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Local Development Strategy

DEDOPLISTKARO MUNICIPALITY, GEORGIA



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Index of abbreviations

LAG	Local Action Group
GA	General Assembly (of the LAG)
B	Board (of the LAG)
CSP	Committee for Selection of Projects (of the LAG)
CFA	Committee for Finance and Audit (of the LAG)
AC	Administrative Compartment (of the LAG)
FICC	Farmer Information Consultation Center
MoA	Ministry of Agriculture of Georgia
KRDS	Kakheti Regional Development Strategy
SAD	Strategy for Agriculture Development
TDA	Tourism Development Agency
RDS	Rural Development Strategy
NBSAPG	National Biodiversity Strategy and Action Plan of Georgia
GEOSTAT	Georgian National Statistics Office

1. EXECUTIVE SUMMARY

The Dedoplistskaro municipality is located in south-east of Georgia. It is the third largest in the country and one of the richest in terms of per capita agricultural land. Most of the municipality is located at 500 - 800 meters above the sea level. It has a dry subtropical climate with long dry hot summers and relatively cold winters. The area severely lacks a hydrological net.

The population of the Dedoplistskaro municipality is about 21,000 and is slowly declining due to emigration, aging and low fertility. National minorities constitute 11%.

The municipality is one of the poorest in the region. 29% of the work-able Dedoplistskaro population is unemployed. This leads to the high number of socially vulnerable persons: officially, 20% of the population survives on the State-financed social assistance.

The largest contributors to the municipal added value product are: limestone extraction industry (57%); agriculture (14%); trade (10%) and services (8%). Leading directions of the agricultural sector are livestock (sheep, cow) breeding, cereal (wheat, barley) and sunflower growing. Hence, food products such as meat and vegetable oil are produced in significant volumes. With large size of agricultural lands, the share of the sector is too modest. The main problems thwarting agricultural development are lack of irrigation water, long droughts, virtually no windbreaks, shortage of effective herbicides, lack of veterinary services, weak land management etc.

The municipality has a great and diverse unrealized tourism potential exemplified by unique landscapes of Vashlovani National Park, as well as by the Niko Pirozmanashvili State Museum, Khornabuji Fortress and Bronze Age city remains near the river Iori. The tourism infrastructure is under-developed. With few exceptions, access roads to tourism destinations are not covered by asphalt.

2. General Overview of Dedoplistskaro Municipality

2.1. PHYSICAL - GEOGRAPHICAL DESCRIPTION OF THE MUNICIPALITY

The Dedoplistskaro municipality is located in the South - Eastern part of Georgia. Historically and geographically, it belongs to the Kakheti region and is juxtaposed between the Signaghi municipality (from the North and the West) and the Azerbaijan Republic (from the South and the East).

The municipality covers an area of 2,532 km² or 22% of the Kakheti region and is the third largest in the country (number one in the Kakheti region), behind only the mountainous Mestia and Dusheti municipalities. Conversely, it is least populated among the municipalities of the Kakheti region.



Location of Dedoplistskaro municipality in Georgia (marked in green)

The municipality is one of the least forested places in Georgia, where state registered forests cover only 1% of the territory. For comparison, the national total is 43.2%. At the same time, Dedoplistskaro is one of the richest in terms of per capita agricultural land, especially if we consider only the pastures.

The Dedoplistskaro municipality has a dry subtropical climate with long dry hot summers and relatively cold winters. The area severely lacks a hydrological net. The existing rivers are mainly represented by Alazani and Iori rivers, which mainly flow on the edges of the municipality, leaving the core of the municipality area with little irrigation water, as there are just a couple of small lakes on the plains.

Elevation of the municipality varies between 100 to 1000 meters above the sea level (a.s.l.) but the most of it is located at 500 - 800 meters a.s.l.

Annual average precipitations vary between 400 - 600 mm. However, it reaches 540 mm in Shiraki steppes and 650 mm in the town of Dedoplistskaro, while the dry Eldari Valley in the South, with its semi-deserts, survives on a mere 250-300 mm.

The populated area occupies a Northern stretch of the municipality, while the vast dry Central and Southern plains are mainly home to the picturesque meadows, semi-deserts and steppes.

Northern, Eastern and Central parts of the municipality tend to be rich in black soils. There are also brown forest and chestnut soils (in the dry steppes).

2.2. DEMOGRAPHIC PROFILE

In 2016, the population of the Dedoplistskaro municipality was 21,000, about 100 less, compared to 2015. Since 2004 (the year of the previous population census), over 11,000 people left the municipality mainly with the purpose to receive education or get a job (in/out of country).

The decreasing trend is on par with the overall population movement pattern of the Kakheti region. One third of the population or almost 6,000 people, live in the Dedoplistskaro town. The rest is distributed among 13 communities. Nearly all of these communities are situated along the meandering Northern verge of the municipality,

where it is bordered by the Signaghi Municipality and, further East, by the Azerbaijan Republic. Only the Mirzaani village sits somewhat away, on the Iori Plateau. The vast dry Central and Southern plains and Easternmost and Southern border river gorges are devoid of permanent population.



Location of settlements in the municipality

In 2016, 20% of the municipality population were young people, 42% were middle-aged and 38% were aged over 65. For comparison, the national averages for the same year were 25%, 61% and 14%, respectively. The given age pattern is more or less similar to many other municipalities in Kakheti and other regions. Ongoing aging of the population in the country is faster in the countryside due to the constant emigration of youth and middle-aged people to Tbilisi and abroad.

In 2014, 53% of the population were females, almost the same as the national average of 52%, for the same year. It means that emigration processes drain local work-aged female and male human resources equally.

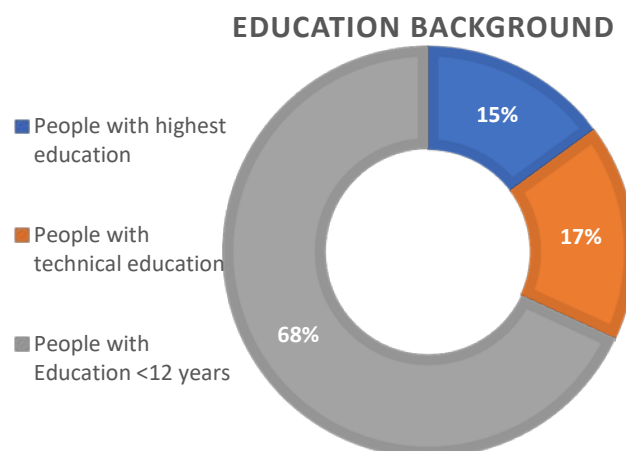
Ethnic minorities – mainly Russians, Azerbaijanis and Armenians – constitute 11% of the municipal population. Ethnic minorities are distributed more or less equally and constitute a majority only in two villages: the Sabatlo village located at the Alazani river in the Easternmost part of the municipality, bordering Azerbaijan (Armenian majority) and Choeti village located at the entrance of Dedoplistskaro town (Azerbaijani majority).

The municipality hosts 1,500 eco-migrants from Achara, the Western, seaside region of Georgia, who were relocated here in the 1980-s. A considerable part of the population hails from other parts of Georgia (primarily Tusheti, i.e. Akhmeta municipality). Curiously, one of the remote villages (Kasristskali village) of the Dedoplistskaro municipality administratively belongs to another municipality of the Kakheti region (Akhmeta municipality) because of transhumance routes that connect Caucasian alpine summer pastures (Akhmeta) with winter Shiraki steppe pastures (Dedoplistskaro). Kasristskali village comprises Georgians from Tusheti.

2.3. EDUCATION AND SKILLS

A large share of the population in the municipality has neither technical nor highest education background.

There is no higher education or vocational education institution in the Dedoplistskaro municipality except one VET college. Neither are they available in the neighboring Signaghi municipality. In fact, real higher and professional education hub in the entire region is in Telavi town, almost 100 km away from Dedoplistskaro. Dedoplistskaro has only one vocational education center, a branch of the college Aisi. Therefore, virtually, all the youth goes to Tbilisi for higher or technical education, where they can find much wider range of specialties, internship, employment and career development opportunities. Due



to the distance – 150 km, students from Dedoplistskaro always choose to rent accommodation or stay with relatives in the capital and eventually tend to tie their lives with the capital (as with other countryside youth coming from other parts of the country). No wonder, there is no industry or sector in the municipality likely to offer an adequate number of stable and rewarding employment opportunities to the returning post-graduates. There is a very weak demand in skilled or beginning young professionals in the local industries or services. As a paradox, this weak demand for professionals is not duly met due to low salaries. So that, although 32% of the Dedoplistskaro municipality population have either higher or technical education, it still lacks skilled professionals almost in every field: construction, oil & gas, agriculture, hospitality, etc. Virtually, all the scant jobs in the municipality are filled informally.

In the municipality, there are 15 public and 1 private schools involved in the provision of primary education to 2,625 pupils. While 17 municipal kindergartens serve 930 children under the age of 6, one private kindergarten is taking care of 80 children.

2.4. INFRASTRUCTURE AND UTILITIES

Total length of internal municipal roads is 128 km. The road infrastructure of the Dedoplistskaro municipality is under-developed. Unlike internal village roads, which are in a very bad condition, regional and municipal roads are newly rehabilitated or being under rehabilitation. Street lighting is available only for the Dedoplistskaro town.

Although most of the local population is engaged in agriculture and the municipality is richest in the country in terms of agricultural land, farm access roads are not available. The same partially applies to the roads accessing places of tourist interest. Only the roads leading to Vashlovani Protected Area (24,000 ha) and the chapel on the Elia's mountain are renovated.

The passenger railway is not operating in the municipality, as in the entire Kakheti region. When it used to operate, it consisted of only one line: Tsnori -Dedoplistskaro - Kvemo Kedi.

Expectedly, there are no commercial or charter plane or helicopter flights to Dedoplistskaro and no landing air strips. There is, however, a defunct airstrip in the former Soviet base in Shiraki.

The municipality is fully gasified except Gamarjveba, Ozaani and Arboshiki villages. All the settlements of the municipality enjoy permanent electric power supply.

One major national communication company provides cable internet connection/TV/fixed phone services to the town Dedoplistskaro and Gamarjveba village. In other villages, communication services are available only through national mobile communication service providers.



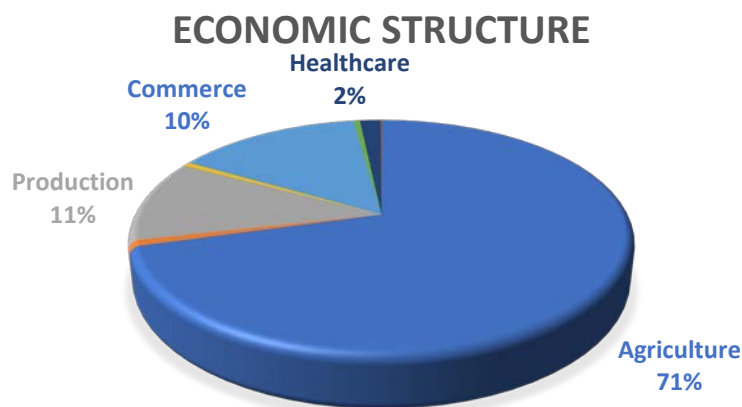
Renovated road to Elia Mount

The population receives potable water from about 50 artesian wells drilled by the State for the local needs. This water is used also for local gardens and domestic animals. However, it is not enough for the irrigation of the agricultural plantations.

Finally, the municipality lacks waste disposal facilities and the sewage system.

2.5. SOCIAL-ECONOMIC SITUATION

According to GEOSTAT, nowadays, about 9,000 persons, aged 20 - 65 and able of working, live in the municipality. Out of them, about 2,600 or 29%, are considered as unemployed. This is a much higher rate than the official national average of 11-12%. Further 2,600 or 29%, are counted for as self-employed (mainly in the agriculture), nearly 2,000 or 22%, are found on the State payroll, and the remaining 20% are employed in the private sector.



38% of the Dedoplistskaro municipality population is on pension, while 20% (940 households) are considered socially vulnerable and benefit of the State social assistance. The municipality is one of the poorest in the region.

The structure of the 2016 local budget, which amounted 5.915 Mio GEL, was formed of land and property taxes (3.750 Mio GEL or 63%), as well as the State subsidy (0.8 Mio GEL or 13.5%), local fines and incomes from municipal services (together 0.145 Mio GEL or 2.5%). Only the rest – 21% - was a direct contribution from business activities in the form of income taxes and natural resources utilization fees. The high share of land

and property taxes in the local budget is explained by the vast land resources of the municipality, being number one in the country in terms of per capita surface of agricultural land. This budget structure is closely echoed by the economic structure of the Dedoplistskaro municipality, where commerce and production account for about 20% share.

The largest contributor to the municipal added value product is the limestone extraction industry (57%), followed by Agriculture (14%), Trade (10%), Services (8%), Construction (5%). The rest (6%) goes to healthcare, education, oil extraction industry (Mirzaani, Shiraki), etc.

Meanwhile, being extracted, oil is not a major asset of the country or even the Dedoplistskaro municipality. Available proven reserves allow only a very modest production volume. Even in its heyday, the national oil industry used to meet no more than 1/5 of the country needs.



Limestone production nearby Dedoplistskaro town

2.6. AGRICULTURE

Dedoplistskaro Municipality has the area of 2,532,000 ha, including 181,690 ha of agricultural land. It is one of the richest municipalities in the country in terms of arable lands. A total of 24% of the arable lands are in use. Naturally, agriculture is the major sector of the municipality. 85% of the soils of the agricultural lands have either medium or high fertility. Yet, because of the poor soil management practices prevalent among local farmers for the last 10 years, the municipality lands have significantly degraded in quality and fertility. So far, about 8,000 ha (4%) of agricultural lands are fully wasted due to erosion.

In Dedoplistskaro, as in the entire country, the level of formalization is low. Labor hiring is not a prevalent practice. Such a farming concept staves off capital investment and technical revamp opportunities, and is particularly vulnerable to climate changes.

Leading directions of the sector are livestock (sheep, cow) breeding, cereal (wheat, barley) and sunflower growing. Hence, food products such as meat and vegetable oil are produced in significant volumes, too. Several farmers are trying to revive ancient Georgian wheat varieties, but planted areas are very limited.

Before the breakup of the Soviet Union, grapes were grown on 13,600 ha of land in Dedoplistskaro but afterwards the irrigation channels degraded and were looted away. Today only about 1,500 ha are dedicated to grapes.

Problems thwarting horticultural development are numerous: low quality of seeding material, lack of irrigation water, droughts, virtually no windbreaks, shortage of effective herbicides, etc.

Due to the irrigation water shortages, farmers are operating only small orchards and gardens - mostly for local consumption. As a result, the municipality imports most of the fruits and vegetables from neighboring municipalities. Reportedly, there is only one place where watermelon is being farmed - the village of Sabatlo. The owner irrigates the land plot cultivates from the river of Alazani located in a relatively close distance.



Sheep farm in the village of Kvemo Kedi

Although farmers can use full range of commercial cultivation services from the local branch of LTD Mechanization, the small plot holders are not a priority for the LTD Mechanization due to effectiveness matters. So, some larger farmers choose LTD Mechanization, others go for cheaper alternatives in the form of small local agricultural services providers who own single units of tractors and combines with limited, outdated aggregates and functions.

There is no comprehensive, central irrigation system in the municipality. Due to geophysical and economic issues, one can hardly say that the situation will be changed to the better in the near future. For now, simple irrigation systems are arranged by individual farmers owning lands along Alazani and Iori rivers. Alazani (North-East) and Iori (South-East) are the only rivers in the municipality, besides small tributary rivers, which never dry out. The surfaces of underground water reservoirs appear to be slowly going deeper and do not offer practical solution to the acute issue of irrigation water shortage.

In 2016, the Dedoplistskaro municipality owned 122,000 ha pasture lands. Out of them, 67,000 ha were winter pastures directly at the Dedoplistskaro's disposal, while the rest (55,000 ha), are given to Akhmeta and Kazbegi municipalities for temporary use to feed their numerous sheep flocks. Neither the sheep transhumance routes, the total length of which is over 150km, nor the pastures, receive proper attention and care. Consequently, overgrazing, zoonotic outbreaks, erosion, desertification and reduction in livestock productivity are widespread.

Local pastures are enough for the amount of livestock owned in the municipality, but grazing is not controlled. The general productivity of livestock in the Dedoplistskaro municipality is lower compared to the Soviet period and still lower compared to current Western averages. The problem stems from a number of factors such as the lack of livestock specialists and veterinary services, land registration issues, etc.

Two slaughterhouses and 3 milk collection points are available in the Dedoplistskaro municipality providing required support and services to small holder farmers.

The nearest laboratory which provides animal blood analyses services is located miles away, in the Gurjaani municipality. This laboratory is part of the laboratory network managed by LEPL Laboratory of the Ministry of Agriculture.

2.7. TOURISM AND CULTURAL HERITAGE

The Dedoplistskaro municipality is the extreme Easternmost of Georgia, sided by Azerbaijan from both East and South. The locals have an expression stating that "the sun rises from Dedoplistskaro" in Georgia.

The territory of the municipality was a part of one of the historical provinces of Georgia – Kambechovani, which was first mentioned in the writings of the Greek historian Strabo (I BC – I AD). In the beginning of the XI. century, after the merger of Kakheti and Hereti, it became the center of the Kakheti Kingdom. Current historical name of the area is Kiziki.

Although, the municipality has never been a well-established tourist destination in the past, it has a great and diversified unvaluated tourism potential. The potential finds its strength in both tangible diverse cultural heritage and natural wonders such as:

- Unique landscapes of Vashlovani National Park, Chachuna Managed Reserve and Eagle's Canyon,
- Two lakes containing 18 types of healing salts,
- Over 40 historical architecture sites such as Khornabuji Fortress, Bostanaant Tower, Archangel Church of Upper Machkhaani, Niche of Lomisi St. Giorgi and so on,
- A number of archeological sites such as Chapel of Gokhebi dating I-st millennium BC, Kodiskhevi tomb dating II-nd millennium BC, bronze age city remains near Iori river and so on,
- Paleontological monuments,
- Museums such as the Niko Piroshmanashvili State Museum and Dedoplistskaro Museum of Friendship.

Intangible touristic potential is represented by unique traditional dishes (Dedas Bread, Kizikuri Pastry, Kharcho Bread, etc.), cloths, handicrafts, folk festivals (Eliaoba, Piroshmanoba, etc.) and Kakhetian wine-making traditions.

The most popular internal and external tourism destinations of the municipality are the Vashlovani National Park with its basic tourist service infrastructure (hotel, infocenter). Tourists are further attracted by the Piroshmani (Paintings) Museum, XI. century Khornabuji Fortress and Elia's Mountain with its VI-XI century St Elia Chapel noted by Alexandre Dumas in his diaries during his Caucasus travel in 1858.

There is no reliable data about the yearly numbers of tourists visiting the Dedoplistskaro municipality and its particular places, except for the Vashlovani National Park. According to the State estimations, there were up to 6 thousand external and internal tourists arriving and visiting the Vashlovani wonderful landscapes in 2016. In this regard, the Vashlovani Park holds only 11th place among the top destinations. Among the parks visited by tourists there was the Prometheus Caves with over 45 thousand visitors. Another park in the Kakheti region, the Lagodekhi National Park, boasts almost 14 thousand visitors. Taking into account the overall national trend of increase of the number of tourists, the trend in the number of tourists visiting the Dedoplistskaro municipality also should be seen



Elia's Mountain and the Chapel

as positive. However, growth rates may vary



Inside the Pirosmiani Museum

broadly from a municipality to another. It is apparent, that the Vashlovani National Park has an unevaluated touristic potential. Perhaps, it is not known even among Georgians that the Vashlovani National Park, which is known for its moonlike landscapes, includes real, endemic forests in the Eagle's Gorge, as well as riverside forests (Juma Bay on one of the Alazani river meanders) and a peculiar mud volcano that spits out mud, oil and gas.

Realization of the touristic potential is hampered by a number of factors: profound under-development of touristic infrastructure (insufficient asphalt-covered access roads, sheer lack of accommodation for overnight stays, cafes, restaurants, leisure parks, fuel stations, etc.), almost absence of professional local guides, low awareness and absence of the promotion by either State or private tourist agencies, the location of the municipality off the main roads and touristic routes, a relatively long distance from Tbilisi and other main touristic sites, and so on.

Regarding the recent developments related to the local tourism industry, one would note new archaeological discoveries like a bronze age city remains near Iori river (aerial site tour: <http://bit.ly/2z4PAoZ>) and latest (autumn 2017) road renovation projects, which are likely to further enhance the potential and accessibility of the Dedoplistskaro touristic destinations.

2.8. HEALTH CARE

The State operates 1 central hospital (Dedoplistskaro town) and 11 rural outpatient facilities in the villages, employing a total of about 50 physicians and 35 paramedics (1-2 physicians and 1-2 paramedics in case of outpatient facilities each). The private sector operates 1 multifunctional diagnose center, 1 medical laboratory, 2 dental cabinets and 6 pharmacies in the town. The fact that there are less paramedics than doctors in the municipality speaks out for the sector deficiencies. According to the 2009-2013 data, the public health service in the municipality had a very low budget, not exceeding 2% of the total municipal budget.

Although, most of the public healthcare programs are aimed at reducing the incidence of specific diseases, rabies is still prevalent in the region.

The sector reportedly suffers from low remuneration and low qualifications. On the other end is a significant rate of self-treatment and self-medication cases among the local population arguably due to high poverty levels.

2.9. LOCAL AUTHORITIES

Just like the other municipalities, the local government of the Dedoplistskaro municipality is chaired by its head called *Gamgebeli*, who is directly elected by *Sakrebulo*, a local representative body. Current *Gamgebeli* will be in office till the end of 2017. The *Gamgebeli* has 3 deputies supervising 8 divisions such as administration, state property management and education, culture and sports and 6 sections such as communications with funds and NGOs, healthcare and social affairs, infrastructure development and so on. In each village of the municipality, *Gamgebeli* assigns an entrusted, distinguished person called *Rtsmunebuli* who represents local government in the village.

Interestingly, there is no separate division section for agriculture. Instead, formally, agriculture-related affairs are covered by the division of state property management but, in reality, the sector is managed by the Telavi municipality Farmer Information Consultation Center (FICC), a subordinate structure of the Central Government

(Ministry of Agriculture). The Telavi FICC operates as the regional FICC in Kakheti. There is indeed the local FICC office, too, in Dedoplistskaro.

Obviously, as in many other municipalities, given the marginal local budget (roughly 5 Mio. GEL), local authorities have limited options for the effective advancement of municipality development planning and realization. The level of success of the development assistance programs implemented by international organizations pivots on active cooperation with the local communities and authorities. But, such cooperation often may imply certain financial or other material commitments on the part of the authorities, which, in many cases, can be hard to forward due to the above-mentioned budget scarcity.

2.10. DEVELOPMENT ASSISTANCE AND CIVIL SOCIETY

In the last decade or so, international and regional organizations undertook a number of activities mainly directed towards environmental management and DRR, agricultural production and local democratic development.

There are about 16 non-governmental organizations established and operating within the municipality. Six of them are locally-based, i.e. focusing on their respective home settlements or areas such as Dedoplistskaro town, Khornabuji village, Pirosmani village, Samtatskaro village, Shiraki valley, Vashlovani National Park. Another four spearhead women's rights and capacitation. All in all, local civil society and community based organizations are not strong and vibrant enough due to the scarcity of funding and, perhaps, the small number of population.

2.11. ENVIRONMENT and DRR

The Dedoplistskaro Municipality is situated on the elevated plateau (500 m – 800 m) between the rivers of Alazani and Iori. Most of the area receives low amounts of precipitation, which generally declines from North to the South. The Iori plateau, a Southern part of the municipality, is one of the driest in the country (300 mm). Most of the precipitations fall in the spring season.

In the conditions of warm and dry subtropical climate, the surface of the municipality territory generally lacks permanent rivers. The hydrological network is developed only in some places and is mostly represented by a network of dry ravines and gorges. The river Iori runs only along the Southern border, while the river Alazani flows along the Eastern border. There are several lakes in the municipality. Strong winds blow from February until April.

Due to the continental climate, the annual amplitude of the temperature is the highest of Georgia and equals approximately 25°C.

The municipality is recognized as an area susceptible to the climate changes. Long-term observations of researchers pointed out a modest and slow increase in average annual temperatures here (by 0.6°C), as well as in highest annual temperatures in the period of 1955 - 2005 (by 2.1°C).

Interestingly, the observations also showed a 6% increase in the annual precipitations (and hence relative humidity) in 1955 - 1970 compared to 1990 - 2005. Yet, this increase was evident for late autumn, winter and spring seasons, while July and August actually were found to have received less than in 1955 - 1970. It means stronger summer draught and heat waves, capable of destroying agricultural yields. This was confirmed by the extraordinary



Lake Dali in the Vashlovani National Park

long spells of heat and drought that ravaged the whole country, including the Dedoplistskaro municipality, this summer. Locals also point to continuous lowering of groundwater levels.

In the 1990s, when domestic energy supply system broke down across the country, many thousand hectares of land in the municipality became subject of wind erosion due to the intensive cutting of windshields for firewood.

The municipality is also experiencing water-born degradation, mainly at the right bank of the river Alazani (the left bank mainly belongs to the Azerbaijan Republic which has the effective bank fortification program in place).

Further threat comes from strong winds that can be frequent in certain seasons and exacerbated due to deforestation. During the Soviet times, well established windbreaks served 74,000 ha of land but now they are almost non-existent.

Limestone processing furnaces located near the rich limestone ores (in the vicinity of the Dedoplistskaro town) emit fumes creating health hazards for the local population.

3. LOCAL DEVELOPMENT STRATEGY

The following Local Development Strategy (LDS) seeks to provide useful direction to Dedoplistskaro Local Action Group (LAG) to operate easily, effectively and make positive changes in terms of local development. The LDS has been developed using a consultative process with input from a broad cross section of the Dedoplistskaro business operators, self-government and in particular members of its LAG. The purpose of presented LDS needs to be adopted and implemented by Dedoplistskaro LAG.

3.1. Background

LEADER is an integrated development process designed to engage, enable, resource and empower local communities in undertaking their own local development.

There are three common and interlinked elements thought fundamental to Community Led Local Development approaches: the area or territory; the partnership; and the integrated Local Development Strategy. Taken together, these are known as the local territorial development ‘trinity’¹:



3.2. Identification of Strategy Objectives, Priorities and Domains of Interventions

This section presents the methodology used to identify the strategy objectives, priorities and domains of intervention in the Dedoplistskaro Municipality. The methodology followed a participatory approach and the information gathered from the following sources:

- Regional and National Strategy and Policy documents
- Subject matter experts
- SWOT analysis meeting
- Workshops attended by LAG members

Above research tools and sources were used to help define the strategic directions and priorities of the Local Development Strategy.

¹ LEADER Local Development Strategy- Guidance on design and implementation 2016, European Network for Rural Development

3.3. Regional and National Strategy Documents

The following documents were used as primary sources of information for the development of the Local Development Strategy:

- Kakheti Regional Development Strategy 2014-2021
- Strategy for Agricultural Development 2015-2020
- Tourism Development Strategy 2014-2025
- Rural Development Strategy 2017-2020
- National Biodiversity Strategy and Action Plan of Georgia 2014-2020
- The Perspectives of Investment Attraction of Dedoplistskaro Municipality, elaborated by governor's administration

The strategic documents were analyzed to make sure that the objectives and priorities of the LDS of the LAG Dedoplistskaro are in line with the regional and national strategies and policies.

3.4. Subject Matter Experts

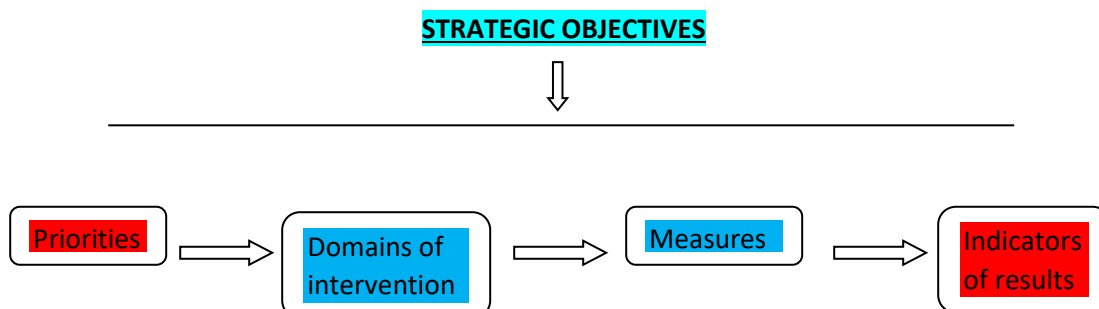
For the purpose of designing the LDS in a proper manner, subject matter experts were invited to attend LDS elaboration workshops for agriculture and business development topics. The experts were actively involved in discussions and their input helped the workshops participating LAG members to create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

SWOT analysis meetings

SWOT analysis meetings have been conducted and the key findings were verified with the LAG members during the workshops. After the workshops, some corrections have been made in the SWOT analysis report.

LDS Workshop Facilitation

At the beginning, to the LAG members invited to the workshop, there were presented the information about the agriculture sector and the key findings from all the meetings. Later, the audience facilitated the establishment of the logic of the intervention, as presented below:



The strategic objectives identified in the LDS follow the SMART convention², that is to say objectives should be:

- Specific – clearly stating what the LDS will address and by what means;
- Measurable – containing a basis for measurement and quantified targets;
- Achievable – technically feasible given the scope and scale of LDS proposals;
- Realistic – attainable given the resources provided, time allowed, scale of intervention etc.;
- Timebound – incorporating the date by which the targets should be achieved.



SWOT Analysis Workshops and Needs Assessment

By using the SWOT method as analysis tool, there are outlined the main Strengths, Weaknesses, Opportunities and Threats than may shape the development process of the municipality.

The SWOT analysis results will help the LAG to build up a Local Development Strategy able to foster development and welfare in the territory covered by the LAG Dedoplistskaro.

The SWOT analysis was conducted on the municipality of Dedoplistskaro, so that, the Strong points and the Weak points express the actual life of the municipality.

Opportunities express existing or possible resources, events, situations, key elements that may be used for the mitigation of the effects of the weak points and/or their transformation into strong points.

3.5. SWOT Analysis on important sectors

Four SWOT analyses were conducted for the main sectors:

- Agriculture and Market System
- Business Diversification
- Tourism and Cultural Heritage
- Environment and Climate Change Effects

The outcomes of the analysis conducted for the domains are gathered in an integrative table dealing with the relevant aspects to be considered by the Local Development Strategy of the LAG.

² SMART Writing Guideline 2016, university of Virginia <http://bit.ly/1blnykT>

3.6. Summary Table of the SWOT Analyses:

	Strength	Weaknesses
Economic	<ul style="list-style-type: none"> • Various resources: fertile soil, pasture lands, a panel of animal breeds • Accessibility to breeds and seeds • Agriculture tradition: a panel of motivated farmers with great experience in crop production; • Market and price stability for agricultural products: milk, meat and derivatives • Food processing infrastructure: meat and dairy products appreciated by consumers • Extraordinary landscape for eco-tourism: natural relief formations, parks • Cheap and available labor force • Sense for hospitality: people are hospitable, opened, and warm. 	<ul style="list-style-type: none"> • Poor access infrastructure to farming lands. • Lack of information regarding possibilities to mitigate climate changes, new technologies and equipment, economic knowledge, how to add value to the products, marketing • Lack of good agriculture practice: farmers have limited knowledge about sustainable activities, use of modern technologies, inputs, fertilizers, residues management, etc. • Poor infrastructure for animal welfare: lack of veterinary services • Poor agriculture infrastructure: lack of warehouses, storage facilities, processing facilities, specialized sales facilities • Lack of qualification of farmers: use of obsolete ways to make agriculture and animal breeding • Lack of cooperation between actors in the domain: few association forms, small farmers do not cooperate, do not work together. • Lack of innovation: bio-products, bio-technologies, etc. • Lack of services sector: laundry cleaning, house cleaning, car service and washing; household devices repairing, beauty services, etc • Poorly developed building sector and related services • Poorly developed hospitality industry and tourism services • Lack of cooperation for the development of tourism sector
Social	<ul style="list-style-type: none"> • Rich cultural, archeological, paleontological and historical heritage and vestiges: churches, towers, dwellings, museums, etc. • Multicultural traditions; • Great appetite and motivation for evolution and development • Relative stability of the day-to-day life 	<ul style="list-style-type: none"> • Aging of population: only 42 % of the people are in the active period • Negative migration: youngsters are leaving in search for better living conditions • Gender misbalance almost in every sector: the participation of women to the economic and social life is low

		<ul style="list-style-type: none"> • Lack of area promotion from all points of view, in order to value assets and enhance the attraction of investors • Lack of sufficient attention of the community and local authorities towards the heritage, the assets being poorly valued and promoted • Poor social infrastructure facilities especially for elderly or disfavored people • Inactiveness of community based organizations • Low level of education and training and low implication of the people in the social life of the communities • Bad condition or lack of recreation places making youngsters looking for such facilities and possibilities elsewhere
Environment	<ul style="list-style-type: none"> • Natural heritage sites with unique landscapes: Vashlovani National Park, Chachuna wildlife sanctuary, Eagle Valley. • Biodiversity: various species of birds, lizards, insects, animals, etc. 	<ul style="list-style-type: none"> • Unfavorable ecological situation of the territory of the LAG; • Low level of environmental awareness; • Low motivation among youngsters to be involved in eco-activities; • Low level of civil consciousness in working for the environment preservation and ecological activities • Deplorable situation of lakes, neglected • Lack of environmentally friendly behavior especially in dealing with wastes • Low implication in finding innovative solutions for the preservation of the environment and mitigation of climate change effects

	Opportunities	Threats
Economic	<ul style="list-style-type: none"> • Government subsidies in agriculture and various economic activities • Emerging local and national markets offering complex possibilities for marketing quality products • Investments Promotion at all levels • DCFTA and EU offer support and financing in various domains. • Agriculture benefits of supporting programs • Increasing demand for bio products • LEADER approach through the LAG by cooperation for development between the LAG-s • Increasing demand for tourism services and programs • Increasing demand for various services • Increasing awareness for entrepreneurship and production 	<ul style="list-style-type: none"> • Limited access to financing • Poor authorities support: solving the irrigation issues; access to water supplies • Market uncertainty in terms of quantitative and qualitative evolution; • Reluctance in facing the necessity of change. • Migration and depopulation trends • Financial risks that cannot be covered. • Climate changes with unpredictable effects. • Animal/plant diseases acting as calamities.
Social	<ul style="list-style-type: none"> • The LAG partnership (public-private-civil society) willing to act in order to foster social development at the level of the entire country 	<ul style="list-style-type: none"> • Disregard and/or inadvertent harming of the natural and historical monuments without the existence of a coherent national policy • Losing of the traditions and social habits, aging of the population • Migration and depopulation trends, especially for youngsters
Environment	<ul style="list-style-type: none"> • Existence of the legal frame, specific strategies and action plans for dealing with climate change and environment protection • Opportunities for the enhancement of eco-tourism development actions and sustainable use of biodiversity resources • Improvement of eco-education programs 	<ul style="list-style-type: none"> • Improper waste management policies • Degradation of the landscape due to climate changes: drying out of the lakes, further deforestation, soil erosion, etc. • Disasters and ecological calamities • Improper human interventions

3.7. Dedoplistskaro Local Action Group

One of main features of the Participatory Rural Development project is the application of the LEADER approach. This method is elaborated in EU, based on the assumption that local development strategies are more effective and efficient if designed and implemented at the local level and by local actors³

The Local Action Group Dedoplistskaro

The Local Action Group Dedoplistskaro has as its main scope the sustainable development of the villages of Dedoplistskaro, area further referred to as “the territory of the partnership”, by taking all the necessary actions required, in the conditions of law, to fulfil the mentioned scope. The actions will concern the identification of the local needs, the fostering of the capacity of development and implementation of the local development strategy, in order to preserve rural and cultural heritage, the development of the economic environment and improvement of the organizational abilities of the local villages.

The objectives of the LAG Dedoplistskaro are:

- a) Participation within the project PROCEED, successful fulfilment of its objectives and activities, based on the LEADER approach;
- b) Implementation of the Local Development Strategy of the territory of the LAG Dedoplistskaro by accomplishing the actions established in the Local Development Plan (LDP);
- c) Establishment of the selection criteria of the projects based on the specific priorities established in the LDP, the selection of the projects to be financed;
- d) Fostering of innovation and modernization of the traditional forms of know-how and the use of new solutions to the persistent rural matters;
- e) Support for the balanced valuing of the local resources;
- f) Diversification of the economic activities in order to generate multiple activities and alternative incomes, Support of start-ups;
- g) Implementation of actions in order to develop the abilities and competences required by the elaboration and implementation of the LDS;
- h) Ecological reconstruction of the landscapes and the increase of the awareness concerning the environment protection;
- i) Promotion of the traditional cultural values, protection and improvement of the local natural and cultural heritage;
- j) Promotion of the principles of democracy and equality of chances;
- k) Stimulation of the investments, promotion of the high-value services in tourism;
- l) Institutional and organizational development and other relevant activities.

The organs of the association are:

- a) General Assembly, further referred to as “GA”;
- b) Board, further referred to as “B”;
- c) Committee for the Selection of Projects, further referred to as “CSP”;

³ LEADER Local Development Strategy- Guidance on design and implementation 2016, European Network for Rural Development

- d) Committee for Finance and Audit, further referred to as “CFA”;
- e) Administrative Compartment – in the first stage consisting of the experts of the PROCEED project.

3.8. Vision Statement

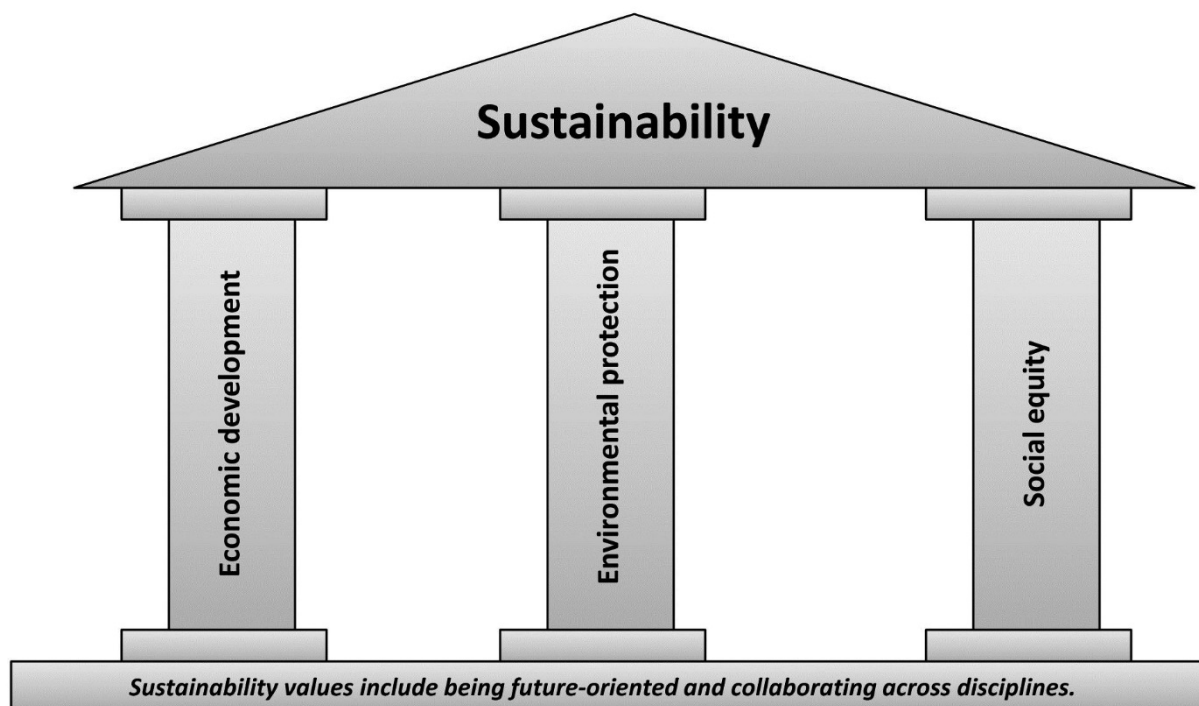
During the preparatory process – the accomplishment of the diagnose analysis and the needs analysis, the term of sustainable development appeared to be a key aspect. If so, the vision for the Local Action Group and its Local Development Strategy was set as following:

Enable Dedoplistskaro Population to Live, by 2020, in a Sustainably Developing Municipality

3.9. Objectives of Local Development Strategy

Derived from LAG Dedoplistskaro’s vision, the core objective of the LDS is to determine a sustainable development of the LAG territory.

The three pillars of sustainability are a powerful tool for defining the complete sustainability problem. This consists of at least the economic, social, and environmental pillars. If any of pillar is weak then the system as a whole is unsustainable.



Considering the vision and principles of sustainable development, three different strategic objectives have been set for the LAG and the LDS. These objectives are as follows:

Strategic Objective 1: *Fostering the development of innovative and diversified businesses*

Strategic Objective 2: *Transforming the area in a place of social and cultural welfare*

Strategic Objective 3: *Enable municipality population to live in a clean environment and make the visitor notice preserved wildlife and wonderful nature first at arrival.*

3.10. List of the most relevant priorities and domains of Intervention

The LDS workshops conclusions are comprised in the following development

- Considering the **Strategic Objective 1: *Fostering the development of innovative and diversified businesses***, that is a very generous and challenging objective, the LAG considered several possible priorities but, for the near future (3 years), the most important priorities linked to the Strategic Objective are:

Priority 1.1: *Sustainable development of Entrepreneurship and Businesses*

Priority 1.2: *Sustainable development of Tourism*

- Considering **Strategic Objective 2: *Transforming the area in a place of social and cultural welfare***, the most important priorities for the timetable established for the LDS are:

Priority 2.1: *An innovative approach of the cultural and recreational life in the LAG*

Priority 2.2: *Operation of an effective public-private-civil society cooperation*

- **Strategic objective 3: *Enable municipality population to live in a clean environment and make the visitor notice preserved wildlife and wonderful nature first at arrival***, besides its pretentious formulation will have the following priority tackled:

Priority 3.1: *Improvement of the environment preservation means and /or actions for the mitigation of the climate changes effects*

3.11. Domains of Intervention

In order to better define the actions that will be taken inside the LDS, there were defined domains of intervention for each priority.

Domain of Intervention 1: *The efficient use of resources for the improvement of the entrepreneurship infrastructure and the supporting of innovative businesses* will be corresponding to **Priority 1.1:** *Sustainable development of Entrepreneurship and Businesses*

Domain of intervention 2: *Modernization of the infrastructure and services in tourism* will be corresponding to **Priority 1.2:** *Sustainable development of Tourism*

Domain of intervention 3: *Improvement of the cultural and recreational infrastructure and life* will be corresponding to **Priority 2.1:** *An innovative approach of the cultural and recreational life in the LAG*

Domain of intervention 4: *Development of a public – civil society cooperation for social infrastructure and other actions* will be corresponding to **Priority 2.2:** *Operation of effective public-private-civil society cooperation*

Domain of intervention 5: *Innovative actions for the preservation of environment and mitigation of climate change effects* will be corresponding to **Priority 3.1:** *Improvement of the environment preservation means and /or actions for the mitigation of the climate changes effects*

Innovation will consist in the fact that there will be sought out the most simple, efficient, relevant and updated solutions for all the projects that will be financed under the LDS.

Strategic objective 1 Fostering the development of innovative and diversified businesses	Priority 1.1 Sustainable development of Entrepreneurship and Businesses	Domain of Intervention 1 The efficient use of resources for the improvement of the entrepreneurship infrastructure and the supporting of innovative businesses	Measures M1 – <i>Measure dedicated to the creation, development and diversification of businesses considering youngsters (women)</i>	Indicators of Result # innovative initiatives # of newly created jobs # of young people and women beneficiaries
	Priority 1.2 Sustainable development of Tourism	Domain of intervention 2 Modernization of the infrastructure and services in tourism	M2 - <i>Support for the creation and development of traditional and innovative tourism businesses considering youngsters (women)</i>	# of new businesses # of modernized facilities # of newly created jobs # of young (women) beneficiaries
Strategic objective 2 Transforming the area in a place of social and cultural welfare	Priority 2.1 An innovative approach of the cultural and recreational life in the LAG	Domain of intervention 3 Improvement of the cultural and recreational infrastructure and life	M3 – <i>Measure dedicated to actions and investments for the development of cultural and recreational aspects</i>	# of modernized infrastructures # of innovative actions # of involved parts
	Priority 2.2 Operation of an effective public-private-civil society cooperation	Domain of intervention 4 Development of a public – civil society cooperation for social infrastructure and other actions	M4 – <i>Measure dedicated to innovative developments for social and other support actions</i>	# of actions # of participants
Strategic objective 3 Enable municipality population to live in a clean environment and make the visitor notice preserved wildlife and wonderful nature first at arrival	Priority 3.1 Improvement of the environment preservation means and /or actions for the mitigation of the climate changes effects	Domain of intervention 5 Innovative actions for the preservation of environment and mitigation of climate change effects	M5 – <i>Measure dedicated to Investments and/or technology transfer, innovative actions for dealing with environment preservation and climate change</i>	# of businesses involved # of actions taken # value of investments

4. PRESENTATION OF THE MEASURES

M1. Measure dedicated to the creation, development and diversification of businesses considering young people (women)

Type of the measure: INVESTMENTS

1. General description of the measure, including the logics of the intervention and the contribution to the priorities of the strategy, domains of intervention, transversal objectives and complementarity with other measures of the LDS

The implementation of this measure is necessary for the stimulation of the business environment from the rural area, by financially supporting the entrepreneurs who create, develop and/or diversify entrepreneurial activities in the territory of LAG Dedoplistskaro. The measure contributes to: the innovative approach for the creation, development and diversification of businesses; the sustainable development of entrepreneurship and businesses; the occupation of a part of the existing working force in excess, especially young people and women; diversification of the rural economy; increase of the incomes of the rural population and its standard of living; the mitigation of the social exclusion.

The diagnose analysis revealed that there are major discrepancies between various domains of entrepreneurship. In this mean, the measure will enable investments in the following domains of activity: agriculture; industry; services; construction; transportation, infrastructure.

Objective(s) of the LDS

The measure contributes to **Strategic objective 1**: Fostering the development of innovative and diversified businesses.

The measure contributes also to the fulfilment the following specific objectives:

- Development of innovative approaches;
- Diversification of the rural economy, the economic development of the rural areas and eradication of poverty;
- Development of services for the population and businesses and other economic activities;
- Creation of new work-places.

The measure contributes to the **Priority 1.1: Sustainable development of Entrepreneurship and Businesses**, provided in the Local Development Strategy.

The measure contributes to the **Domain of Intervention 1 - The efficient use of resources for the improvement of the entrepreneurship infrastructure and the supporting of innovative businesses**

The measure contributes to the **transversal objectives** of the LDS by having important implications in the other pillars of the Sustainable Development. All the projects, in all the mentioned activities will keep a close scrutiny on the environment preservation and the mitigation of the climate changes effects. They will also fulfil the requests for the equality of chances as women and young people are considered among the main potential beneficiaries. Besides them, there are no constraints, of any kind, in the selection of the future beneficiaries. The beneficiaries themselves will have to comply with the principle of the equality of chances when selecting their future staff, if necessary. Innovation will

consist in the fact that all the projects will consider new and updated technologies, machines, equipment in order to upgrade to the latest stages possible the entrepreneurial infrastructure existing in the territory of the LAG. In the same time, where needs and projects have a great percentage of similarity, there will be considered innovative if the potential beneficiaries will associate in order to solve their specific needs.

Complementarity with other measures of the LDS: There will benefit of this measure all the inhabitants of our territory.

2. The added-value of the measure

The added-value and the innovation are revealed by the fact that there will be considered simple and effective solutions, new technologies and machinery, new and innovative domains of activity. In the same time, new domains will be considered for financing, thus creating businesses that did not exist or were not functional till now. There is also to be noticed that the domain of services will be developed, bringing new value to the life of the people from the territory of the LAG.

3. Direct/indirect beneficiaries (target group)

Direct beneficiaries are:

- Registered businesses from the territory of the LAG, existent or newly created (start-ups), from the rural area and the town of Dedoplistskaro that have or will develop eligible activities for eligible investments;
- Farmers and cooperatives;
- Entrepreneurial organization forms allowed by the law;
- Associations of businesses, according to law;
- Providers of public services, established according to law.
- Cooperation forms, according to law
- Other types of beneficiaries according to law and established by the Board.

Indirect beneficiaries are:

Population of the municipality of Dedoplistskaro that benefits of improved services and products and those looking for a job.

5. Types of support

The financial support will grant the assumed eligible costs.

6. Types of eligible and non-eligible actions

There are eligible the following types of actions, with priority:

- Investments for the creation, development or diversification of innovative activities and products;
- Investments for equipment, tools and technologies for businesses;
- Investments in the equipment and machinery for rendering services for the population and businesses;
- Investments in innovative intangible assets: software, patents, websites, etc.;
- Investments in new work-places;
- Other actions established by the Board.

Eligible expenditures related to the above actions are:

- construction, extension and/or modernization and/or endowment of the buildings designed for business activities;
- purchasing and installment costs for equipment, machines, tools, etc.;
- purchasing and/or creation costs of innovative technologies, production solutions, etc.;
- intangible investments: purchasing or development of software and/or purchasing of patents, licenses, intellectual property, trademarks;
- expenditures with the creation of new work-places.

There are not eligible:

- taxes;
- contributions in kind (except for projects of the local community);
- current operational costs including maintenance and rent.

7. Eligibility conditions

Actions have to contribute to the fulfilment of the objectives provided in the LDS in the territory of the LAG Dedoplistskaro.

In order to be eligible, all the expenditures related to the implementation of the projects in the frame of the LDS have to be accomplished on the territory of the LAG.

- Applicant must be part of the category of eligible beneficiaries;
- Applicant must not be in insolvency or payment incapacity;
- The economical-financial viability has to be proven based upon a technical-economical documentation;
- Investment has to be framed within the types of support provided through the measure;
- Investment will have to comply with the environment protection law;
- Applicant will prove the existence of private co-financing capacity;
- Other conditions established by the Board.

8. Selection criteria

We envisage the following local selection criteria:

- Creation or development of innovative products, services and/or technologies;
- Creation of new jobs;
- Creation or development of innovative business activities (production/services);
- Cooperation forms
- Other selection criteria established by the Board.

Selection criteria will keep in respect the equal treatment of the applicants, a better use of the financial resources and the focus of the measures according to the priorities of LDS.

9. Applicable amounts and the rate of support

Informations regarding the amounts and the supporting rates are detailed in the Annex 1 to the LDS – Grant Distribution Mechanism.

10. Monitoring indicators

innovative initiatives
 # cooperation's
 # of newly created work-places
 # of young people and female beneficiaries.

M2 - Support for the creation and development of traditional and innovative tourism businesses considering young people (women)

Type of the measure: **X INVESTMENT**
 X SERVICES

1. General description of the measure, including the logics of the intervention and the contribution to the priorities of the strategy, domains of intervention, transversal objectives and complementarity with other measures of the LDS

The implementation of this measure will foster the sustainable development of tourism businesses and related services in the territory of LAG Dedoplistskaro. All the investments and services have to activate only on the territory of the LAG Dedoplistskaro. There will be financially supported the entrepreneurs creating, developing or diversifying businesses in tourism by considering innovation, sustainability and upgrading of tourism products or services. The measure contributes to: the development of the quality products and services in tourism; setup of new services and products; sustainable development of the sector; valuation of the tourism resources; increase of the incomes generated in the area and increase of the number of occupied persons in the domain.

The diagnose analysis revealed that the tourism sector is crucial to the development of the area and, in the same time, for the preservation and valuation of the historical, cultural, natural and anthropically resources of the territory of the LAG. Meantime, there is great need both for infrastructure (accommodation, food, relaxation, souvenirs, etc.) and for quality services (hosting, food serving, information, guidance, etc.).

There will be financed projects dealing with innovative approaches and addressing in an innovative and sustainable manner this domain: building/extending/modernizing/endowing of hosting infrastructure, tourism programs, setup of tours (routes) for tourism attractions; building/setting up of feeding facilities (traditional cuisine restaurants, fast-foods with natural ingredients, sandwich-making stores, etc.), setup of information centers, etc.

Objective(s) of the LDS

The measure contributes to **Strategic objective 1: Fostering the development of innovative and diversified businesses**

The measure contributes also to fulfil the following specific objectives:

- Diversification of the rural economy, the economic development of the rural areas and eradication of poverty;
- Development of the sustainable tourism related awareness, actions and activities;
- Creation of new work-places.

The measure contributes to the **Priority 1.2: Sustainable development of Tourism**, provided in the Local Development Strategy.

The measure contributes to the **Domain of intervention 2: Modernization of the infrastructure and services in tourism**

The measure contributes to the **transversal objectives** of the LDS by having important implications in the other pillars of the Sustainable Development. All the projects, in all the mentioned activities will keep a close scrutiny on the environment preservation and the mitigation of the climate changes effects. They will also fulfil the requests for the equality of chances as women and young people as considered the main potential beneficiaries. Besides them, there are no constraints, of any kind, in the selection of the future beneficiaries. Themselves will have to comply with the principle of the equality of chances when selecting their future staff, if necessary. Innovation will consist in the fact that there will appear absolutely new services provided to the tourists, there is going to be changed the perception towards rendering these services to the tourists. In the same time, the infrastructure that will be built, will consider from the very beginning the innovative solutions for a better buildup of the modernized aspect of the infrastructure. There will be rendered efforts towards the establishment of a cooperation means (association, etc.) between the providers of tourism services, in order to ensure the sustainable development of the tourism in the territory of the LAG.

Complementarity with other measures of the LDS: the measure is complementary with all the other measures of the Local Development Strategy. This complementarity resides in the fact that everything related to tourism has something, in fact, to do with the entire economic and social life of the people in the territory of the LAG. Tourism has to do with the entrepreneurship infrastructure for products and services, agriculture, industry, constructions, etc. All these have to be integrated in a proper social society and life. Last but not least, the preservation of the environment and the mitigation of the climate changes effects are important to everybody.

2.The added-value of the measure

The added-value and the innovation are revealed by the fact that in the domain of tourism in this area, there have to be found innovative solutions to interweave traditional aspects with the modern requirements, the resources with the demands of the tourists, the available people and social aspects with the modern and sophisticated operation of tourism today. It is a more challenging process as tourism in Dedoplistskaro municipality is still at its beginnings and it has to rapidly develop into an innovative, effective and profitable domain of activity.

3.Direct/indirect beneficiaries (target group)

Direct beneficiaries are:

- Registered businesses from the territory of the LAG, existent or newly created (start-ups), from the rural area and the town of Dedoplistskaro that have or will develop eligible activities;
- Farmers and cooperatives;
- Entrepreneurial organization forms allowed by the law;
- Associations of businesses, according to law;
- Providers of public services, established according to law.
- Cooperation forms, according to law
- Other types of beneficiaries according to law and established by the Board.

Indirect beneficiaries are:

The entire population of the Dedoplistskaro municipality who will enjoy a better economic and social development induced by a profitable tourism activity in the area.

5. Types of support

The financial support will grant the assumed eligible costs.

6. Types of eligible and non-eligible actions

There are eligible the following types of actions, with priority:

- Investments for tourism and agro-tourism activities: guesthouses; hotels; motels; hostels; chalets; vacation villages; agro-pensions; setup of accommodation rooms in the rural farm-houses;
- Investments in services: traditional cuisine restaurants; fast-foods; guiding and information offices, equipment rental, creation and manufacturing of souvenirs, etc.
- Investments for innovative tourism actions;
- Investments for the creation and development of promotion activities and services;
- Investments in the development of the capacity of service providers;
- Other actions established by the Board.

Eligible expenditures related to the above actions are:

- construction, extension and/or modernization and endowment of the relevant buildings;
- investments in the equipment, machines, tools, hardware required by the tourism activities;
- investments in intangible assets: purchasing, creation or development of relevant software; purchasing of patents, licenses, intellectual property items, etc.
- investments in the creation and/or development of innovative tourism promotion actions, products and/or activities.
- Investments in the capacity building of the service providers;

All the elements mentioned above must be NEW.

There are not eligible:

- taxes;
- contributions in kind (except for projects of the local community);
- current operational costs including maintenance and rent.

7. Eligibility conditions

Actions have to contribute to the fulfilment of the objectives provided in the LDS.

In order to be eligible, all the expenditures related to the implementation of the projects in the frame of the LDS have to be accomplished on the territory of the LAG.

- Applicant must be part of the category of eligible beneficiaries;
- Applicant must not be in insolvency or payment incapacity;
- The economical-financial viability has to be proven based upon a technical-economical documentation;
- Investment has to be framed within the types of support provided through the measure;
- Investment will have to comply with the environment protection law
- Applicant will prove the existence of private co-financing capacity;
- Other conditions established by the Board.

8. Selection criteria

We envisage the following local selection criteria:

- Investment is part of an integrated approach towards sustainable tourism activity;
- Investment is accomplished by a cooperation form between businesses;
- Creation of new work-places;
- Investment integrates infrastructure and promotion activities;
- Other selection criteria established by the Board.

Selection criteria will keep in respect the equal treatment of the applicants, a better use of the financial resources and the focus of the measures according to the priorities of LDS.

9. Applicable amounts and the rate of support

Information regarding the amounts and the supporting rates are detailed in the Annex 1 to the LDS – Grant Distribution Mechanism.

10. Monitoring indicators

of new businesses

of modernized facilities

of newly created work-places

of young people and female beneficiaries

M3 – Measure dedicated to actions and investments for the development of cultural and recreational aspects

Type of the measure: X INVESTMENTS

X SERVICES

1. General description of the measure, including the logics of the intervention and the contribution to the priorities of the strategy, domains of intervention, transversal objectives and complementarity with other measures of the LDS

The implementation of this measure will foster the sustainable and innovative development of the cultural and recreational life in the LAG. All the investments and services will act on the territory of the LAG Dedoplistskaro.

The diagnose analysis revealed that there are steps to be done in order to develop the cultural life and the improvement of the recreational infrastructure and programs. The diagnose study revealed the fact that young people (including children and women) do not have possibilities to spend their spare time in an attractive way, able to help them building properly their personality and forming an integrative life. They need sports facilities, cultural infrastructure, tailored programs for their age and human development, etc.

There will be financed projects dealing with innovative approaches and addressing in an innovative and sustainable manner this domain: building/rehabilitating/modernizing of cultural and recreational related infrastructure, support for cultural and recreational events, creating and developing of innovative approaches regarding the cultural and entertaining activities, etc.

Objective(s) of the LDS

The measure contributes to **Strategic objective 2:** Transforming the area in a place of social and cultural welfare.

The measure contributes also to fulfil the following specific objectives:

- Development of the social, cultural and recreational relationships in the society;
- Mitigate the leaving of the area by the people;

The measure contributes to the **Priority 2.1:** An innovative approach of the cultural and recreational life in the LAG.

The measure contributes to the **Domain of intervention 3:** Improvement of the cultural and recreational infrastructure and life.

The measure contributes to the **transversal objectives** of the LDS by having important implications in the other pillars of the Sustainable Development. All the projects, in all the mentioned activities will keep a close scrutiny on the environment preservation and the mitigation of the climate changes effects. They will also fulfil the requests for the equality of chances as women and young people are considered the main potential beneficiaries. Besides them, there are no constraints, of any kind, in the selection of the future beneficiaries. Themselves will have to comply with the principle of the equality of chances when selecting their future staff and/or collaborators, if necessary. Innovation will consist in the fact that there will appear new activities, having a greater implication of the target groups and also will impact significantly on the quality of life in the LAG.

Complementarity with other measures of the LDS: the measure is complementary with all the other measures of the Local Development Strategy. This complementarity resides in the fact that everything related to social, cultural or recreational aspects of life has to do with the entire life in the area. Life of the inhabitants has to have a solid cultural dimension and there have to have chances for recreation in order to maintain body and mind health.

2.The added-value of the measure

The added-value and the innovation are revealed by the fact that this domain was not at all explored till this moment and the issues to be solved are many and quite complex. By addressing these issues, necessarily in an innovative way, the measure will contribute to the improvement of the life of all the inhabitants of the territory of the LAG.

3.Direct/indirect beneficiaries (target group)

Direct beneficiaries are:

- Registered businesses from the territory of the LAG, existent or newly created (start-ups), from the rural area and the town of Dedoplistskaro that have or will develop eligible activities;
- Farmers and cooperatives;
- Entrepreneurial organization forms allowed by the law;
- Associations of businesses, according to law;
- Providers of public services, established according to law.
- Cooperation forms, according to law;
- Local non-governmental organizations;
- Local authorities and/or their agencies;
- Other types of beneficiaries according to law and established by the Board.

Indirect beneficiaries are:

The entire population of the Dedoplistskaro municipality who will enjoy a better cultural and social development induced by infrastructure and programs specially created for them.

5. Types of support

The financial support will grant the assumed eligible costs.

6. Types of eligible and non-eligible actions

There are eligible the following types of actions, with priority:

- Investments for the creation, rehabilitation, modernization of the infrastructure for cultural events and recreational sites
- Investments in services: creation of cultural events, services related to the valuation of the cultural heritage
- Investments for creating specific programs and events;
- Other actions established by the Board.

Eligible expenditures related to the above actions are:

- construction, extension and/or modernization and endowment of the buildings and recreational sites;
- intangible investments: purchasing or development of software and purchasing of patents, licenses, intellectual property;
- purchasing of equipment, devices, etc., specific to the eligible activities comprised in the projects.
- other expenditures established by the Board.

There are not eligible:

- taxes;
- contributions in kind (except for projects of the local community);
- current operational costs including maintenance and rent.

7. Eligibility conditions

Actions have to contribute to the fulfilment of the objectives provided in the LDS.

In order to be eligible, all the expenditures related to the implementation of the projects in the frame of the LDS have to be accomplished on the territory of the LAG.

- Applicant must be part of the category of eligible beneficiaries;
- Applicant must not be in insolvency or payment incapacity;
- Investment has to be framed within the types of support provided through the measure;
- Investment will have to comply with the environment protection law;
- Applicant will prove the existence of the private co-financing capacity, where required;
- Other conditions established by the Board.

8. Selection criteria

We envisage the following local selection criteria:

- Proven added-value of the project;

- Relevance according to the LDS;
- Possibilities to create follow-ups or further editions;
- Other criteria established by the Board.

Selection criteria will keep in respect the equal treatment of the applicants, a better use of the financial resources and the focus of the measures according to the priorities of LDS.

9. Applicable amounts and the rate of support

Informations regarding the amounts and the supporting rates are detailed in the Annex 1 to the LDS – Grant Distribution Mechanism.

10. Monitoring indicators

of modernized infrastructures

of innovative actions

of involved parts

M4. Measure dedicated to innovative developments for social and other support actions

Type of the measure: **INVESTMENTS**

SERVICES

1. General description of the measure, including the logics of the intervention and the contribution to the priorities of the strategy, domains of intervention, transversal objectives and complementarity with other measures of the LDS

The implementation of this measure is necessary for inducing a new awareness and consideration towards the social matters existing in the territory of the LAG Dedoplistskaro. The measure contributes to the development of an innovative addressing of the social matters and the development of sound results that will take to further actions in order to solve community issues. It will foster the participation of the civil society and its organizations (including women and young people) to the mitigation of the social exclusion, social discrepancies, disfavored people and communities, etc.

The diagnose analysis revealed that there are major discrepancies in the way the social matters are addressed. It is needed to imply all the social actors from the communities of the LAG and the local authorities in activities that will generate a integrative approach and addressing of the social matters, by creating an effective partnership between all the actors.

Objective(s) of the LDS

The measure contributes to **Strategic objective 2** - Transforming the area in a place of social and cultural welfare.

The measure contributes also to the fulfilment the following specific objectives:

- Development of innovative approaches, partnerships, solutions, etc.;
- Innovative addressing and solving of the social issues through integrative actions;
- Development of services for the population taking into consideration the disfavored categories, those in danger of exclusion, women and young people, etc.
- Development of a continuous partnership between all the social actors and the local public authority.
- Investments in the social sector.

The measure contributes to the **Priority 2.2** - Operation of an effective public-private-civil society cooperation.

The measure contributes to the **Domain of intervention 4** - *Development of a public – civil society cooperation for social infrastructure and other actions.*

The measure contributes to the **transversal objectives** of the LDS by having important implications in the other pillars of the Sustainable Development. All the projects, in all the mentioned activities will keep a close scrutiny on the environment preservation and the mitigation of the climate changes effects. They will also fulfil the requests for the equality of chances as women and young people are considered among the main potential beneficiaries. By addressing social issues, the projects will contribute effectively to the improvement of the economic life of the people of the LAG-s communities. In the same time, where needs and projects have a great percentage of similarity, there will be considered innovative if the potential beneficiaries will associate in order to solve their specific needs.

Complementarity with other measures of the LDS: There will benefit of this measure all the inhabitants of our territory.

1. The added-value of the measure

The added-value and the innovation are revealed by the fact that there will be considered simple and effective solutions, as social issues were very rarely addressed due to various reasons. By establishing a continuous communication between the social actors and the local public authorities, the resulting projects will develop a new way of considering issues.

2. Direct/indirect beneficiaries (target group)

Direct beneficiaries are:

- Associations of businesses, according to law, active in social responsibility activities;
- Providers of public services, established according to law;
- Cooperation forms, according to law;
- Local public authorities and/or their specific agencies;
- Local organizations acting in the social environment (trade unions, women and young people organizations, associations of the elderly and/or disfavored people, etc)
- Other types of beneficiaries according to law and established by the Board.

Indirect beneficiaries are:

Population of the municipality of Dedoplistskaro that benefits of improved services and products and those looking for a job.

5. Types of support

The financial support will be grant for the assumed expenditures.

6. Types of eligible and non-eligible actions

There are eligible the following types of actions, with priority:

- Creation of formal or informal groups comprising relevant social actors and dealing with different social matters in order to find innovative and sound solutions and results;
- Actions for disseminating and validating the results of the activities;
- Creation and development of structures (organizations) able to find financing and donors for social activities and actions;
- Investments in innovative intangible assets: websites, etc.
- Investments into public sector and social infrastructure;
- Investments for the creation of new work-places;
- Other actions established by the Board.

Eligible expenditures related to the above actions are:

- rental costs for conference spaces, hardware costs for the organization of meetings
- purchasing of IT equipment and software necessary for implementation activities;
- intangible investments: creation and operation of relevant websites, etc.
- Accomplishment of relevant documents regarding the activities: studies, catalogues, leaflets, etc.
- purchase of equipment, machines, installations for the investments into the public sector and social infrastructure
- Other expenditures established by the Board.

There are not eligible:

- taxes;
- contributions in kind (except for projects of the local community);
- current operational costs including maintenance and rent.

7. Eligibility conditions

Actions have to contribute to the fulfilment of the objectives provided in the LDS.

In order to be eligible, all the expenditures related to the implementation of the projects in the frame of the LDS have to be accomplished on the territory of the LAG.

- Applicant must be part of the category of eligible beneficiaries;

- Applicant must not be in insolvency or payment incapacity;
- Activities have to be framed within the types of support provided through the measure;
- Activities will have to comply with the environment protection law;
- Applicant will prove the existence of private co-financing capacity, if required;
- Other conditions established by the Board.

8. Selection criteria

We envisage the following local selection criteria:

- Creation or development of effective and sound results;
- Creation or development of innovative approaches or structures;
- Cooperation forms active for solving issues;
- Other selection criteria established by the Board.

Selection criteria will keep in respect the equal treatment of the applicants, a better use of the financial resources and the focus of the measures according to the priorities of LDS.

9. Applicable amounts and the rate of support

Informations regarding the amounts and the supporting rates are detailed in the Annex 1 to the LDS – Grant Distribution Mechanism.

10. Monitoring indicators

of actions

of participants

newly created work-places

of young people and female beneficiaries

M5. Measure dedicated to Investments and/or technology transfer, innovative actions for dealing with environment preservation and climate change

Type of the measure: INVESTMENTS

1. General description of the measure, including the logics of the intervention and the contribution to the priorities of the strategy, domains of intervention, transversal objectives and complementarity with other measures of the LDS

All the actions to be carried out within this measure should be in the territory of the LAG Dedoplistskaro.

The implementation of this measure is necessary for the addressing of environmental issues in the LAG and also for action towards the mitigation of the effects of the climate changes. The measure contributes to: the innovative approach for investments and/or technology transfers regarding the preservation of the environment and the mitigation of the climate changes effects.

The diagnose analysis revealed that there are major issues regarding these domains, especially considering the climate of the area: strong winds in some of the seasons, lack of the proper supply with water of the business activities; problems with the irrigation of the crops, etc.

Objective(s) of the LDS

The measure contributes to **Strategic objective 3** *Enable municipality population to live in a clean environment and make the visitor notice preserved wildlife and wonderful nature first at arrival.*

The measure contributes also to the fulfilment the following specific objectives:

- Development of innovative approaches;
- Diversification of the possible solutions to the considered matter by using innovation and technology transfer;
- Development of specific services for the population and businesses and other economic activities;
- Investments in specific equipment and machines.

The measure contributes to the **Priority 3.1** *Improvement of the environment preservation means and /or actions for the mitigation of the climate changes effects*, provided in the Local Development Strategy.

The measure contributes to the **Domain of intervention 5** *Innovative actions for the preservation of environment and mitigation of climate change effects*

The measure contributes to the **transversal objectives** of the LDS by having important implications in the other pillars of the Sustainable Development. All the projects, in all the mentioned activities will keep a close scrutiny on the business environment as considered to be the engine of the development and the source for innovation. They will also fulfil the requests for the equality of chances. There will be no kind of restrictions regarding the access to actions, projects or any component of the program. Innovation will consist in the fact that all the projects will consider new and updated technologies, machines, equipment in order to upgrade to the latest stages possible the actions possible to be taken for the fulfilment of the general objective of the measure. In the same time, it is considered the transfer of technology, if necessary, in order to have a better effectiveness of the actions. Where needs and projects have a great percentage of similarity, there will be

considered innovative if the potential beneficiaries will associate in order to solve their specific needs.

Complementarity with other measures of the LDS: There will benefit of this measure all the inhabitants of our territory and also the entire population of the municipality.

2.The added-value of the measure

The added-value of the measure will be revealed by the fact that there will be addressed in an innovative way, a series of issues that are considered a serious burden for the inhabitants and businesses of the area. These issues were not addressed by other organizations or the local authorities for different reasons, mainly the lack of financing. The present approach, considers the interaction of the entrepreneurial community and the local authorities, an added value from the very beginning.

3.Direct/indirect beneficiaries (target group)

Direct beneficiaries are:

- Registered businesses from the territory of the LAG, existent or newly created (start-ups), from the rural area and the town of Dedoplistskaro that have or will develop eligible activities;
- Farmers and cooperatives;
- Entrepreneurial organization forms allowed by the law;
- Associations of businesses, according to law;
- Providers of public services, established according to law.
- Cooperation forms, according to law
- Other types of beneficiaries according to law and established by the Board.

Indirect beneficiaries are:

Population of the municipality of Dedoplistskaro that benefits of improved conditions of living, tourists and businesses, the entire society itself.

5. Types of support

The financial support will grant the assumed eligible costs.

6. Types of eligible and non-eligible actions

There are eligible the following types of actions, with priority:

- Investments for the creation, development or diversification of innovative activities and products;
- Investments for equipment, tools and technologies for businesses implied in the eligible activities;
- Investments in the equipment and machinery that are result of a technology transfer action that are used on the territory of the LAG for the purposes of the measure;
- Investments in innovative intangible assets: software, patents, websites, etc.
- Investments in the creation of new work-places;
- Other actions established by the Board.

Eligible expenditures related to the above actions are:

- construction, extension and/or modernization of the existing structures designed for environment protection and/or mitigation of the climate changes effects;
- purchasing and installment costs for equipment, machines, tools, etc.;
- purchasing and/or creation costs of innovative technologies, production solutions, etc.;
- intangible investments: purchasing or development of software and/or purchasing of patents, licenses, intellectual property;
- expenditures for the creation of new work-places.

There are not eligible:

- taxes;
- contributions in kind (except for projects of the local community);
- current operational costs including maintenance and rent.

7. Eligibility conditions

Actions have to contribute to the fulfilment of the objectives provided in the LDS.

In order to be eligible, all the expenditures related to the implementation of the projects in the frame of the LDS have to be accomplished on the territory of the LAG.

- Applicant must be part of the category of eligible beneficiaries;
- Applicant must not be in insolvency or payment incapacity;
- The economical-financial viability has to be proven based upon a technical-economical documentation;
- Investment has to be framed within the types of support provided through the measure;
- Investment will have to comply with the environment protection law;
- Applicant will prove the existence of private co-financing capacity;
- Other conditions established by the Board.

8. Selection criteria

We envisage the following local selection criteria:

- Creation or development of innovative products, services and/or technologies;
- Cooperation forms;
- Investment activity takes to the solving of environment protection or climate change effects issue;
- Possibility of replication all over the territory of the LAG with similar results;
- Adaptation possibility for changing local situation;
- Other selection criteria established by the Board.

Selection criteria will keep in respect the equal treatment of the applicants, a better use of the financial resources and the focus of the measures according to the priorities of LDS.

9. Applicable amounts and the rate of support

Informations regarding the amounts and the supporting rates are detailed in the Annex 1 to the LDS – Grant Distribution Mechanism.

10. Monitoring indicators

- # of businesses involved
- # of actions taken
- # value of investments
- # creation of work-places.

Annex I

Grant Distribution Mechanism (GDM)

1. Information Process

Prior to the launch of the grant application process there will be a comprehensive information process that will provide information to the broadest audience in Dedoplistskaro Municipality. The LDS will be published and copies will be made available in the Dedoplistskaro Municipal offices and each village sakrebulo office. A shortened version of the LDS providing information on the LDS Aim, Objectives and Priorities will also be available for distribution to the public.

To reinforce this process **public information meetings** will be hosted on specific dates in each local administrative unit in Dedoplistskaro 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 Concept Note Form. The PROCEED project team will organize an assistance service to support applicants who have no possibility to fill the form electronically or send it by email as requested. More information about the service will be given within the public information meetings.

Information on the grant opportunities will also be advertised in the local media to ensure that the broadest audience is reached.

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 **1,000 EUR** (*In the national currency, according to the rate announced by the National Bank of Georgia on the day of issuance*) and the maximum is **60,000 EUR** (*In the national currency, according to the rate announced by the National Bank of Georgia on the day of issuance*), with the average funding expected to be **20,000 EUR** (*In the national currency, according to the rate announced by the National Bank of Georgia on the day of issuance*). It is expected that there will be cash co-financing from the applicant and this will vary depending on the status of the applicant and the total amount of the project. In-kind financing is not permitted except for Local Communities. Co-financing is required by the following applicants⁴:

- Commercial Entities (LTD, I.E etc.) – minimum 40%
- Municipal and government agencies – minimum 25%
- Agricultural Cooperatives – minimum 25%
- NGO, associations and other organisations – minimum 10%
- Local Communities and Cooperation's with the Municipality – minimum 10% plus 20% in kind
- Individuals (start-ups) up to 40.000 GEL (total Budget) – 25%

The co-financing percentage is of the total budget, for example if the total budget is 40,000 GEL then 25% is 10,000 GEL. Co-finance can be from the applicant's own funds or from another donor agency or fund. Co-financing that is from the applicant's 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*)

⁴ A detailed scale about the own contributions related to the total budget will be given with the call for Concept Notes and within the public information meetings.

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, represented by the board. These three phases are:

Step 1: Concept Note submission

Step 2: Full Application submission

Step 3: Technical Assessment

Step 1: Concept Note

The Concept Note Form 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.

1. Applicant Name and Contact Details	Name of individual, organization or business that is applying for the grant funding, including complete address, phone number and email
2. Legal Status	Registration of the Applicant (if applicable)
3. Project Title	Brief Title for the Project (max. 10 words)
4. Project Location	Community/village of Dedoplistskaro where the project will be implemented
5. Project Duration	Time (from-to) the project will be implemented
6. Connection with LDS	Explanation which Objectives/Priorities the project will meet
7. Short Project Description	Information about the project, the targets and beneficiaries/benefit (max. 200 words)
8. Estimated No of direct and indirect beneficiaries	Information about the amount of people who will direct and indirect benefit from the project
9. Estimated Project Costs	Approximate total costs of the project
10. Funds requested from the project	Total amount to be funded
11. Own Contribution	Total amount financed by own contribution

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

Concept Note Assessment

The Concept Note application will be analysed and assessed by the PROCEED project team and presented to the Committee of Selection of Projects (CSP) for their approval or rejection. The PROCEED project team will assess that the projects meet all the key eligibility criteria. The Concept Note will be assessed using the following eligibility criteria:

- **Geographic location:** The project must be located within the municipal boundaries of Dedoplistskaro
- **Grant Amount:** The grant amount requested is not less than 1, 000 EUR (In the national currency, according to the rate announced by the National Bank of Georgia on the day of issuance) and

over 60, 000 EUR (In the national currency, according to the rate announced by the National Bank of Georgia on the day of issuance)

- **Project Period:** The project implementation must be able to be fully completed by June 30th 2019
- **Co-financing:** The co-financing amount must be in line with amounts required according to the status of the applicant (see Section 6.2)
- **Connection with LDS:** The application must show that the project will meet a minimum of one of the Objectives of the LDS and one Priority. It is possible that it may meet more than one Objectives and Priorities.
- **Beneficiaries:** Number of people who will benefit directly or indirectly from the proposed project.
- **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 board the applicant will be provided with written feedback on the reasons behind the rejection. If the Concept Note is accepted, then the applicant proceeds to the next step and the Full Application submission.

Note: the acceptance of a Concept Note 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 a Concept Note 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 1. to 5. are the same as for Concept Note	Information on Applicant name, contact details, legal status, project title, location and duration.
6. Background information on applicant	Description of applicant's history and experience with particular reference to experience connected to the project proposal
7. Connection with LDS	Detailed explanation on how the project contribute the main aim of the LDS and will meet one of the Objectives, Priorities and Measures.
8. 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.
9. Detailed Project Description	Explanation on what activities will be implemented and what will be delivered
10. Project Workplan	Workplan table to be filled in showing what actions will be taken, when and over what timeframe
11. Project Impact	Information on what impact the project will have and who will benefit from the project
12. Displacement/Distortion	Explanation on how the proposed project will not adversely affect an existing activity or business or distort the market

13. Sustainability	Explanation on how the project will be funded / maintained in future and who will be responsible for its oversight.
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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 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 PROCEED project team. The project team 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 project team will write a short report⁵ that will be presented to the CSP to assess the project and present its recommendations to the board. The CSP will assess each project based on all documents submitted and score the project using the following criteria⁶:

- Connection of the proposed project with the Objectives and Priorities of the LDS
- Background experience and knowledge of the applicant to implement the proposed project
- Strong justification that there is a need or demand for the proposed project
- Project description is clearly explained and can be realised in stated timeframe
- Project impact is clearly explained and is realistic
- Sustainability plan is in place
- Budget is well thought through and realistic.
- Participation of women and youth in the project.
- No of jobs created.
- No of direct and indirect beneficiaries.

If the CSP 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 CSP and explain the project in more detail.

⁵ Note: The PROCEED project team is not part of the selection process but merely brings additional information to the CSP to assist them with their decision making.

⁶ The criteria will be specified for each call

Full Application Selection

A special selection meeting will be called by the board, at which the CSP will present its recommendations on the reviewed and assessed projects. There will be a vote by the board on each project and where the majority of eligible board members are in favour the project will be tentatively selected. If the board members feel that they are unable to make a decision based on the CSP 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 project team that will state the boards 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 ⁷(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:

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 board 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 board 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 board. 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 board. The documents will be presented to a consultant engineer that will work on behalf of the board/project and provide his/her recommendation following review and analysis. Should all design and documents be acceptable then the project will be approved by the board.

⁷ The Accountable Body is part of the PROCEED project and will be represented by the Project Director

4. Signing of Agreements and Procurement Process

Once accepted by the board the project applications will be presented by the PROCEED project team 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.

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 published in the customary manner. All rejected applications will receive notification from the PROCEED project team 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 board to discuss the matter further and see what measures can be taken to re-include the rejected applicant into the programme.