approximately 48% were men and 52 % women. In Borjomi town the population was around 14,445 inhabitants which made up 45% of the population with the remaining 55% living in rural areas of the municipality¹. Since 2002 the population of Georgia appears to have declined significantly as the preliminary data from the 2014 census shows that the population has decreased to 25,100 inhabitants (see Table 1). This means that the number of inhabitants has decreased by almost one quarter (22.6%). Unfortunately, at this time, there is no detailed data form this new census for the different locations within the municipality or a disaggregation by age or gender available.

Table 1: Population figure in Georgia in absolute terms and % changes from 2002-2015²

Location	2005	2015*	Changes 2002-2015 in %
Georgia	4,371,535	3,729,500	-14.7
Tbilisi	1,081,679	1,118,300	+3.4
Samtskhe-Javakheti	207,598	160,300	-22.8
Borjomi Municipality	32,422	25,100	-22.6

The data is based on the preliminary results of the Population Census of November 5, 2014 and the natural and migration balance for the last 2 months of 2014

¹ Annex 1 provides census data on the population of Borjomi and its territorial units as well as a disaggregation by age and gender

² Source: National Statistics Office of Georgia, http://www.geostat.ge/?action=page&p_id=473&lang=eng; http://unstats.un.org/unsd/demographic/sources/census/2010_phc/Georgia/GEO-2015-05-04.pdf

Reasons for this decline of population is linked to migration to the capital Tbilisi and towards foreign countries, due to limited education opportunities and the high unemployment in the municipality. In these countries the migrants often work in small enterprises, in households or as seasonal workers. It is estimated that the significant losses of population in Borjomi Municipality have not fundamentally changed the relation between the urban and rural population of the municipality.

From the census in 2002 it can be seen that the age distribution in the population in Borjomi corresponds very closely to the national distribution: 21.2% of the inhabitants are in the age group 0-14 years (Georgia: 17.6%), 14.3% in the age group 15-24 years (Georgia: 14.0%), 40.2% in the age group 25-54 years (Georgia: 40.9%), 9.5% in the age group 55-64 years (Georgia: 12.2%) and in the age group > 65 years 15.0% (Georgia: 15.3%).

As for the proportion of men and women in the municipality it is balanced until the age of 24 years, however in the following age groups the percentage of men in the municipality decreases with rising age. For example in the 45-54 years age group men only constitute 43% of the total population. One of the reasons for this is higher number of men migrating to seek work elsewhere in Georgia or abroad to send remittances to their family

Borjomi is also characterized by ethnic diversity. Within the municipality there are twice the number of ethnic Armenians (12%) than on average in Georgia and around 4% of the population are ethnic Greeks. Ethnic minorities are particularly concentrated in specific villages and areas with the Greek minority living in Borjomi town and the village of Tsikisjvari and the Armenians living in Borjomi town and the high mountainous southern area of Borjomi bordering Akhalkalaki. Moreover, in the region Samtskhe-Javakheti there are 2,448 internally displaced people from South Ossetia registered with most of them living in Borjomi Municipality mainly in the town and in Bakuriani and Bakurianis Andeziti.

3.1.2 Socio-economic situation

Borjomi Municipality has an active labor force of approximately 65% of the total adult population. The majority of people are employed within IDS Borjomi (mineral water bottling factories), in hotels and guesthouses, in agriculture (small farms), in construction, processing industry and retail trade. There is only one large employer within the municipality and this is the IDS Borjomi mineral water bottling factories that employ approximately 200 persons. There are currently 300 small and medium enterprises registered in the municipality with the main employers working in the tourism sector. Currently there are two 5-star hotels, one 4-star and three 3-star hotels, with a multitude of smaller hotels and guesthouses, primarily in Borjomi town, Bakuriani, Tsagveri, Tsemi, Tba and Sadgeri. In addition there are also other small-medium businesses that also benefits from the tourist trade including recreation-curative facilities, spa-centres, four sanatoriums and restaurants. Smaller enterprises included construction businesses, retail outlets, bakeries and repair/maintenance companies. Apart from these enterprises the forestry and agriculture sectors are also main employers and sources of income in Borjomi Municipality. These small and medium enterprises account for approximately 1,200 jobs in the municipality. Considering the natural and climatic conditions within the municipality these sectors are considered the main drivers for future economic development. This includes the upgrading of tourism infrastructure, the development of the protected areas, increased agricultural production and diversification and use of non-timber forest products.

Additionally, 875 people are employed in the public administration. Furthermore, there are also many people self-employed in the agriculture sector. However, with the closing of formerly state-managed industries such as furniture, glass and slaughterhouses in the past years the unemployment rate in Borjomi Municipality remains high. Whilst there are no figures about wage levels in the municipality available, in Samtskhe-Javakheti the annual monthly income of households in 2011 was

857 GEL³. The income sources are mainly derived from agriculture production (30%), full time employment (25%), from transfer payments by public sources (pension, social aid, etc.) (19%), remittances (8%), money from relatives (9%) and other funds from self-employment, rent, deposits, savings.

With regards to pension and social payments according to municipal records, currently 5,816 residents receive pension payments which makes up 22% of the total population and 1,432 persons receive the social aid package, which is 7% of the overall population. As 22 villages within the municipality are classified as being located in mountainous regions they are eligible for additional family benefits, increase payment rates for teachers and medical staff and have tax exemptions for businesses and investors.

3.1.3 Education and qualification

In Borjomi municipality there are 21 public schools; 6 of which are primary and 15 secondary schools. In addition there are 11 kindergartens and one private lyceum in Borjomi town. In the last 5 years two new schools have been built and equipped with new school items and 10 existing schools were partially repaired. Despite this, many of the schools remain in poor condition and are in need of extensive repairs. Ten of the public schools are involved in the inclusive teaching program but only one of them is adapted for inclusive education. 44 disabled children are studying in those schools.

In the last years the number of qualified and certified teachers has increased and there are now 570 teachers working in Borjomi teaching 5,200 pupils. Not all villages in the municipality have their own school therefore the government provides the school buses to transport the children from the villages to the nearby schools. There are no higher education colleges in the municipality and most of the young people go to Akhaltsikhe and Tbilisi to receive higher education.

3.1.4 Agriculture

As with the rest of Georgia since 1990 the picture has been one of continuing decline in agricultural production. The reasons for the reduction have been mainly due to the fragmentation of land during the privatization process, the lack of knowledge and technology transfer, high costs of agriculture inputs, limited access to finance and insurance, the absence of modern machinery services, poor connectivity to markets and trade embargos as well as the generally degraded rural infrastructure.

In addition Borjomi Municipality faces the additional handicap of having limited arable resources so that large, open-field crops production opportunities are limited. Of a total of 42,376 hectares of agricultural land only 4,090 ha are arable land and only 180 ha are under permanent crops⁴. The remaining land is predominantly meadow and pasture land. The shortage of agricultural land is directly reflected through the small size of farms in ownership, most of them (73%) managing less than 1 hectare. The proportion of 1-3 ha farms in Borjomi Municipality compared to other municipalities in the region is the lowest.

The main sources of income in agriculture are animal husbandry, milk production as well as some vegetable and crop production. Of these farmers approximately 80% of population are involved in small-scale, non-commercial agriculture. Outside of livestock the most important agricultural is potato with 6,710 tons being produced in 2014. Recently, however there has been a move to diversify agricultural production with berry production and products cultivated under greenhouse conditions. With the support of UNDP 60,000 strawberry saplings and 4,000 raspberry saplings were planted in the villages of Daba, Tsagveri, Timotesubani and Mzetamze and recently in Daba and Tba villages three commercial greenhouses have been constructed. Furthermore, there are now six fish farms in the municipality which produce annually 28.5 tons of fish. Another move to initiate commercial agricultural production has been the development of 15 cooperatives working in berry

³ Samtskhe-Javakheti Regional Development Strategy 2014-2021

⁴ Figures provided by Borjomi ICC

production, apiculture. With their products these cooperatives are primarily servicing the tourist industry in Borjomi as well as markets in the capital. Agricultural processing industries are almost non-existent in Borjomi as there is currently only one cheese processing factory operational and there some opportunities within for service providers as the business sector remains under-represented.

3.1.5 Bio-diversity

Georgia is a country defined by Conservation International as one of the world's biological hotspots. Borjomi Municipality is distinguished for a high biological diversity and high endemism, with the greatest proportion of any region of the southern Caucasus devoted to reserves and parks. These include the Borjomi-Kharagauli National Park, Nedzvi Managed Reserve, Ktsia-Tabatskuri Managed Reserve and Tetrobi Managed Reserve. Many species of flora and fauna are to be found in these reserves and parks and primeval mountain forests have been preserved and there is a high diversity of rare medicinal plants.

3.1.6 Forestry

Borjomi Municipality is rich in natural forest areas that covers approximately 63,200 ha, or 57%, of the territory with different types of forests according to the climate types. Almost all forests in the municipality have a significant role in regulating the climate, protecting the soil and controlling water flow. In addition, they provide benefits vital to human livelihoods and food security, including construction materials, fuel wood, food (mushrooms, nuts and berries), medicinal plants, and grazing areas for animals. The ability of trees to prevent soil erosion and landslides is essential in the hazard-exposed mountains.

The forests in Borjomi, as elsewhere in Georgia, are under constant pressure from deforestation. Deforestation rates were especially high after the collapse of the Soviet Union when energy shortages were common. In rural areas of Borjomi wood is still used as a primary heating and cooking source to reduce electricity and gas bills. Wood-cutting for domestic purposes continues to take place and illegal logging for commercial purposes also remains a serious problem across the country.

3.1.7 Tourism and recreation

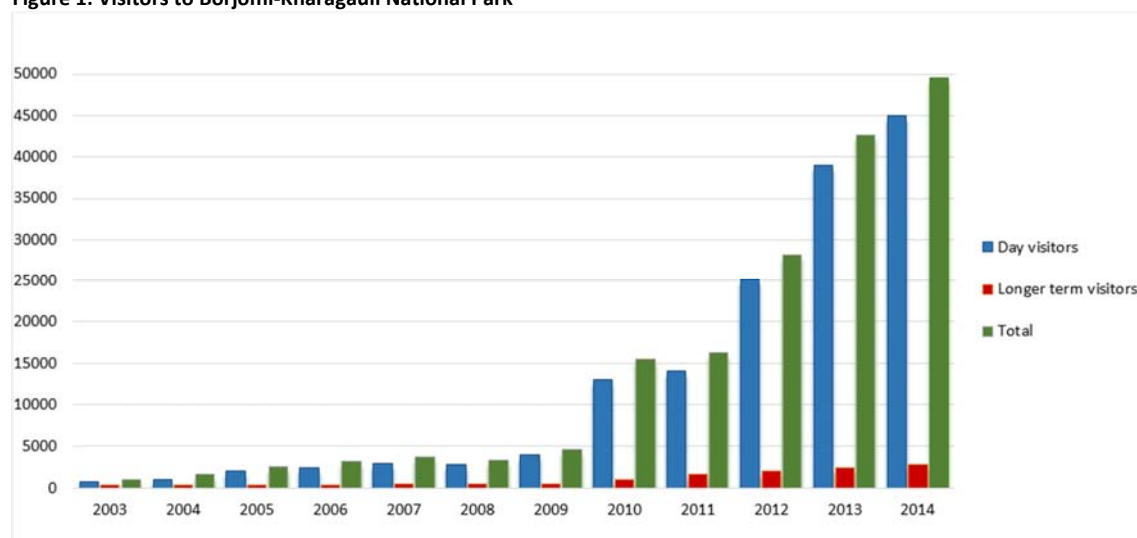
Since the late 19th Century tourists have come to visit Borjomi, drawn by its resorts, mineral waters, parks, recreation-curative facilities and spa centers. Later skiing infrastructure, sanatoriums and hotels were developed in Bakuriani meaning that the area now receives tourists throughout the whole year. In addition the Borjomi-Kharagauli National Park, with its huge forests and pristine and preserved landscapes, is another huge attraction for visitors as are the many historical and cultural monuments in the municipality.

In 2013 the tourist department of Borjomi Municipality registered 352,931 tourists (domestic and foreign visitors) and in 2014 and in 2015 these numbers have increased. The greatest number of international tourists are coming mostly from Georgia, Germany, Israel, Poland, Kazakhstan, Azerbaijan and Armenia. In the past few years there has been a considerable increase and development of hotels and guesthouses in Borjomi Municipality. There are four types of accommodation in Borjomi: high standard hotels, guesthouses, family private houses, and apartments. The cost to stay in the hotel varies from \$50 to \$200 a day, whereas staying in a private family house is much cheaper, between \$15-20 a day. Table 2 provides the number of hotels, guesthouses, private family houses and apartments in Borjomi Municipality in 2015.

Table 2: Current Accommodation in Borjomi Municipality

Five star hotels	2
Four star hotels	1
Three star hotels	3
Guesthouses in Borjomi Municipality (Borjomi, Sadgeri, Tba, Tsemi, Tsagveri)	70
Family private houses (Sadgeri, Tba, Tsemi, Tsagveri)	250
Apartments in Borjomi	217
Two & Three Star hotels & guesthouses in Bakuriani	86

The pristine nature of Borjomi-Kharagauli National Park is a considerable draw for tourists to the region. It is the first park in the Caucasus meeting international standards and is a member of the European wilderness protection organisation – PAN parks, which is a guarantee of protection and sustainable tourism. Figure 1 shows the large increase in the number of visitors to Borjomi-Kharagauli National Park between 2003 and 2014

Figure 1: Visitors to Borjomi-Kharagauli National Park

Source: Borjomi-Kharagauli National Park Centre

3.1.8 Infrastructure

Energy

All villages and Borjomi town are supplied by a 24 hour electricity supply except for the village of Tori. Gas supply has also been enhanced in recent years in Borjomi Municipality with 65% of houses in Borjomi Municipality being connected to the gas supply. Natural gas is not provided to the following villages: Moliti, Chirnakhula, Balanta, Andeziti, Tsikhisjvari, Chitakhevi, Larebi, Chobiskhevi, Dviri, Tadzrisi, Dgviri, Sakire and Zoreti. Many households in Borjomi consider that the gas supply is too expensive to be their heating sources and for this reason the use firewood is widespread, often from illegally cut trees.

Water

There are two types of water systems in the municipality. Borjomi town and Bakuriani are supplied with fresh water by the center water distribution system that is under the control of the Georgian United Water Supply Company. The company has established a water treatment facility with 12 filters with the funding of World Bank. The building is equipped with a modern computer system and is able to filter 140 liters water per second. Currently 80% of the population in Borjomi town has a 24-hour water supply and 20% has a stable water supply 8-10 hours per day. A similar facility was

also constructed in Bakuriani by the company. Villages get water from local springs, however some households do not receive water directly to the house, but have to collect water.

Waste management

Waste management is one of the biggest environmental challenges, not only for Borjomi, but for the whole of Georgia. There are only two landfills in the municipality: one in Borjomi city and another one in Bakuriani. Waste management services are carried out by the clean-up service, “Organization of Public Services and Amenities Ltd,” located in Borjomi Municipality. The clean-up service has been technically re-equipped and currently does waste sorting. In some tourism centres (villages) there are special garbage containers, but there is a general lack of waste disposal sites. In many of the villages no such services are available and people throw waste away in small dumping sites around the village. The same is the case for waste water and sewage treatment. There are no facilities for treatment of sewage and all villages are using a combination of septic tanks and uncontrolled sewage disposal.

Transport

There are 175 kilometers of internal roads in Borjomi municipality, 55% of which are paved. Furthermore, there are 82 km of national roads and the Georgian route S8, also known as Khashuri–Akhaltsikhe-Vale road. This is one of the major trunk roads that runs through the municipality. There are two railway tracks in Borjomi: one is the line connecting Tbilisi with Borjomi and Akhaltsikhe and the other is the narrow gauge tourist line connecting Borjomi and Bakuriani. The public transport system is comprised of 12 state mini-bus lines.

3.1.9 Health system

There are two hospitals in the municipality – one in Borjomi town and one in Bakuriani – and one maternity home. Almost every village has a health care infrastructure (health unit), though the villages of Mzetamze, Chikarula, Moliti, Tsemi and Sadgeri do not have any medical unit. There is a lack of certified, qualified and registered doctors (especially surgeons) in the municipality, particularly in the villages. Therefore patients often have to go to Tbilisi hospitals and clinics to get professional medical research, diagnostics and treatment, causing them additional expenses. It is a similar situation with respect to pharmacies and such facilities are located only in Borjomi town and Bakuriani. There is also one department of fire service and one rescue service in the municipality. There exists no free medical care in Borjomi Municipality but there is a governmental medical insurance program that has been running since September 2012 and is available for every inhabitant. This insurance program mainly finances urgent surgical operations, planned operations, cancer treatment, medical-preventive examination and check-ups and other healthcare services. Additionally there is a special program for pensioners and people with severe disabilities, as well as children (up to 6 years of age) and students.

3.1.10 Cultural / social facilities and activities

Borjomi is rich with historical/cultural monuments, churches and castles: there are up to 80 cultural heritage sites in the area, the majority of them are dating back to the middle ages. In Borjomi town there is a theater, historical museum, parks, sports facilities and music school. There are also a number of restaurants and cafes in Borjomi and Bakuriani and along the Khashuri-Borjomi-Akhaltsikhe main road. Villages are generally lacking social facilities, though some have rural club-houses and others have libraries. Borjomi has a football team “FC. Borjomi” and other different types of sport groups in rugby, judo, wrestling, etc. Traditionally there are tournaments each year in wrestling, chess, mini football. The main cultural events each year are “Borjomoba” which is led in late August festival which celebrates the diversity and history of Borjomi and “Bakurianoba” which is

held at the ski resort in late February and within the framework of celebration there are downhill skiing, ski jump, snowboarding and horse-riding competitions.

3.1.11 Civic engagement and civic associations

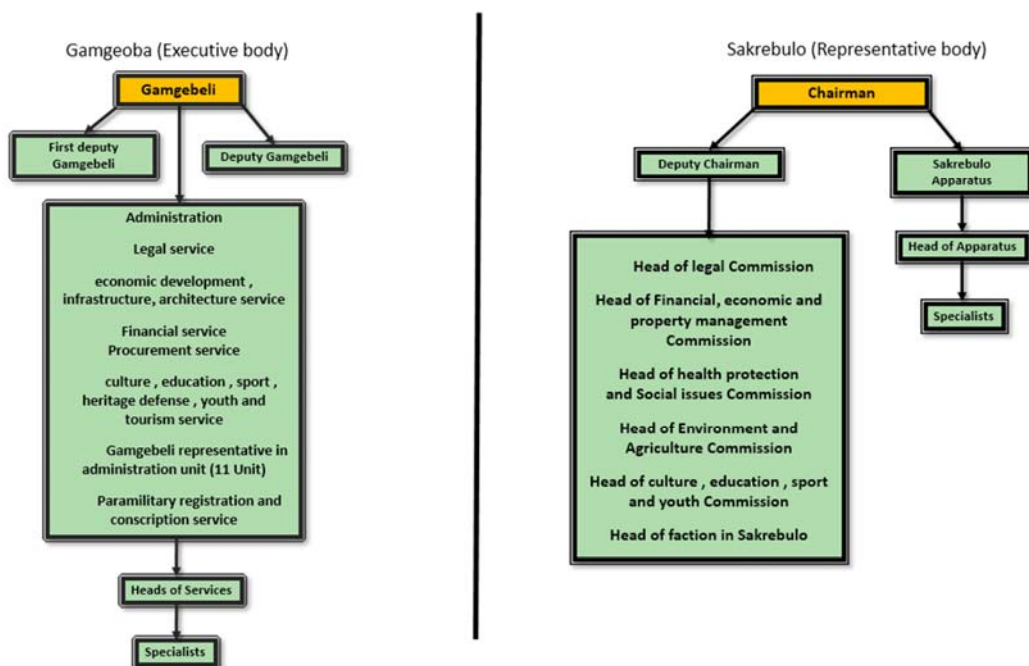
Compared to Akhaltsikhe Municipality, civic engagement within Borjomi Municipality is very low, but still there exists some local non-governmental organizations (NGOs), associations and youth groups. One NGO is Samtskhe Javakheti Media Centre which works for the development of civil society through media. There are four local NGOs – “Green Borjomi”, “Oazisi”, “Together for Change” and “Balu” – working on environmental protection awareness building and developing information materials for visitors of the national park, as well six Eco-clubs established in the schools of Borjomi, Akhaldaba and Tsageveri with the assistance from the Ministry of Environment Protection of Georgia and UNDP. The rural development association “Green Valley” was established in February 2015 with support provided by UNDP. The aim of the Association is to improve the economic conditions of Samtskhe-Javakheti population through environmental protection, agriculture and sustainable tourism development. The association supports the development of traditional and sustainable farming in the region, farmer’s cooperatives, promotes and supports organic farming, develops the market of local production, protects farmers rights and supports and promotes the development of touristic infrastructure and sustainable tourism in the region.

With the financial support of the Swedish Development Agency (SIDA) and the National Democratic Institute a Youth Gender Club has been formed in Borjomi. The club is composed of 20 students from Borjomi Municipality between the ages of 16 and 17 years of age. In addition there is the Youth Engagement Center, supported by the US Embassy and PH International and involving 20 students from ages 15 to 16. The member of these youth groups meet with young students in schools, to present their work and hold discussions around the issue of gender equality. They are also actively participating in advocacy campaigns and various civic initiatives.

3.1.12 Structure of Local Authority

The following chart provides the structure of the Executive and Representative bodies of Borjomi Municipality

Chart1. Self – government structure of Borjomi Municipality



3.2 Identification of Development Priorities and Needs

3.2.1 Overview

This section presents the methodology used to identify the needs and core priorities for development for Borjomi Municipality. The methodology followed a participatory approach and the information gathered came from the following sources:

- Regional and National Strategy and Policy documents
- Interviews with local community members and sector heads
- Discussions with national and international NGOs
- SWOT analysis workshop with LAG members

A SWOT analysis process looks at the strengths, weaknesses, opportunities and threats (SWOT) that Borjomi Municipality faces. It is a strategic planning method that is used to identify the internal and external factors that are favourable or unfavourable to achieving a specific aim, which in this case are the factors supporting or hindering rural development in Borjomi. The SWOT analysis workshops, along with the information gathered from the documents, interviews and meetings, were used to help define the priorities and strategic direction of the Local Development Strategy.

3.2.2 Regional and National Strategy Documents

The following documents were used as primary sources of information for the development of the local development strategy. The strategy documents were analysed to make sure that the priorities and objectives of the LDS were in line with regional and national strategies and policies.

1. **Samtskhe-Javakheti Regional Development Strategy 2014-2021** supported by GIZ
2. **Strategy for Agricultural Development 2015-2020**
3. **Rural Development Position Paper** supported by FAO
4. **Georgia Tourism Strategy 2015-2025**
5. **Samtskhe-Javakheti Travel Guide** published by ELKANA, 2012
6. **The Perspectives of Agricultural Development of Borjomi Municipality** published by the Agricultural Information and Consultation Centre, Borjomi consulting service, 2015
7. **Law of Georgia on the Development of High Mountainous regions**
8. Project reports from **CHF International GEII Programme 2004-09**
9. **Borjomi-Kharagauli Protected Areas Management Plan, 2012**
10. **UNDP 2014-2015 progress report** - Development of Guesthouses and Cooperatives in Tsagveri district
11. **Borjomi Municipality (2008 & 2015) Social-Economic Development Plan** of Borjomi Municipality. Borjomi
12. **UNDP report (2013) Economic and Social Vulnerability in Georgia.**

3.2.2 Interviews with local community and NGOs

To gain information and inputs from local people working in specific key sectors in Borjomi Municipality the consultants from BABF held the following meetings in early December 2015:

- Tourist Information Centre Manager of the Bakuriani Tourist Agency
- Ministry of Agriculture Information and Consultation Centre in Borjomi
- Director of Borjomi-Kharagauli National Park
- Tourist Information Centre Manager of the Borjomi Tourist Agency
- Hotel and guesthouse owners in Bakuriani

- Farmers in Mzetamze
- Carpenters in Borjomi

To supplement this information further meetings were held in February 2016 with representatives of international national NGOs that have worked recently in Borjomi. These were NACRES (Environmental NGO), representatives from the United Nations Development Programme, ELKANA (NGO specializing in organic farming) and GIZ (Deutsche Gesellschaft für International Zusammenarbeit)

Additionally a study tour to Angus in Scotland was also organised in February 2016 for LAG members to gain deeper understanding on local-led development initiatives and the design of local development strategies. The tour was facilitated by Angus Council and included information meetings with the Chief Executive of Angus Council, Angus Councillors and Council representatives, Angus LAG Chair and LAG members, Angus LEADER Coordinator and his team members, the Cairngorms National Park LEADER Coordinator, Scottish Government Network Support Unit and Rural Communities Team Leader, European Network for Rural Development (ENRD) representative and the Scottish Rural Parliament Chairperson. The tour also included visits to 9 projects that were funded through LEADER and other Rural Development programs where the participants heard presentations from the grantees and asked questions on the projects.

3.2.3 SWOT Analysis Workshops and Needs Assessment

After the founding of the Borjomi Local Action Group in October/November 2015, two SWOT workshops were conducted on the 9th and 10th December 2015 with the LAG members. The workshop was facilitated by representatives of the Austrian Federal Institute for Less Favoured and Mountainous Areas. During the 1st workshop on the 9th December 2015 the SWOT analysis for Borjomi as a whole was elaborated by the participating LAG members. Questions were asked to the LAG members and through their discussions the following results were incorporated into the SWOT analysis of Borjomi.

Strengths	Weaknesses
<ul style="list-style-type: none"> • “Borjomi” as a brand • Favourable geographical location • Good climate and fresh air • Attractive environment • Easy accessibility • Hospitality • Diverse landscape (flora and fauna) • Natural resources & Mineral water • Cultural and Historical heritage • Beautiful lakes and rivers • Borjomi-Kharagauli National Park & Protected areas • Borjomi mineral water's medicinal properties • Romanov Palace in Likani and its unique Botanical garden • Ski resort • Railway (Tbilisi-Borjomi-Bakuriani) • Long term experience with tourists • Multi-ethnicity • String traditions 	<ul style="list-style-type: none"> • Lack of financial resources and investments • Lack of education (no foreign language skills, limited service knowledge) • Lack of qualified human resources and low motivation • Lack of (or poor quality) infrastructure (cafes, cinema, entertainment places, etc.) • Lack of tourism services/offers • Low level of environmental awareness • Lack of education in natural disasters & no natural disaster plan • Lack of strategic plans (sectoral & municipal level) • Lack of adequate infrastructure including transport, communication & internet • Poor sewage system & waste management (recycling) • Natural resources are used for timber • Poor agricultural market • Old agricultural machinery and equipment

<ul style="list-style-type: none"> • Good infrastructure (drinking water, road, electricity, gasification etc.) • Diverse tourism infrastructure (high standard hotels, guesthouses, hostels, parks, museums etc.) • Diverse tourism attractions (agro-eco-natural, cultural, recreation, active, medical, winter tourism) • Local (bio) products • Football club, cultural hall and music school 	<ul style="list-style-type: none"> • Communication and cooperation problems between the different sectors • No associations (agro, tourism, hotel environmental) • Unhealthy competition • Short tourist season • Not effective forest management and fish management • High prices and high quality products do not match
Opportunities	Threats
<ul style="list-style-type: none"> • Development of different tourism service and offers • Cooperation between tourism with agriculture • To produce high quality products • Important historical area with • Popularity of the National Park • Development different types of tourism • Development of sports and recreational resources • Promotion of young people in sport • Development of bio-products • Development of livestock and milk processing • Development of infrastructure • Development of forest management • Borjomi World Resort 2025 • Building high standard hotels, small hotels and development of guesthouses 	<ul style="list-style-type: none"> • Unstable political environment in the wider region • Climate change / global warming • Unsustainable use of forest and natural resources • Natural disasters • Migration of young people from the mountainous villages • Reduction of forest resources and degradation • Pollution

Following this process four⁵ specific thematic clusters and potential areas for development were identified from the information that had been provided. These were:

- High quality agricultural products and services
- Cultural and sports activities
- Sustainable/nature based tourism
- Environmental Protection

During the 2nd workshop day on 10th December 2015 these thematic clusters were discussed identifying the specific needs in each cluster, the objectives and the pathways in which these needs could be addressed and who will be the actors who will address these needs.

The following tables provide the information from these discussions:

⁵ Initially there were five thematic clusters, including "Fostering entrepreneurship and business start-ups", but this was agreed to be incorporated within the agriculture and tourism clusters.

Thematic cluster #1: “High quality agricultural products and services“

<p><u>Needs</u></p> <ul style="list-style-type: none"> ○ Low skills of farmers and knowledge of new technologies ○ Local and national demand not met by supply of products ○ No amelioration technology ○ Limited number of processing facilities ○ Under developed safety norms for agricultural products and food produce ○ Improved market places for agricultural products 	<p><u>Objectives & Pathways</u></p> <ul style="list-style-type: none"> ▪ Raising farmer’s awareness in new technologies & introduce new agricultural machinery ▪ Introducing irrigation systems ▪ Supporting introduction of greenhouse cultivation ▪ Increasing number of agricultural cooperatives ▪ Developing milk collection and processing centres ▪ Improve food safety standards ▪ Developing new sectors (berry, apiculture etc.) ▪ Improving agricultural markets ▪ Developing agro-tourism opportunities ▪ Supporting market studies and attract investments ▪ Establishing agricultural extension centres ▪ Retraining farmers ▪ Arranging workshops, exhibitions & study tours ▪ Advertising agricultural products ▪ Increasing motivation of youth in agricultural sector ▪ Certifying and branding agricultural products
<p><u>Key actors</u></p> <p>State agricultural structures, Agricultural co-operatives, Farmers, NGOs, Laboratories, Financial Institutions, Youth, Media, Guides, Tourism agencies and information centres</p>	

Thematic cluster #2 “Cultural and Sports Activities“

<p><u>Needs</u></p> <ul style="list-style-type: none"> ○ Limited opportunities in sport and culture particularly for youth ○ Lack of NGOs engaged in sports and cultural activities ○ Lack of facilities and resources ○ Lack of subsidized activities 	<p><u>Objectives & Pathways</u></p> <ul style="list-style-type: none"> ▪ Promoting more involvement of youth in sports and culture ▪ Developing sport and cultural infrastructure ▪ Supporting free access to activities ▪ Pro-actively promoting of talent ▪ Supporting proper management of sport and cultural activities ▪ Financing qualified trainers ▪ Promoting successful people sports and cultural as role models ▪ Improving training programmes ▪ Expanding museums, schools etc. ▪ Encouraging local actors and singers to work more with local people ▪ Creating connections between cultural and tourism activities
<p><u>Key actors</u></p> <p>Sports clubs, Coaches, Managers, Cultural and Art Centres and teachers, Film directors, Actors, Local artists, Municipal Government, NGOs, Youth, Rafting Sport Federation, Rugby National Federation and Football Federation</p>	

Thematic cluster #3 “Sustainable/nature based tourism“

<p><u>Needs</u></p> <ul style="list-style-type: none"> ○ Poor tourist services ○ Lack of high standard hotels 	<p><u>Objectives & Pathways</u></p> <ul style="list-style-type: none"> ▪ Developing tourism infrastructure – for example, hotels, cafes, restaurants, entertainment centres, guesthouses,
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<ul style="list-style-type: none"> ○ Lack of training and education for staff ○ Lack of entertainment – cafes, restaurants, events, etc. ○ No public access to Romanov Palace ○ Short tourist seasons ○ No tourism associations ○ No bus station for inter-city-buses ○ Poor railway infrastructure and weak public transport system ○ Too few public toilets ○ Limited cooperation between tourism and agriculture sectors ○ No common strategic plan for tourism 	<ul style="list-style-type: none"> shops, stores, souvenir shops, public toilets ▪ Increasing the qualification of tourism staff ▪ Improving standards of service providers at municipality level ▪ Establishing tourist associations ▪ Strengthening cooperation between guesthouses and tourist agencies ▪ Promoting more involvement of youth in tourism ▪ Creating tourism packages e.g. cultural, horse-riding, agro-tourism ▪ Arranging various kinds of promotional events at the local, national and international level ▪ Advertising campaigns through social media, websites, billboards, documentaries etc. ▪ Restoring cultural buildings and attractions
<p>Key Actors Private businesses, Tour operators, Hoteliers, Guest house owners, Tourism agency centres, National Park, Guides, Local government, NGO's, Youth, Financial institutions, Donors & Educational centres</p>	

Thematic cluster #4: “Environmental Protection“

<p>Needs</p> <ul style="list-style-type: none"> ○ Poor waste management ○ Lack of functioning sewage system ○ Polluted rivers ○ Potential for air pollution ○ No systematic approach in forest management & deforestation ○ No sustainable use of resources ○ Low awareness on environmental issues ○ Lack of civil society engagement ○ Danger of natural disasters ○ No natural disaster strategic plan 	<p>Objectives & Pathways</p> <ul style="list-style-type: none"> ▪ Establishing Waste processing centres and waste sorting ▪ Promoting more active engagement of civil society ▪ Developing and strengthening environmental protection organisations ▪ Raising awareness on environmental protection ▪ Promoting alternative heating systems ▪ Supporting waste management planning ▪ Supporting forest management planning & forest inventory ▪ Supporting media campaigns, advertising schemes, events etc. ▪ Supporting reforestation schemes ▪ Promoting ecology in schools ▪ Supporting disaster reduction measures
<p>Key Actors Agency for Protected Areas, Ministry of Environment, National Forestry Agency, Local Government Educational institutions, NGO's, Media & Local Population</p>	

3.3 Defining Local Development Needs

Through their participation in the working groups and intensive discussions during the elaboration of the SWOT analysis and the needs assessment the LAG members have revealed the challenges and opportunities facing Borjomi Municipality. This process has contributed to gaining a collective assessment of the specific needs and requirements in respect to the socio-economic development context and potential of the municipality.

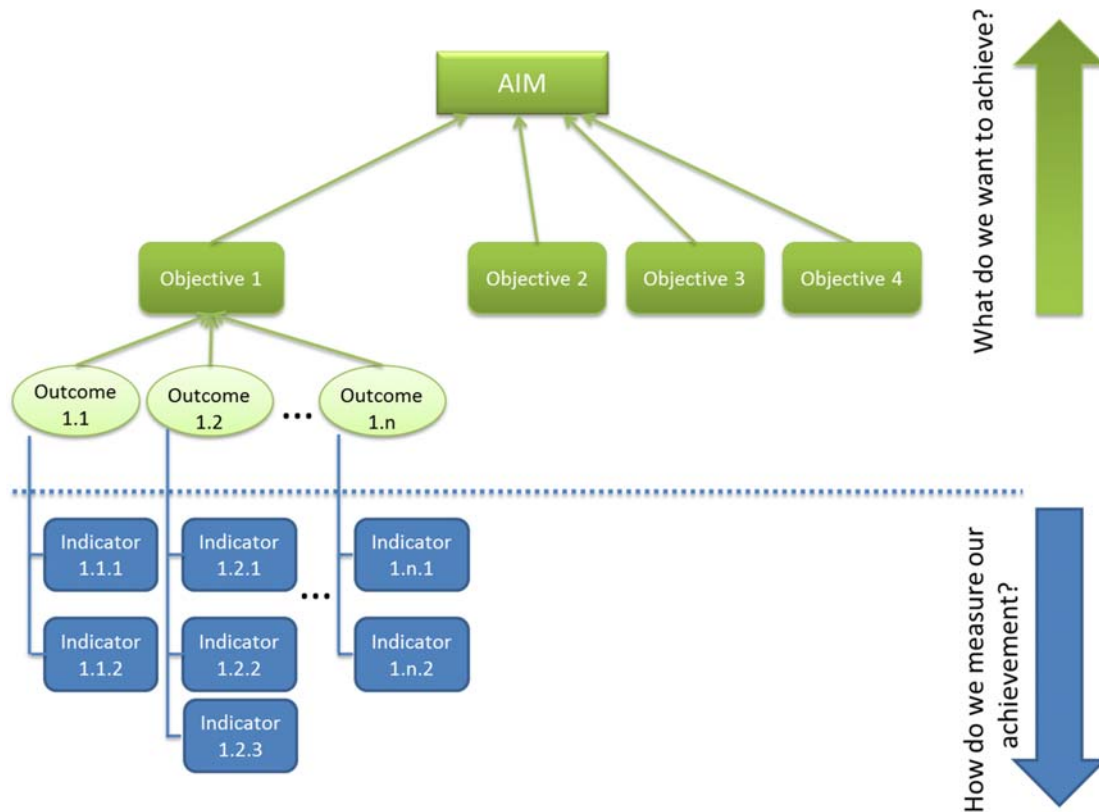
From this participative process the following needs have been identified as the most important ones to be tackled within the development strategy:

1. The tourism sector is a major driver of the Borjomi economy however there is a need to upgrade existing services and resources and develop innovative tourism opportunities so that it is able to attract new tourists and is able to fully reach its potential.
2. Although there is a long tourism tradition there is a need for greater professionalization of the tourist and service sector so that it can effectively compete in the international tourism industry.
3. Enhanced co-operation between the tourism sector and other sectors (agriculture, retail etc.) is needed to support integrated business development that would enhance the local economy.
4. Productivity in the agricultural sector in the municipality has to be raised – with a particular focus high-quality, high-value and organic produce – to raise sector incomes and to reduce rural poverty.
5. Agricultural practices of farmers has to be expanded through new agricultural knowledge, exchange of expertise, co-operation and the adoption of new techniques and modern machinery and technology.
6. Sports and culture can strengthen cohesion in local society and enhance the quality of life. Therefore facilities and activities in Borjomi need to be further developed so that can they are more accessible for all residents of Borjomi – particularly young people – and visitors to the municipality
7. The pristine nature of Borjomi is an important resource for the municipality and a major draw for visitors, and therefore it is vital that every effort is made to raise awareness and support initiatives that protect the local environment and ensure that all development activities do no harm.
8. Located in mountainous region the municipality is vulnerable to natural disasters, so it is necessary that disaster reduction measures are put in place.
9. Finally, there needs to be strong co-operation and synergies between the above actions to maximize development in the municipality.

4. The Local Development Strategy

The Local Development Strategy provides a framework to support the economic, social, cultural and environment development of the municipality and to improve the quality of life for its people. Through its consultative process of development the Local Development Strategy outlines its overarching aim, and the four strategic areas of intervention, which are the objectives of the LDS. After each objective the desired outcomes are given which precisely define the expected results to be achieved and there are indicators by which the outcome can be observed and measured. This structure that provides the aim, objectives, outcomes and indicators is called the intervention logic. The intervention logic is illustrated in the graph below.

Intervention logic



The overarching aim of the Borjomi LDS is:

To improve the quality of life of Borjomi residents and create a more attractive destination for visitors

Within this overarching aim four objectives are identified which provide the basis of an integrated Local Development Strategy:

- ***To increase the contribution of sustainable tourism to the local economy making it a model for the whole of Georgia***
- ***To improve agricultural productivity and diversification, and to enhance professional knowledge, making farming a more attractive and profitable business sector***

- *To strengthen sports and cultural activities to enhance quality of life and increase a sense of belonging*
- *To protect the environment through sustainable use of natural resources, effective land and waste management and awareness raising to enable local people to take a more active role on environmental issues.*

In the following section the details for the four objectives are presented, together with desired outcomes and the indicators that demonstrate that the strategy’s aim, objectives and outcomes are being achieved.

Objective 1: To increase the contribution of sustainable tourism to the local economy making it a model for the whole of Georgia

From the analysis of the region and its development needs it can be seen that tourism is considered as one of the major levers for strengthening the economy of Borjomi municipality. The documented increase in numbers of tourists coming to the municipality and visiting the national park (see Figure 1, Pg. 8) demonstrates that there is a requirement to increase the number of tourist services, develop tourist accommodation, improves the quality of service and facilities and to find linkages between tourism and other sectors. For the continued increased of visitors it is necessary to raise public awareness about the attractions and opportunities that Borjomi Municipality has to offer. Particular focus should be given to the development of nature-based and agri-tourism, while it is very important that all developments within the sector do no harm to the natural environment

Outcomes	Indicators
1.1 New and existing tourism services, businesses and facilities (including nature-based and eco-tourism) are developed and improved	1.1.1 Number (No.) of new touristic opportunities / businesses (tours, accommodation, attractions etc.) created
1.2 Better tourism standards are developed within the tourism sector through training, professional business development, certification etc.	1.1.2 No. of jobs created in tourism sector 1.2.1 No. of tourism staff receiving training and / or gaining qualifications
1.3 Cooperation within the tourism sector and with other sectors (agriculture, retail, transport etc.) is supported and provides increased business opportunities	1.3.1 No. of formal networks (associations etc.) and/or contracts and agreements signed between different partners in the tourism sector
1.4 Public interest and awareness of Borjomi area and its attractions are raised through promotion and marketing activities.	1.4.1 No. of target audience reached

Outcome 1.1: New and existing tourism services, businesses and facilities (including nature-based and eco-tourism) are developed and improved

In Borjomi there are already a large number of tourist attractions and facilities. Nevertheless, there is the potential to improve the services and opportunities on offer that will attract more visitors who will be inclined to stay in the area longer. Such tourism services and attractions should make Borjomi a year-round destination for visitors and may include (but are not restricted to) the development of accommodation, new restaurants and cafes, local handicrafts, summer and winter sport-related activities, guided tours, parks and open spaces, new trails etc. The development of such facilities and attractions should also be able to demonstrate an increase in job opportunities within the sector.

Outcome 1.2: Better tourism standards are developed within the tourism sector through training, professional business development, certification, etc.

If the tourism sector in Borjomi wants to reach international standards, it is necessary to improve the quality of service offered to visitors. This could mean the training and capacity building of staff to improve skills related to guest relations, communication, foreign languages as well as technical knowledge related to the particular tourism activity. These skills can only be acquired and elaborated through professional training and wherever possible should be backed up with certified qualifications.

Outcome 1.3: Cooperation within the tourism sector and with other sectors (agriculture, retail, transport, etc.) is supported and provides increased business opportunities.

The development of the tourism sector in Borjomi should have the potential to develop other sectors within the local region. For instance, the supply of locally produced, fresh food products and specialities could be increased through increased collaboration between hospitality sector (hotels, guesthouses, restaurants etc.) and the agricultural sector. Also local craftsmen and women could take advantage of increased development in tourism as there is additional employment opportunities for construction workers, carpenters, electricians and interior designers, etc. The cooperation between the tourism and other enterprises therefore should be expanded and in this way the sector can strengthen its role as a jobs creator and provide added value to the municipality.

Outcome 1.4: Public interest for and awareness of Borjomi area and its attractions is raised through promotion and marketing activities.

Borjomi municipality as a tourism destination is well known and is part of national tourism marketing initiatives. Nevertheless additional efforts at the regional, national and international level are necessary to communicate the tourism potential and the new offers and opportunities available. There are several possible approaches available for marketing tourism in Borjomi, including informational material (i.e. brochures, maps), internet-based platforms including website development, booking sites for hotels and guesthouses, social media campaigns, as well as specific promotional events which are broadly advertised in the media or films about the area. The success of such marketing initiatives should be measured in the number of people that are reached and the new visitors who are coming to the municipality.

Objective 2: To improve agricultural productivity and diversification, and to enhance professional knowledge, making farming a more attractive and profitable business sector

Georgia has a huge potential to increase its agricultural economy, and while opportunities are more limited within the mountainous terrain of Borjomi, the agricultural sector still has a large role to play in supporting livelihoods and raising rural incomes. For farmers in Borjomi to have a more promising perspective for the future it will be necessary to raise agricultural productivity, diversify farm production and increase knowledge and skills. This can be achieved through the introduction of new agricultural technologies and high-value crops, effective and sustainable land-use and land-management, co-operation between farmers to take advantage of economies of scale and the extension of farmers knowledge through training and study tours. It is also decisive to make the agricultural sector a more attractive proposition for young people and to find new ways to encourage and stimulate their engagement, otherwise farming in the region will diminish as young people continue to leave to urban centres and abroad.

Outcomes	Indicators
2.1 New Agro-technologies and techniques are utilised, bio-farming is promoted and innovation	2.1.1. No. of new agricultural technology and techniques applied on farms

in agriculture is increased	
2.2 Quality of agricultural products is improved, new products are developed and food safety standards enhanced	2.2.1 % increase in sales of high quality agricultural products of participating farmers 2.2.2 No. of farmers awarded product certification or branding
2.3 Market linkages between agricultural producers, processors and service providers are built up	2.3.1 No. of trade fairs and marketing activities 2.3.2 No. of contracts/agreements signed between agriculture actors
2.4 Local processing services are enhanced and established	2.4.1 No. of processing enterprises established and strengthened
2.5 Agriculture knowledge and management skills developed	2.5.1 No. of farmers trained and and/or gaining qualifications

Outcome 2.1: New agri-technologies and techniques are utilised, bio-products are promoted and innovation in agriculture is increased

The level of existing machinery and technologies on family farms in Borjomi is very poor and often insufficient. There needs to be an upgrading of such equipment, as well as an introduction of new and innovative technologies (such as greenhouse production and irrigation measures) as a means to raise agricultural production in the municipality, which will allow it to meet local need that driven is by tourism sector. Farm diversification and the cultivation of new high-value crops and products is also seen as a means of developing and revitalising the agricultural sector. Agricultural co-operation is to be promoted with the acquisition of new machinery in common ownership, the common development and implementation of new products and the joint management of production and sale. Through this process it is anticipated that there will be an increase in the amount and quality of production, with a consequent increase in sales and incomes.

Outcome 2.2: Quality of agricultural products is improved and new products are developed and food safety standards enhanced

Borjomi farmers are proud of the natural way by which they produce food. Many consider themselves already as “bio-producers”, although quality assurance and labelling systems are not widespread. There are many international competitors in neighbouring countries (for example Turkey) which produce agricultural products cheaper than Georgian farmers. So, one way to compete would be to produce high-quality or ecological products. The production of high quality farm produce that meet all national food safety requirements will be promoted, with a particular emphasis on certification and branding. In this way it will become easier to offer local products (cheese, honey, jams etc.) to shops, commercial supermarket chains and hotels.

Outcome 2.3: Market linkages between agricultural producers, processors and service providers are built up

The greater the market linkages between agricultural producers, processors and service providers (such as input suppliers, veterinary practices, mechanization services, etc.) the more efficient and effective the sector will become. Increased cooperation between these actors will be supported where it can be seen that each actor can fully realize the benefit of the partnership. Where possible

this cooperation could be strengthened through contractual arrangements. Linkages can also be developed through promotional events like agricultural fairs or marketing initiatives.

Outcome 2.4: Local processing services are enhanced and established

At this time in Borjomi Municipality there are minimal processing facilities meaning that farmers have a narrower market in which to sell their products. It also means that little value is added to locally produced products. Where market opportunities allow, processing start-ups will be encouraged, so as to allow the development of milk collection centres, cheese processing facilities, storage and cooling facilities and distribution centres. It is also possible that this processing infrastructure could be organised through cooperation activities with different partners such as farmers, processors or entrepreneurs (see outcome above).

Outcome 2.5: Agricultural knowledge and management skills are developed

It is very important that agricultural knowledge is raised among farmers as many still defer to traditional farming practices, which impacts on agricultural production levels. Training courses for farmers could be organised in new technologies, specific production techniques, responsible use of pesticides and fertilizers and bio-farming and ecological production. Given the mountain context and amount of pastoral farming performed, it is necessary to provide knowledge on how to use the alpine meadows and pastures in a sustainable way and how to avoid overgrazing. Courses should be organised to coach farmers in farm management, business planning and financial management. Also farmers can be trained in agri-tourism opportunities as well as diversification of production (livestock breeding, fodder production, plant production, including new crops such as berries, mushrooms, etc.).

Objective 3: To strengthen sports and cultural activities to enhance quality of life and increase a sense of belonging

Borjomi Municipality has a proud tradition in sports and culture, yet needs to upgrade and develop its sporting and cultural infrastructure and facilities to provide greater access for more people in the community. This is particular the case for youth, as both sports and cultural activities can increase their belonging to the municipality and region and also provide them with an opportunity to develop their sporting or creative abilities. Cultural monuments within the municipality also need to be enhanced and conserved as these can be a major draw for visitors to the area. Equally, new summer and winter sports activities need to be developed to support the municipality's development as a year-round destination for tourists.

Outcomes	Indicators
3.1 Access to sport and cultural facilities, equipment and activities for local people, tourists and communities is increased.	3.1.1 No. of individuals accessing new and improved sporting and cultural facilities/opportunities
3.2 The cultural heritage of the local area is enhanced and conserved	3.2.1 No. of rehabilitated and protected cultural heritage sites
3.3 Participation of local people (with a particular focus on young people) in sport and culture is promoted and increased	3.3.1 No. of local people participating in sporting and cultural activities / clubs / competitions
	3.3.2 No. of new sporting and cultural opportunities created

3.4 Borjomi talent (particularly young people) is promoted locally and nationally	3.4.1 # of individuals with increased opportunities to succeed in sport and culture
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Outcome 3.1: Access to sport and cultural facilities, equipment and activities for local people, tourists and communities is increased

It is important that existing sports and cultural facilities are upgraded and that new activities are created to provide active and healthy opportunities for local people and visitors to Borjomi. Sports facilities such as indoor halls for traditional and new sports, as well as outdoor stadia need to be further developed. Likewise venues such as cinemas, theatres, dance halls, libraries, etc., can be supported to upgrade their facilities and new cultural clubs to open. Also in respect to the tourism sector there are many possibilities for new pursuits to be developed in the fields of rock climbing, rafting, trekking, mountain biking and Nordic cross country skiing etc.

Outcome 3.2: The natural and cultural heritage of the local area is enhanced and conserved

The rich natural and cultural heritage in Borjomi Municipality is very attractive for the local population, as well as for tourists from Georgia and abroad. This natural capital should be handled with great care and all attempts should be made to maintain its wild and pristine nature. There are many sites with historical significance that act as a draw to the region for outside visitors. Initiatives to preserve these sites and natural assets are particularly important, along with other means to allow people to enjoy these attractions without causing harm to the site or locality.

Outcome 3.3: Participation of local people in sports and culture is promoted and increased

It is well proven that sporting activity and exercise provides for a healthier lifestyle and can increase a person’s general well-being. For that reason it is important that all people and age-groups in the municipality have access to these activities and are actively informed about opportunities that exist. Therefore campaigns and events should be initiated to inform people about the benefits of such activities and to encourage people to join the various sports groups or cultural activities.

Outcome 3.4: Borjomi talent (particularly young people) is promoted locally and nationally

Georgian children at an early age become acquainted with local music and dance traditions. Within the municipality there are clubs that support music and dance groups and there is also a music-school. These traditional cultural heritage assets of Georgia and the unique local traditions should be preserved but also developed further so that more young people have an opportunity to be able to reach a high level of proficiency and be able to present their talent at a national and international level. Therefore, it is important that in Borjomi municipality local, young talent in culture and sport is promoted and further developed.

Objective 4: To protect the environment through sustainable use of natural resources, effective land and waste management and awareness raising to enable local people to take a more active role on environmental issues

Borjomi has a considerable wealth of natural resources. Unfortunately, these resources are currently not handled with sufficient care. This is evident within the forests, where illegal logging has led to degradation and the protective function of parts of these forests is threatened. In addition, the alpine pastures are jeopardized through overgrazing and the wildlife is endangered by a “tradition” of poaching. Further environmental problems are related to the air and water pollution and the lack of effective waste management in Borjomi municipality. It is therefore necessary that the local population takes more responsibility in dealing with the natural environment and that improved

measures are taken at the municipal level to improve waste management and environmental protection.

Outcomes	Indicators
4.1 Environmental degradation (e.g. illegal tree cutting, insufficient waste management, overgrazing) is decreased and natural resources protected and conserved through targeted actions	4.1.1 Measurable reduction in environmental damage as a direct result of prevention and conservation activities
4.2 Awareness about, and involvement in the environment and related issues is increased through education, training, information services, multi-media activities, publications and policy papers	4.2.1 No. of people reached through awareness raising activities
4.3 Reduction of risk from natural disasters (flood, landslide, forest fire etc.) is minimized through support to preventative measures and provision of resources	4.3.1 No. of Disaster Risk Reduction (DRR) measures instigated 4.3.2 No. of individuals and members of NGO's participating in DRR trainings

Outcome 4.1: Environmental degradation (e.g. illegal tree cutting, insufficient waste management, overgrazing) is decreased and natural resources protected and conserved through targeted actions

It is important to promote measures that will support the reduction or prevention of degradation of forests, pastures, air and water pollution or excessive waste in Borjomi Municipality. It is important to develop a strategy for controlling the illegal tree cutting in the forests together with the regional and national forest authorities. Alternative fuels or heating systems need to be found that will decrease illegal logging in the territory. Of the critical importance is the need for the urgent improvement of infrastructure for waste water management and the development of adequate waste disposal sites and processing centres for solid waste. There is much knowledge and expertise available in the region and nationally concerning environmental issues, therefore it is important to involve local, regional and national NGO's and active stakeholders in the elaboration of protection and mitigation measures.

Outcome 4.2: Awareness about, and involvement in the environment and related issues is increased through education, training, information services, multi-media activities, publications and policy papers

Because of the environmental problems in Borjomi Municipality the local population should be trained how to avoid excessive waste, how to protect the environment and also the interrelation of the different problems. In the past, a series of good experiences with trainings for children and young people in environmental issues was achieved. Also best practice examples from other municipalities would be helpful to inform a dedicated and feasible strategy. The municipality could, together with NGOs and environmental stakeholders, use a wide range of information channels to inform the public about environmental issues and encourage their participation in environmental protection activities.

Outcome 4.3: Reduction of risks from natural disasters (flood, landslide, forest fire etc. is minimized through support to preventative measures and provision of resources

The unsustainable use and poor management of natural resources for short-term gain is threatening the natural ecosystems and could lead to the increased potential for natural disaster. Therefore it is necessary that all public and civil stakeholders of the Borjomi Municipality are working together

concerning the reduction of risks. There is a need for the implementation of preventative measures to diminish the possibility of natural disasters and also the requirement to equip response services so that they are adequately able to perform their roles.

5. Organisational Structure

5.1 The Local Action Group (LAG)

The LAG is a voluntary body composed of private and public representatives from Borjomi. It is the main decision-making body and will fulfil the following tasks and responsibilities:

- a) Design, endorse and implement the community-led Local Development Strategy (LDS);
- b) Provide full and comprehensive information to the public in Borjomi on the LDS and ensure that all application and submission procedures are well known, understood and widely disseminated;
- c) Create a non-discriminatory and transparent assessment and selection procedure (see Section 6) for the screening and selection of sub-projects;
- d) Ensure coherence with the community-led Local Development Strategy when selecting sub-projects, by prioritizing those sub-projects that best meet the aim, objectives and outcomes of the LDS;
- e) Receive and assess all sub-project applications according to the criteria laid out in the LDS;
- f) Select the strongest sub-projects and determine funding amounts before submitting to the Accountable Body⁶ for final approval;
- g) Monitoring the implementation of the community-led LDS and the selected sub-projects and evaluating their impact and benefit to the local region.

5.2 LAG Membership

LAG membership is voluntary and unpaid. The LAG will be comprised of a broad cross-section of private and public representatives drawn from across Borjomi Municipality. According to the principals of this rural development approach the LAG will be composed of a minimum of 51% private sector representatives and a maximum of 49% public sector representatives.

The Borjomi LAG will have a maximum of 29 members⁷ and there will need to be a minimum of 17 members present at a meeting for any decision to be taken. When the LAG makes a decision on any sub-project application the balance of 51% private sector and 49% public sector representatives must be maintained.

The LAG will have a management board with a Chairperson overseeing LAG meetings and supported in its work by two Vice Chairpersons. The Chairperson will be elected by the LAG, and must be a

⁶ For the project funding 2016/17 Mercy Corps is the Accountable Body

⁷ Once 29 members has been reached interested individuals may leave their name and contact details with the LEADER Coordinator and be placed on a reserve list to be considered for nomination should the membership decrease.

member of the private sector, while one of the Vice Chairs will be from the private sector and one will be from the public sector. These elected management members will be in place until the end of August 2017. Should any LAG representatives or member of the management board miss three consecutive meetings or not properly fulfil their roles then they will be asked to step down from the LAG to be replaced by those on the reserve list.

5.3 The Project Appraisal Advisory Group

A key body within the LAG is the Project Appraisal Advisory Group (PAAG) which will be responsible for assessing and providing recommendations to the rest of the LAG membership on the sub-project applications for funding. The PAAG does not make the final decision on whether a project is funded or not, this decision is made by the whole LAG.

Membership for the PAAG will be voted upon at the LAG meetings, but the aim is to make sure that the members involved have knowledge and experience of the projects that they are assessing. Therefore the composition of the PAAG may change from time to time depending upon the scope of the sub-project application being assessed. Generally, it is expected that the PAAG will be made up of 7 members with usually three members assessing each particular application.

Occasionally additional temporary experts may be contracted to join the PAAG when the level of expertise on a specific application is not covered by the original membership. The PAAG membership will receive training and support to ensure they are assessing applications in a fair and transparent manner.

5.4 LAG Role in Selection of Sub-Projects

The LAG is the main decision-making body on the sub-project Expression of Interest and Full Application submissions. Selection meetings will be called by the LAG, at which the PAAG will present its recommendations on the reviewed and assessed projects. There will be a vote by the LAG on each project and where the majority of eligible LAG members are in favour the project will be tentatively selected. If any LAG member has a conflict of interest (see Section 5.5) with a specific application then this must be declared and this LAG member will abstain from the decision making process. If the LAG members feel that they are unable to make a decision based on the PAAGs recommendations then they may request a meeting the applicant in order to finalize its decision. Once accepted by the LAG the project applications will be presented by the LEADER Coordinator to the Accountable Body for a final review to ensure that all procedures have been properly followed.

5.5 Conflict of Interest

Conflict of Interest is commonly defined as a conflict between the private interests and the official responsibilities of a person in a position of trust. In this case all members of the LAG have a duty to ensure that no private interest can impact in their role as a LAG member and the sub-project assessment or selection process.

The LAG will hold an up-to-date Register of Interests in which all members declare their interests with regards to employment, commercial activity and membership to any association, institution or organisation. In addition the LAG members will sign a Code of Conduct document which details the standards that the member must uphold when conducting their work.

With respect to the sub-grant application, assessment and selection process this code of conduct reiterates that a LAG member may not be involved in any decision making process when there is application from a relative, business entity or organisation to which the LAG member is closely connected. In the case that there is a conflict of interest then the LAG member must abstain from

any involvement in the screening, assessment and selection of that sub-project. Evidence of conflict of interest can be a reason for the Accountable Body (see Section 6.4) to reject a selected application at final approval.

When conducting their work LAG members must treat all project-related information and documents as confidential until a sub-project has been fully approved. No LAG member may accept or offer gifts, hospitality or benefits to, or from, a third party that might be seen to compromise their personal judgement or integrity in carrying out their functions as a LAG representative. In case of any doubt on this issue the LAG member should consult with the LEADER Coordinator.

5.6 The LEADER Coordinator

The LEADER Coordinator will act as a secretariat to the LAG providing administrative support and assisting the smooth functioning of the LAG's work. The LEADER Coordinator will be a paid position, but will have no decision-making authority for the selection of sub-projects. The key roles and responsibilities of the LEADER Coordinator are:

- Coordinates and supervises the LAG meetings;
- Prepares meeting minutes and disseminates them to the LAG membership;
- Ensures the correct ratio of private and public members during LAG decision making processes;
- Assists with the organisation of workshops, trainings and study tours for the LAG members;
- Supports the LAG with information dissemination and animation for the sub-project application process;
- Provides support to applicants in the preparation of applications and supporting documentation;
- Develops a database of all sub-project applications;
- Together with the LAG Chair and Vice Chairs, analyses and assesses the Expression of Interest applications for eligibility (see Section 6.3) and presents findings to LAG for approval or rejection;
- Collates and organizes Full Applications and visits each project applicant / site to gain more information and seek clarifications on the project idea;
- Provides additional written information to the PAAG on each project to be assessed;
- Adjudicates if there is any conflict of interest in the decision making process and has authority to exclude any LAG member from the selection process;
- Keeps Register of Interests updated;
- Accepts new applications to the LAG and nominates replacements as and when required.

5.7 The Accountable Body

The Accountable Body is the fund holder for the LAG but does not have any decision-making authority in the selection of the sub-projects. The Accountable Body is responsible for overseeing that all procedures leading up to the selection of the sub-projects have been properly followed in an open and transparent manner. Should the Accountable Body evidence any break from the agreed procedures, or any conflict of interest, it has the right to decline the signing of an agreement with the applicant and not to fund the sub-project.

Once the agreement is signed with the applicant the Accountable Body is responsible for making the procurement of all the approved items listed within the sub-grant application proposal or contracting the services of companies for any construction or rehabilitation works that are to be performed within the scope of the project design. The Accountable Body, together with the LAG, will monitor the sub-project implementation and assess the project impact.

6. Grant Application Process

6.1 Animation Process

Prior to the launch of the grant application process there will be a comprehensive animation process that will provide information to the broadest audience in Borjomi Municipality. The LDS will be published and copies will be made available in the Borjomi Municipal offices and each village sakrebulo office. The document will also be accessible online on the LAG website – www.borjomilag.ge. A shortened version of the LDS providing information on the LDS Aim, Objectives and Outcomes will also be available for distribution to the public.

To reinforce this process **public orientation meetings** will be hosted on specific dates in each local administrative unit in Borjomi Municipality where interested applicants can receive all necessary information on the application processes, deadlines, project submission and assessment, etc. The participants at these meetings will also be explained how to fill in and submit the Expression of Interest Application Form. Information on the grant opportunities will also be advertised in the local media to ensure that the broadest audience is reached.

6.2 Grant Project Funds & Co-Financing

Grant funds will be available to support successful project applications. The minimum amount of funding that can be applied for is **2,500 GEL** and the maximum is **150,000 GEL**, with the average funding expected to be **50,000 GEL**. It is expected that there will be cash co-financing from the applicant and this will vary depending on the status of the applicant. In-kind financing is not permitted nor required. Co-financing is required by the following applicants:

- Commercial Entities (LTD, I.E etc.) – minimum 40%
- Municipal and government agencies – minimum 40%
- Agricultural Cooperatives – minimum 25%
- NGO, associations and other organisations – minimum 10%
- Local Communities and Individuals (Physical persons) – minimum 10%

The co-financing percentage is of the total budget, for example if the total budget is 40,000 GEL then 50% is 20,000 GEL. Co-finance can be from the applicants own funds or from another donor agency or fund. Co-financing that is from the applicants own funds should be transferred to the account of the Accountable Body and will be used together with the grant funds to procure the items listed in the project application (*see Section 6.4*)

6.3 Application Submission & Selection Process

There are three steps that each applicant must go through in order for a project submission to be selected for grant funding. During each step there will be a selection process and each project will be ultimately approved or rejected by a majority decision from the LAG. These three phases are:

1. **Expression of Interest** submission
2. **Full Application** submission
3. **Technical Assessment**

Step 1: Expression of Interest

The Expression of Interest (EOI) form, available on the Borjomi LAG website, is a simple form on which an interested applicant presents their project idea. On this form the applicant will provide the following information that will be used to assess whether the applicant will be selected to provide a Full Application.

EOI Content

Content of Expression of Interest Form	Notes
i. Applicant Name and Contact Details	Name of Organisation, Business or Individual that is applying for grant funding and their address, telephone number, email address and website (if they have one)
ii. Applicant legal status	Registration of applicant as a business (LTD, I.E. Cooperative, etc.), NGO, association or physical person
iii. Project Title	Brief title for project (<i>maximum 10 words</i>)
iv. Project Location	Community, Village or Town in Borjomi Municipality where project is to be implemented
v. Project Duration	How many days/months will the project take to complete
vi. Connection with LDS	Explanation of which Objective(s) and Outcome(s) the project will meet
vii. Short Description of the Project Idea	Information on what the project is, what is required to be done and the benefit it will bring (<i>maximum 200 words</i>)
viii. Estimated Cost of the project	Approximate cost of the whole project in GEL
ix. Funds requested from Borjomi LAG for the project	Amount required from LAG to fund the implementation of the project
x. Amount and Source(s) of co-finance to the project	Amount of funds to be contributed in cash by the applicant or another donor to the implementation of the project

The applicant must fill in all the sections on the form and submit it before the designated deadline. All EOI forms must be submitted electronically to the email address coordinator@borjomilag.ge to be considered – no paper versions will be accepted. Any EOI application submitted after the deadline will not be accepted for assessment. Applicants will receive a notification that their application has been received.

EOI Assessment

The EOI application will be analysed and assessed by the LEADER Coordinator and presented to the LAG for their approval or rejection. The LEADER Coordinator will assess that the projects meet all the 6 key eligibility criteria. The EOI will be assessed using the following eligibility criteria:

1. **Geographic location:** The project must be located within the municipal boundaries of Borjomi
2. **Grant Amount:** The grant amount requested is not less than 2,500 GEL and over 150,000 GEL
3. **Project Period:** The project implementation must be able to be fully completed by June 30th 2017
4. **Co-financing:** The co-financing amount must be in line with amounts required according to the status of the applicant (see Section 6.2)
5. **Connection with LDS:** The application must show that the project will meet a minimum of one of the objectives of the LDS and one outcome. It is possible that it may meet more than one objective and outcome.

6. Legal Status of Applicant: For all commercial, for-profit projects the applicant must be a registered, legal entity. For non-commercial projects the applicant may be unregistered.

If the application is rejected by the LAG the applicant will be provided with written feedback on the reasons behind the rejection. If the EOI is accepted then the applicant proceeds to Step 2 and the Full Application submission.

Note: the acceptance of an EOI at this stage is not a guarantee of future funding. The Local Action Group has absolute discretion in the determination of an application for funding.

Step 2: Full Application

Once an EOI application is accepted the applicant will be invited to an **Application Workshop**. At this workshop the applicant will be provided with all the information on the application process and how to fill in the Full Application form and Application Budget. At the workshop the applicant will also be informed on the deadline for the submission of the Full Application form. The contents of this form are as follows:

Full Application content

Content of Full Application Form	Notes
Sections i to v are the same as for EOI	Information on Applicant name, contact details, legal status, project title, location and duration.
vi. Background information on applicant	Description of applicants history and experience with particular reference to experience connected to the project proposal
vii. Connection with LDS	Detailed explanation on how the project contribute the main aim of the LDS and will meet one of the Objectives and Outcomes.
viii. Project Justification	Explanation on the current situation and what need or demand will the project meet. Who will benefit and how. What consultations or research have been made to demonstrate the need / demand.
ix. Detailed Project Description	Explanation on what activities will be implemented and what will be delivered
x. Project Workplan	Workplan table to be filled in showing what actions will be taken, when and over what timeframe
xi. Project Impact	Information on what impact the project will have and who will benefit from the project
xii. Displacement/Distortion	Explanation on how the proposed project will not adversely affect an existing activity or business or distort the market
xiii. Sustainability	Explanation on how the project will be funded / maintained in future and who will be responsible for its oversight.

In addition to the Full Application form the applicant will be expected to fill in a detailed Budget that will itemize each item to be procured and provide a realistic cost for these items. The budget will also include the applicant's co-finance contribution.

If the applicant is a commercial entity then copies of the business registration documents should accompany the submission. Similarly, if the applicant is an NGO or association then the registration documents and statute should be provided with the application.

Note: At this time the applicant does not need to submit supporting documents such as a business plan and cash flow spreadsheets (for business applications) or scope of works and technical designs (for construction projects) or other such documents as this will be requested at Step 3.

All documents should be submitted electronically to the specified email address prior to the deadline. In the case that the application is submitted after the deadline then it will be declared null and void and will not be considered by the LAG for funding.

Full Application Assessment

The application files will be collated and organised by the LEADER Coordinator. The LEADER Coordinator will then visit each project applicant and site to gain more information on the project idea and seek clarifications on any part of the application or budget that is unclear. Following these visits the LEADER Coordinator will write a short report⁸ that will be presented to the PAAG that is to assess the project and present its recommendations to the LAG. The PAAG will assess each project based on all documents submitted and score the project using the following criteria:

1. Connection of the proposed project with the Objectives and Outcomes of the LDS
2. Background experience and knowledge of the applicant to implement the proposed project
3. Strong justification that there is a need or demand for the proposed project
4. Project description is clearly explained and can be realised in stated timeframe
5. Project impact is clearly explained and is realistic
6. Sustainability plan is in place
7. Budget is well thought through and realistic.

If the PAAG feel that they do not possess enough information to make this assessment then they can elect to visit the project applicant and site or to request the applicant to meet the PAAG and explain the project in more detail.

Full Application Selection

A special selection meeting will be called by the LAG, at which the PAAG will present its recommendations on the reviewed and assessed projects. There will be a vote by the LAG on each project and where the majority of eligible LAG members are in favour the project will be tentatively selected. If the LAG members feel that they are unable to make a decision based on the PAAGs recommendations then they may request a meeting the applicant in order to finalise its decision.

All rejected applicants will receive a written notification from the LEADER Coordinator that will state the LAG's reasons for rejecting the application. All selected applicants – where necessary – will move to the 3rd Step to complete the Technical Application process. Those applications where the project doesn't need to pass a technical assessment will immediately be sent to the Accountable Body (see Section 6.4) for the final approval prior to the signing of a Sub-grant Agreement.

Step 3: Technical Assessment

The technical assessment step is necessary for the following types of applications:

⁸ Note: The LEADER Coordinator is not part of the selection process but merely brings additional information to the PAAG to assist them with their decision making.

1. Business start-up or expansion projects
2. Construction or rehabilitation projects

Business Start-up or expansion

For those applications that are proposing business development there is the requirement to present to the LAG a full business plan showing the Cash-flow statement and all other financial projections. Those businesses that are able to do this without support may submit their business plan immediately for approval. For those businesses who need additional support free business planning training will be provided after which the applicant will be given a specified period in which to fill in and submit the plan. All business plans will be assessed by an independent business consultancy and their recommendations on the efficacy and viability of the plan will be given the LAG for its final decision.

Construction or rehabilitation works

For those applications that propose building or rehabilitation works it will be necessary for the applicant to provide comprehensive design documents and bill of quantities to the LAG. In addition the applicant must show land ownership and the necessary building permission documents. All these documents must be provided at the applicant expense and within a specified timeframe stipulated by the LAG. The documents will be presented to a consultant engineer that will work on behalf of the LAG and provide his/her recommendation following review and analysis. Should all designs and documents be acceptable then the project will be approved by the LAG.

6.4 Signing of Agreements and Procurement Process

Once accepted by the LAG the project applications will be presented by the LEADER Coordinator to the Accountable Body for a final review to ensure that all procedures described above have been properly followed. If, at this point, the Accountable Body evidences any break from the agreed procedures or any conflict of interest it has the right to decline the signing of a Sub-grant Agreement. Should the application and selection file be in order then the successful applicant will sign a Sub-grant Agreement (SGA) with the Accountable Body. This SGA outlines the roles and responsibilities of the two parties with respect to project implementation and financing and also the terms and conditions of the agreement.

Once the SGA is signed the applicant should transfer its co-finance to the Accountable Body and these co-finance funds will be used jointly with the grant fund to procure the items listed in the applicant's budget. All procurement will be made on behalf of the applicant by the Accountable Body, naturally consulting with the applicant on all purchases to be made. Where the specified procurement is for construction or rehabilitation works, then the Accountable Body, together with the applicant, will launch a tender process to secure the services of a construction company.

On completion of the procurement and construction activities all assets, facilities and infrastructure will be handed over to the applicant who will be responsible for their future use and maintenance.

6.5 Selection Transparency and Grievance Mechanism

As explained above all information regarding decisions about applications will be transmitted to the respective applicants. All successful applications, along with a description of the projects to be funded, will be made available on the Borjomi LAG website. All rejected applications will receive notification from the LEADER Coordinator in the form of a letter that will detail the reasons why the

application was turned down. Any applicant that feels that their project was unfairly rejected, or feels that the designated procedures were not followed properly, may contact the Accountable Body to lodge a complaint that will be independently followed up with further information to be supplied to the applicant. Should the grievance be based on strong grounds then the Accountable Body will meet with the LAG to discuss the matter further and see what measures can be taken to re-include the rejected applicant into the programme.

6.6 Flow Chart on the Application, Assessment and Selection Process

In the following there is the process of application, assessment and selection of projects in Borjomi LAG illustrated.

