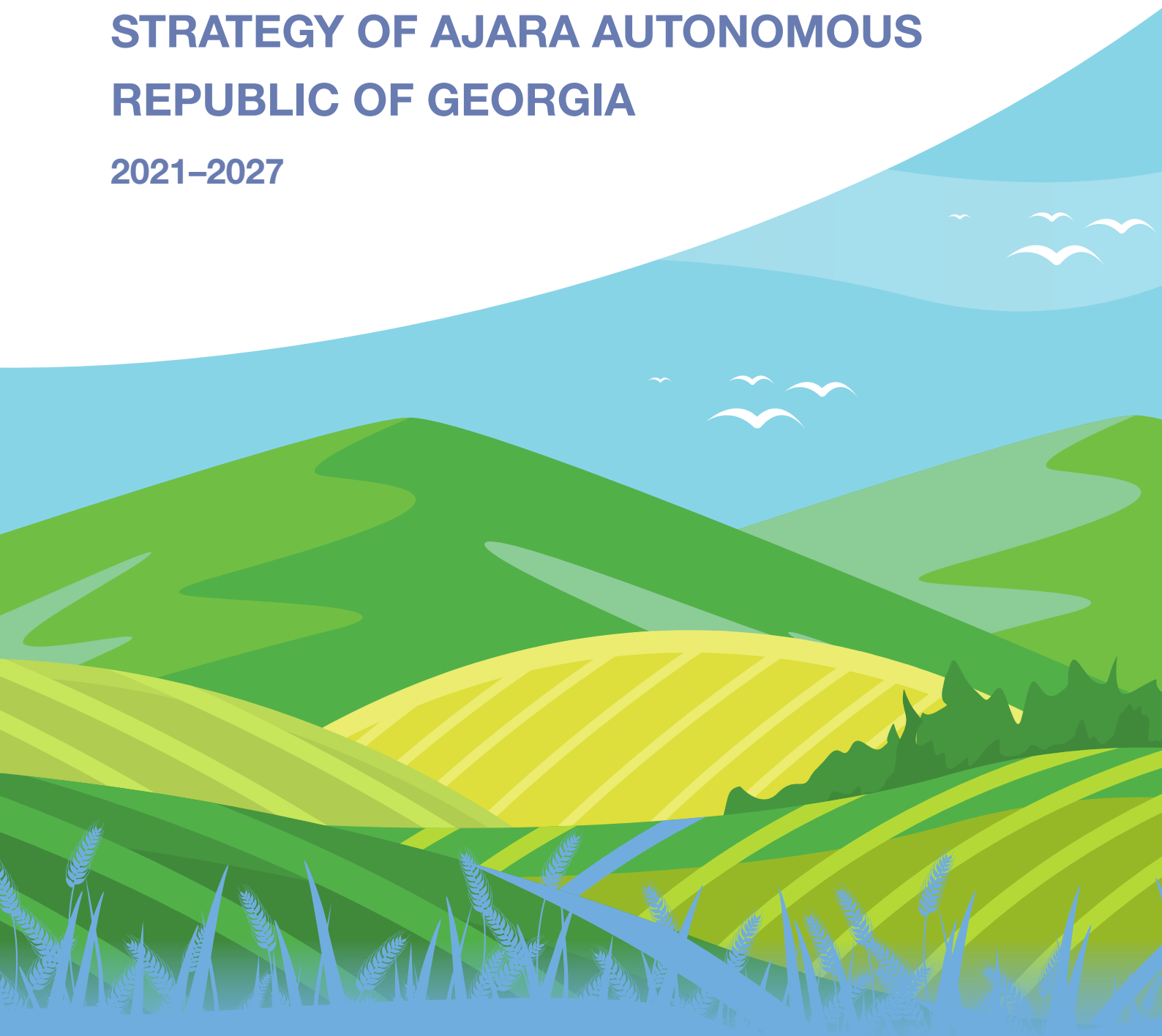


AGRICULTURE AND RURAL DEVELOPMENT STRATEGY OF AJARA AUTONOMOUS REPUBLIC OF GEORGIA

2021–2027



“The population in rural areas of Ajara enjoys a improved standard of living and quality of life thanks to its vibrant, resourceful and enterprising rural communities, the sustainable use of natural resources and a diversified rural economy based on agriculture”

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ევროკავშირი
საქართველოსთვის

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This Rural Development Strategy (RDS) document of Ajara Autonomous Republic for the period 2021-27 aims primarily to serve as a guiding roadmap for the relevant stakeholders, namely members of the Rural Development Council of Ajara in support of their efforts in developing and implementing a Rural Development Strategy for 2021-27 for Ajara territory that is in harmony with the National Rural Development Strategy of Georgia (2021-27) and also addresses the specific needs of Ajara.

ABBREVIATIONS

| | |
|----------|--|
| AJARA AR | Ajara Autonomous Republic |
| AMAG | Union of Active Citizens |
| ARD | Agriculture and Rural Development |
| ASC | Advisory Service Centres |
| BBI | Batumi Business Incubator |
| CoC | Chamber of Commerce |
| DCTFA | Deep Comprehensive Free Trade Agreement |
| ENPARD | European Neighbourhood Program for Agriculture and Rural Development |
| EU | European Union |
| FAO | Food and Agriculture Organization |
| GeoStat | National Statistics office of Republic of Georgia |
| Ha | Hectare |
| HACCP | Hazard Analysis and Critical Control Points |
| IACC | Inter Agency Coordination Council |
| ICT | Information Communication Technology |
| MA | Managing Authority |
| M&E | Monitoring and Evaluation |
| MEPA | Ministry of Environment Policy and Agriculture |
| ICS | Information Consulting Services |
| LAG | Local Action Group |
| LEPL | Legal Entity of Public Law |
| LEADER | Liasion Entre Actions de Development de L Economic Rural |
| MOAA | Ministry of Agriculture Ajara |
| PA | Paying Agency |
| PPP | Public Private Partnership |
| RDC | Rural Development Council |
| RD | Rural Development |
| RDS | Rural Development Strategy |
| SWOT | Strengths, Weakness, Opportunities, Threats |
| TA | Technical Assistance |
| ToR | Term of Reference |
| UNDP | United Nations Development Program |
| VEC | Vocational Education Colleges |
| VET | Vocational Education Training |
| WG | Working Group |

TABLE OF CONTENTS

| | |
|--|----|
| ACKNOWLEDGEMENT | 3 |
| ABBREVIATIONS | 4 |
| SUMMARY | 9 |
| 1 INTRODUCTION | 12 |
| 2 BACKGROUND | 15 |
| 2.1 SITUATIONAL ANALYSIS | 15 |
| 2.2 ECONOMIC OVERVIEW | 18 |
| 2.3 ENVIRONMENT AND NATURAL RESOURCES | 19 |
| 2.4 GOVERNMENT, PRIVATE SECTOR AND CIVIL SOCIETY COLLABORATION | 21 |
| 3 MAIN CHALLENGES | 23 |
| 4 SWOT ANALYSIS AJARA RURAL AREAS | 25 |
| 4.1 STRENGTHS | 25 |
| 4.2 WEAKNESS | 26 |
| 4.3 OPPORTUNITIES | 27 |
| 4.4 THREATS | 28 |
| 5 RURAL DEVELOPMENT VISION | 29 |
| 6. THE RURAL DEVELOPMENT FRAMEWORK | 30 |
| 6.1 POLICY AND GOVERNANCE | 30 |
| 6.2 INSTITUTIONAL STAKEHOLDERS ROLES | 31 |
| 6.2.1 Current distribution of roles and responsibilities among the various government institutions involved in the work of RDC | 31 |
| 6.2.3 Overview of Rural Development Programming in Ajara | 32 |
| 6.2.3.1 Structure and sequence of Rural Development priorities | 33 |
| 6.2.3.2 Ex-ante strategy evaluation enabling analysis of anticipated impacts of the new ARD Strategy, structure and the sequence | 35 |
| 6.2.4 Strategic development process of Agriculture and Rural Development (ARD) | 35 |
| 6.3 ROLE OF CIVIL SOCIETY AND PRIVATE SECTOR | 37 |
| 6.4 ROLE OF COMMUNITY BASED APPROACH – LOCAL ACTION GROUPS (LAG’S) AND UNION OF ACTIVE CITIZENS (AMAG’S) | 37 |
| 7 INSTITUTIONAL STAKEHOLDERS | 39 |
| 7.1 GOVERNMENT OF GEORGIA, MINISTRY OF ENVIRONMENT PROTECTION AND AGRICULTURE (MEPA) | 39 |
| 7.2 GOVERNMENT OF AJARA, MINISTRY OF AGRICULTURE OF AJARA (MOAA) | 39 |
| 7.2.1 Local Governance-Municipalities | 40 |

| | | |
|------------|--|-----------|
| 7.3 | CIVIL SOCIETY | 41 |
| 7.4 | PRIVATE SECTOR..... | 41 |
| 7.4.1 | Agro Service Centres (ASC)..... | 42 |
| 7.4.2 | Information Consulting Services (ICS)..... | 42 |
| 7.4.3 | Agribusiness (Input supply, added value and processing, commodity storage and aggregation) | 43 |
| 7.4.4 | Cooperatives and Producer Organizations | 43 |
| 7.4.5 | Vocational Education and Training | 43 |
| 8 | RURAL DEVELOPMENT PRIORITIES AND MEASURES | 46 |
| 8.1 | GOAL 1 A MORE DIVERSIFIED AND COMPETITIVE AGRICULTURE AND RURAL ECONOMY, WITH STRENGTHENED MARKET LINKS PROVIDING SUSTAINABLE LIVELIHOODS FOR ITS INHABITANTS | 49 |
| 8.1.1 | Objective Agricultural productivity and diversification of enterprises enhanced..... | 49 |
| 8.1.2 | Objective Improving Agricultural Competitiveness and market linkage | 50 |
| 8.1.3 | Objective Non farm income and livelihoods enhanced | 50 |
| 8.1.4 | Objective Improved and strengthened producer organizational structures and management capacity and market infrastructure in place | 51 |
| 8.2 | GOAL 2 A SUSTAINABLE USE OF THE ENVIRONMENT AND NATURAL RESOURCES BASE OF AJARA BY ENHANCED ENGAGEMENT OF LOCAL COMMUNITIES IN UTILIZATION AND MANAGEMENT | 52 |
| 8.2.1 | Objective Improved management and utilization of forest and non timber forest products, natural pastures and livestock productivity with links to markets..... | 52 |
| 8.2.2 | Objective Development of rural tourism, infrastructure investment, tourist packages and services developed..... | 52 |
| 8.3 | GOAL 3 VIBRANT SUSTAINABLE COMMUNITIES ENGAGED IN PLANNING AND DECISION MAKING FOR SOLUTIONS WITH ACCESS TO SERVICES, INFORMATION, INFRASTRUCTURE AND MARKETS | 53 |
| 8.3.1 | Objective Access to and uptake of Educational, information and Advisory services, and new technology | 53 |
| 8.3.2 | Objective Aggregation, consolidation and logistic centres operational, primary and secondary processing developed | 53 |
| 8.3.3 | Objective Civil society and local institutional structures and platforms operational (AMAG's and LAG's) | 54 |
| 9 | RISK ASSESSMENT | 55 |
| 9.1 | INSTITUTIONAL LEVEL | 55 |
| 9.2 | POLITICAL RISKS | 55 |
| 9.3 | ECONOMIC RISKS | 55 |

| | | |
|------|--|----|
| 9.4 | SOCIAL RISKS | 56 |
| 9.5 | FINANCIAL RISKS | 56 |
| 9.6 | ENVIRONMENTAL RISKS | 57 |
| 10. | RURAL DEVELOPMENT IMPLEMENTATION, MONITORING AND EVALUATION | 58 |
| 10.1 | ELECTRONIC MONITORING AND EVALUATION SYSTEM | 58 |
| | REFERENCES | 60 |

SUMMARY

A core expected outcome of the planned implementation of the Rural Development Strategy (RDS) for Ajara AR for 2021-27 is the realization of its vision for rural areas of Ajara AR that **“enables the population in rural areas of Ajara to enjoy a higher standard of living and quality of life thanks to its vibrant, resourceful and enterprising rural communities and further enabling the sustainable use of its natural resources to develop a diversified rural economy based on agriculture”**.

Understanding what we mean by the term “Rural Development” is important and is defined here for this strategy¹ **as the socio-economic development of rural areas of Ajara that is compatible with the social, cultural, environmental and economic aspirations of its inhabitants such that they acquire a standard of living and quality of life and livelihoods keeping in accordance with the sustainable utilization of their natural resource base and providing a broader range of socio-economic opportunities to its inhabitants for both engaging in agriculture and non agriculture economic activities as they so desire.**

The strategy aims to provide a roadmap (See Figure 5) for the Rural Development Council (RDC) of Ajara members to strategically plan key programs and rural development measures of support that will facilitate achieving its vision. The strategy is aligned with and complementary to that of the National Agriculture and Rural Development Strategy of Georgia 2021-27, in that its core areas of intervention and goals are compatible, in harmony and seeks to apply programs and measures that best fit the particular conditions and challenges and opportunities in Ajara. It builds on previous experience and lessons learnt and focuses on the identified evidence based needs to further improve agricultural and rural sector productivity and competitiveness, ensure that producers have access to information, technology and technical expertise through the network (branches) of Advisory Service Centres (ASC²⁶) and respective municipal offices, linking both applied research, new and improved varietal trials, inputs and new technology findings with capacity building of farmers and extension/advisory staff and the provision of training. Through both on site and on farm demonstrations and provision of up to date readily available technical information packages, using a variety of media tools and information communication technology, of which their live portal network is a good example.

The accessibility of and the availability and uptake of the services of the ASC, including its associated veterinary clinics and its consolidation and logistic centres is an important infrastructural resource to support the commodity market chain and a critical link in that chain that needs to be further strengthened and those logistic/consolidation centres made operational such that its potential services and resources are readily available and utilized by producers, and micro and small medium enterprises. The mechanism whereby the logistic/consolidation centres are made operational and producers have improved accessibility should be further explored. In the case of the logistic and consolidation centres their operations may be facilitated by several options such as direct sale to farmers, to producer groups, to cooperatives, possible long term lease, short-term seasonal rental agreements and or joint public private partnership model could be explored.

The strategy identifies the following priority goals and associated objectives that can contribute to a sustainable rural economy and its further development that is both aligned with the national strategy objectives as well as in harmony with that of the six core priorities identified under the wider framework of the EU rural development approach (see table 3). The goals are:

1. The further development of a diversified and competitive rural economy (recognizing its agricultural base) providing sustainable livelihoods for its inhabitants;
2. A sustainable use of the Environment and Natural Resources base of Ajara and
3. Vibrant sustainable communities engaged in planning and decision making for solutions with access to services, information, improved infrastructure & communications and markets.

Several objectives and measures (see Ch 8) are identified to facilitate arriving at each of the goals. These include

Under **Goal 1:** A more diversified rural economy, productive and competitive agriculture, strengthened market links providing sustainable livelihoods for its inhabitants; Non farm income and livelihood opportunities enhanced and improved producer organizational structures and market infrastructure developed.

Under **Goal 2:** Improved management and utilization of forest and non-timber products, (including medicinal and aromatic plants). An improved utilization and management structures of natural pastures and livestock productivity, with links to markets (including niche product development) and the development of rural and alternative tourism, local infrastructure investment, tourist packages and services developed.

Under **Goal 3:** key objectives are improved access to and uptake of educational training, information and advisory services, and new technology adoption; aggregation, consolidation and logistic centers made operational, primary and secondary processing developed and civil society and local institutional structures and platforms strengthened and operational (i.e. Union of active citizens-AMAG's and Local Action Groups-LAG's) thereby realizing their full potential in contributing to solutions to local challenges and availing of local opportunities.

Critical to the success of strategy implementation is a strong **“buy in”** and **“local ownership”** (through bottom up engagement and ownership) by all stakeholders and the need to have strong and effective coordination and leadership, in this case by the RDC of Ajara AR. The RDC needs to have clearly defined and agreed roles and responsibilities for its members and operations. The ability of the RDC to provide ongoing mentorship and capacity development to its members is also seen as important in the coordination and management of implementation of the strategy. The RDC should be provided authority and ability to fully coordinate strategy implementation independent of any political persuasion and be able to mandate and require reciprocity among its members for sharing of information and responsibilities and provide the overarching framework and mechanism whereby relevant members can/will jointly develop programs and adopt rural development measures as one body, further streamlining its role in rural development.

The RDS of Ajara is encouraged to take measured but bold direction that will also address challenging issues related to the structural nature of agriculture, in particular relating to the land issues such as cadastre, land registration, ownership, use, lease, rental and sale among other challenges. Ajara rural

development strategy should examine and initiate bold steps in addressing the issues related to land ownership, use and availability of public lands for productive purposes, land registration. These structural issues are important challenges that are contributing to a less dynamic agriculture and addressing these challenging issues would in the long term contribute to a more dynamic sector and allow for consolidation, trade in land and expansion of production units and those wishing to move out of agriculture may have incentives through land trade, market, rental or land lease

The RDC in addressing its strategic direction for rural development in 2021-27 may elect to adopt a theory of change approach that eludes to key elements necessary to achieve its expected outcome. It **may be stated that the *Rural Development Strategy Theory of Change*, based on the three Priority areas¹ of 1. Agriculture and Natural resources. 2. Tourism, youth & culture and 3. Infrastructure, both physical and social.**

IF:

The delivery of advisory and rural business support services are strengthened, broadened and agricultural productivity and competitiveness is improved, with an improved access to market infrastructure and market opportunities and the diversification of both farm and off farm enterprises are further developed and strengthened

&

IF:

Both agriculture and non agricultural (vocational) skills provision is provided through access to vocational skills and practical courses through demonstration and mentoring programs illustrating best practices including support to entrepreneurship development, business skills development and access to market opportunities among men women and youth

&

IF:

The management of the natural resource base (pastures, forestry and landscape use) is strengthened with improved capacity among beneficiaries (rural communities/ municipalities) to manage and to diversify income generating streams, including alternative tourism, traditional farm and non traditional enterprises, niche product development, primary processing and strengthened local community engagement in the identification, planning and implementation of local actions, through platforms such as LAG' and AMAG's

THEN:

Rural communities of Ajar will have a broader range of opportunities through improved access to and uptake of tools and services and improved skills acquisition to facilitate a wider choices of livelihood options, a more diversified agriculture and natural resource utilization with strengthened linkages to local, regional and international markets leading to sustainable livelihoods opportunities for those communities in Ajara's rural areas.

¹ The Priority areas are broad areas identified for rural development focus, within the three priority areas are identified the three main Goals of Ajara 2021-27 Rural Development Strategy (RDS), see pg 10

1 INTRODUCTION

The term Rural Development has many definitions. *Nevertheless, it is defined here for this strategy as **The socio-economic development of rural areas of Ajara that is compatible with the social, cultural, environmental and economic aspirations of its inhabitants, such that they acquire a standard of living and quality of life and livelihoods keeping in accordance with the sustainable utilization of their natural resource base and providing a broader range of socio-economic opportunities for its inhabitants for both engaging in agriculture and non agriculture economic activities as they so desire.***

This strategy for agriculture and rural development of Ajara Autonomous Republic (AR) for 2021-27, attempts to provide a strategic roadmap of how Ajara AR (namely its Rural Development Council-RDC) may progress further in developing a vibrant, sustainable and inclusive rural economy, whereby its vision statement that **“The population in rural areas of Ajara enjoys an improved standard of living and quality of life thanks to its vibrant, resourceful and enterprising rural communities, the sustainable use of natural resources and a diversified rural economy based on agriculture”**²¹ can further capitalize on lessons learnt and success to date and can provide the framework around which Ajara AR can capitalize on its comparative advantages.

In addition, the National Agriculture and Rural Development Strategy of Georgia for the period 2021-27 outlines its own vision statement as **“Based on the sustainable development principles, to diversify and develop economic opportunities in rural areas, improve social condition and quality of life”**.² Both vision statements are compatible, harmonized and complement each other.

The recently published National Agriculture and Rural Development Strategy (2021-27) focuses on the goals listed below.

- Goal 1: The development of a competitive agricultural and non-agricultural sector;
- Goal 2: The sustainable usage of natural resources, sustaining the eco-system and adaptation to climate change;
- Goal 3: The implementation of effective systems of food and feed safety, veterinary and plant protection and phyto-sanitary measures

Which is also compatible with and harmonized with the Agriculture and Rural Development strategy of Ajara AR whose key goals are listed as:

- Improved rural support service provision, education and training and access to information contributing to enhanced sector competitiveness
- Improvement of living standards and livelihood options
- Improved infrastructure (both physical and information)
- Improved management and utilization of natural resources, linking to tourism sector and development of alternative tourism (cultural, culinary, agro, eco, adventure, sport, craft and cottage industry....) in rural areas.

² Source: April 2019 (draft document) Agriculture and Rural Development Strategy of Georgia, 2020-2016

From the perspective of the Department of Policy and Analysis of the MoAA³, a emphasis and focus on the following is highlighted

- Improving the effective and sustainable management and utilization of natural resources
- Improving the provision of and range of improved rural support services both technical and socio-economic
- The development of the community organizational social infrastructure, primarily AMAG's and their collaboration and interaction with local, regional and national government institutions

The Agrarian Department under the MOAA is responsible for among others

- The adoption of improved technology at farm and at post farm gate level, adoption of primary and secondary processing of food commodities, both new and traditional products and in marketing and information sharing
- The development of producer groups, farmers associations and cooperatives to function more effectively and diversify their enterprise base, add value, achieve greater market penetration and create employment opportunities, particularly for women and youth

These have been consolidated into three overarching goals for 2021-27 Agriculture and Rural Development Strategy for Ajara, namely:

Goal 1 A more diversified and competitive agriculture and rural economy, and strengthened market links providing sustainable livelihoods for its inhabitants, which aligns with Priority focus on Agriculture and Natural Resource management

Goal 2 A sustainable use of the Environment and Natural Resources base of Ajara, and tourism development, which aligns with Priority Focus of tourism, culture, youth and entrepreneurship development

Goal 3 Vibrant and sustainable communities engaged in planning and decision making for solutions with access to services, information, infrastructure and markets, which aligns with Priority Focus of support to infrastructure

The comparative advantages of Ajara includes its biodiversity, its diverse agriculture, its tourism potential (mountain and coast) and above all its people and communities, both urban and rural to further acquire access to information, technology and markets, and gain an improved market share in both the domestic and international markets. Doing so through the sustainable use of its natural resources, leading to sustainable livelihoods for rural communities and improved off farm income opportunities, improved access to rural support services (social and economic), information, technology and skills acquisition leading to the development of a vibrant and sustainable rural economy.

This strategy builds upon previous measures supported by the Government of Ajara and of donor programs aimed at improving 1) productivity and 2) competitiveness of the agriculture and rural sector and the 3) diversification of rural enterprises, by supporting an improved access to and utilization of rural support services (both business and social service provision) and improved skills acquisition and the development of locally based solutions and platforms and local mechanism's, whereby communities are

³ Head Policy Analysis Department, MOA, www.moa.ge

fully engaged in addressing challenges and availing of opportunities (e.g. the role of AMAG's and LAG as platforms⁴ and facilitating local Government engagement with communities needs and aspirations).

The strategy identifies key stakeholders, the roles and responsibilities of stakeholders and the level of collaboration, integration and harmonization needed among and between line ministries and public and private actors to build a sustainable rural development strategy that is fully vested in and owned by its ultimate beneficiaries, i.e. its rural communities. ***Critical to sustainability of vibrant rural communities is the principle of subsidiarity⁵ and facilitation of local "buy in" and ownership of development efforts grounded in solid market needs.***

This is a theme running throughout the strategy and addressing how one best achieves local engagement and ownership and ultimately "buy in" by rural communities and local government and attracting investment in rural areas, is a critical element of the strategy. The identification of core rural development programs, covering education, health and social services, agriculture, economic development and environment and natural resource management and the respective measures associated with each program and the implementation of these programs is part of the critical element of the **future action plan** for the strategy.

The strategy attempts to provide a roadmap that Ajara AR can follow in its process of planning, budgeting and subsequent development of its action plan, that leads the way to the vision for agriculture and rural development in Ajara stated as ***"The population in rural areas of Ajara enjoys a improved standard of living and quality of life thanks to its vibrant, resourceful and enterprising rural communities, the sustainable use of natural resources and a diversified rural economy based on agriculture"*** by providing sustainable and vibrant rural community opportunities and improved livelihoods. This document can be used to inform the Government of Ajara, its Municipalities and rural stakeholders as the region prepares to further build capacity to deliver a funded program for rural development, building on and through pilot activity funded by the ENPARD⁶ program.

Notwithstanding the geopolitical climate and changes that may take place in such climate, the RDC in its formulation of the strategy should seek where possible, firstly to understand risks with regard to geo political fluctuations in the political climate and governance of Georgia, but to strive to adhere to tested principles and objectives that can contribute to rural development programming and adhere to an agreed strategic direction and vision. Achieving this will go along way to ensure continuity of efforts and direction and mitigate impacts of geo political changes. In this regard it is thus important to align itself where feasible and pragmatic with the EU approach, but adopting and introducing own nuances as appropriate to ensure the strategy is a locally owned and vested way forward in enhancing rural communities and development.

⁴ it should be noted that the platforms of AMAG's and LAG's are not exclusive platforms but serve to provide citizens an opportunity to voice their opinions, participate and engage in local area development as appropriate. Citizens are able to contribute, participate regardless of whether they are members of any given LAG or AMAG. They serve primarily as platforms at the local community and municipality level to engage local citizens.

⁵ Subsidiarity is a principle of social organization that holds that social and political issues should be dealt with at the most immediate level that is consistent with their resolution.

⁶ ENPARD-European Neighbourhood Program for Agriculture and Rural Development

2 BACKGROUND

Rural development⁷, including the critical role of the agriculture sector's contribution to the rural economy is a key component in the further sustainable development and growth of the Georgian economy and that of Ajara AR. This is clearly understood by all Georgian stakeholders and the International community and is underlined further by the framework of the Deep and Comprehensive Free Trade Agreement between the EU and Georgia (DFCTA), signed through an association agreement in June 2014 (http://europa.eu/rapid/press-release_MEMO-14-430_en.htm).

Article 333 of the association agreement refers to cooperation in agriculture and rural development. Article 332 of the Association agreement refers to **“the parties shall cooperate to promote agricultural and rural development, in particular through progressive convergence of policies and legislation”**. Within this context a National Rural Development Strategy elaboration process has been supported by FAO and UNDP and with UNDP's support to Ajara Autonomous Republic of Georgia and within the framework of EU supported ENPARD programs I, II and III.

The Government of Georgia approved the first ever National Rural Development Strategy (Programme) in December 2016, which provided the country's vision for the years (2017-2020) in key areas of rural development, namely the growth and diversification of local economies, improvement of social and public services, increase of employment and sustainable use of national resources.

With the adoption of the national strategy for Rural Development an Inter Agency Coordination Council (IACC) for Rural Development, which is led by the Ministry of Environment Protection and Agriculture of Georgia (MEPA) was established at the national level.

Additionally, the Ajara Rural Development Strategy (2017-20) approved by the Government of Ajara Autonomous Republic (A.R.) was followed by the establishment of the Rural Development Council of Ajara (hereinafter referred to as RDC) which is chaired by the head of A.R. Government. Both of these entities, the IACC (at national level) and the RDC (at Ajara AR level) play critical roles in the formulation of strategy and subsequent support to implementation and management of rural development programming.

2.1 SITUATIONAL ANALYSIS

The Autonomous Republic of Ajara, located in the south west of Georgia, borders Turkey to the south, and the Black sea to the west. Ajara has six administrative regions, which includes five municipalities and one self-governing city (Batumi) see map 1, the municipalities are Keda, Kobuleti, Khev Lvachauri, Shuakhevi, Khulo and the city of Batumi. Excluding the city of Batumi, these five municipalities cover three main agro ecological zones, namely mountains to the west, a coastal strip and mountain valleys.

⁷ Rural Development- has many definitions, but is defined here as the development of rural areas of Ajara compatible with the social, cultural, environmental and economic aspirations of its inhabitants such as they acquire a standard of living and quality of life livelihood keeping in accordance with the sustainable utilization of their natural resource base and providing a range of socio-economic opportunities to its inhabitants

The coastal stripe includes Batumi and western regions of Khelvachauri and Kobuleti. The area covered by Ajara is 2,900 sq km, with a population of approximately 349,000, and a GDP per capita of \$3,894.1, with unemployment of 9.1 % and registered business entities of 62,001.⁸

The number of self-governing units and villages is illustrated in Table 1 below. By January 1, 2015, 44.5% of the population of Ajara was recorded as living in rural areas.

Land for agricultural purposes⁹ covers some 72,862 ha, including cultivated area 10,309 ha, perennial plants 15, 899 ha, mowing area 7,159 ha, pastures 37,759 ha and fallow area 1,736 ha. There are around 115, 000 cattle, 50,000 poultry and 19, 000 beehives in the region.

TABLE 1: Number of self-governing units and settlements by type, Ajara AR¹⁰

| NAME | NUMBER |
|------------------------------|--------|
| Municipality | 5 |
| Self-governing city (Batumi) | 1 |
| City | 1 |
| Borough | 5 |
| Villages | 322 |

The main agricultural activities in Ajara are citrus, fruit and vegetable and livestock production¹¹. Viticulture, fishing, grain production and beekeeping are considered traditional agricultural activities and tea growing, silk production, tobacco and medicinal plants production as auxiliary activities.

Some of the key structural issues impacting both agricultural and rural development are the scarcity of suitable cultivable land in the region, the complex relief and that agricultural land owned by households is highly fragmented, barriers to access to land title and the predominant nature of agriculture consisting of many smallholdings and fragmented parcels of land is not conducive to structural change enabling more competitive production systems. This is further compounded by culture and traditional practices in mountain areas of land inheritance practices. According to the 2004 agriculture census by the National Statistics Service the average size of household owned land plot is 0.5 ha and on average a household owns 1.8 ha land plots¹².

Ajara rural development strategy should examine and initiate and take bold steps in addressing the issues related to land ownership, use and availability of public lands for productive purposes and land registration. These structural issues are important challenges that are contributing to a less dynamic agriculture and addressing these challenging issues would in the long term contribute to a more dynamic sector and allow for consolidation, trade in land and expansion of production units and those wishing to move out of agriculture may have incentives through land trade, access to land market, rental or land lease options.

⁸ source: Minister of Finance and Economy of Ajara <https://investinbatumi.ge/sectors/5/sagriculture/sid4>

⁹ source: Minister of Finance and Economy of Ajara <https://investinbatumi.ge/sectors/5/sagriculture/sid4>

¹⁰ source: <https://www.geostat.ge/regions/>

¹¹ source: <https://www.geostat.ge/regions/>

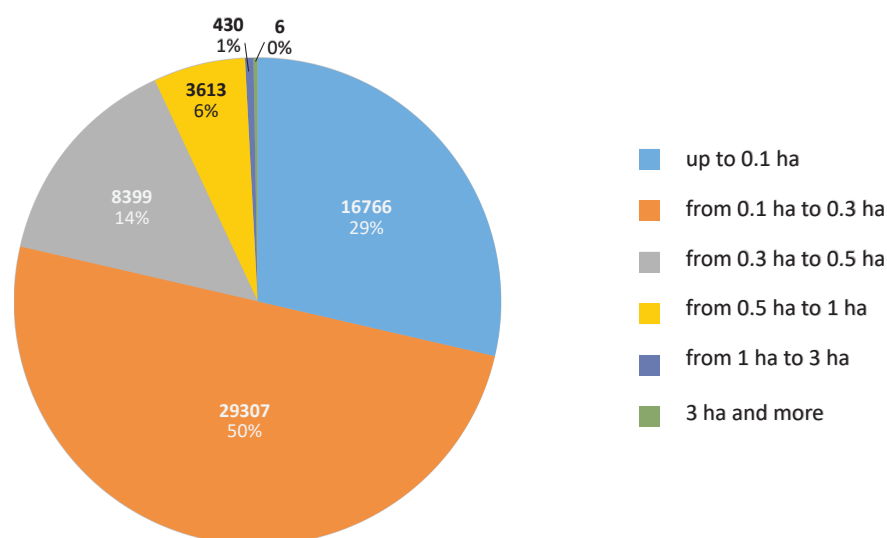
¹² Ajara Agriculture Sector Competitiveness and Export Promotion Policy Report, January 2014, UNDP

About 47% of agricultural land in Ajara continues to be owned by the State, mainly upland pastures. The highest average farm size area was in the Shuakhevi Municipality (1.31 ha). The highest number of land plots per household on average was in Khulo (3) and Keda (2.2) Municipalities. Land use in Ajara is predominantly agriculture on 88,500 ha, with grassland on 7,100 ha. Areas under perennial plants (8,400 ha) and personal plots (9,700 ha) are the highest in the Kobuleti Municipality; Khulo Municipality has the highest area of agricultural land (27,700 ha), grassland (4,200 ha), pastures (15,000 ha) and personal plots (6,000 ha); and the Shuakhevi Municipality has the highest area of pastures (10,500 ha)¹³.

The breakdown of agriculture land by parcel size is illustrated in fig 1 below ¹⁴. In addition to private held lands there is considerable land resources held by the State and the Ajara Government. This amounts to some 14,5 thousand hectares, and represents the potential to be engaged in agricultural turnover, through its allocation to private sector actors based on agreed parameters, (such mechanisms might include public private partnerships, long term lease arrangement, joint ventures, direct sale, producer organization lease, etc) and the implementation of investment projects¹⁵.

FIGURE 1. Agriculture Land Fragmentation registered by private citizens

The Indicator of fragmentation of agricultural land registered on private citizens in Ajara region (thousand ha)



Ajara's topography and relief is a major factor in type of agriculture practiced. The breakdown of relief types in Ajara is shown in Table 2 below

¹³ source: Ajara Rural Development Strategy 2017-2020

¹⁴ Ajara Agriculture Development Strategy 2017-20

¹⁵ Ajara Agriculture Development Strategy 2017-20

TABLE 2: Typography of Ajara¹⁶

| | |
|--------------------------------|--------|
| Slopes and mountains | 80 % |
| Lowland | 5 % |
| Foot hills | 15 % |
| Land Use Categorization | |
| Forest land | 65 % |
| Arable land | 9 % |
| Pastures | 15.6 % |
| Wetlands | 1.4 % |
| Settlements | 2.7 % |
| Other | 6.3 % |

Ajara's coastal zone is characterized by a warm, highly humid subtropical climate, while there is a humid, reasonably warm and cold climate in the mountains. Until the 1970s, the average annual temperature was in the range of 14.5°C (Batumi) to 2.4 °C (Goderdzi pass). Annual precipitation used to reach 2,600 mm in the lowlands and 1,500 in the alpine zone.

2.2 ECONOMIC OVERVIEW

The AR of Ajara has demonstrated, despite numerous challenges a growing economy (see Fig 2 ¹⁷) over the last decade. This growing local economy can serve as a pull for both improved rural productivity from the agriculture sector, a demand for increased services and their provision and alternative livelihood opportunities, particularly for men, youth and women. The challenge and opportunity going forward is to further integrate the “pull effect”¹⁸ with that of a “push effect” in rural areas to improve agriculture and rural sector competitiveness, improve access to markets and improve local purchasing of local produce and also drive alternative and diversified rural enterprises linking into the wider economy in both the service sector and the micro and small medium enterprise sector as well as the tourism sectors. With over 45% of its population depending on the agriculture sector ¹⁹ directly or indirectly and the high population of rural dwellers the importance of this sector in rural development programming is well recognized. During the 2017-2020 period the agriculture development strategy adopted by Ajara AR focussed on systemic and institutional changes in the sector; aiming at promoting smooth sale of products produced by farmers, the development of new agricultural functions, the significant

¹⁶ UNDP Climate Change Strategy of Ajara, 2013. *Ajara is a typical mountainous region: 80% of its territory (2 900 km²) is occupied by mountains, 15% - by foothills and 5% belongs to lowland. Only 25% of the total area is used in agriculture and about 65% of the territory is covered by forests.*

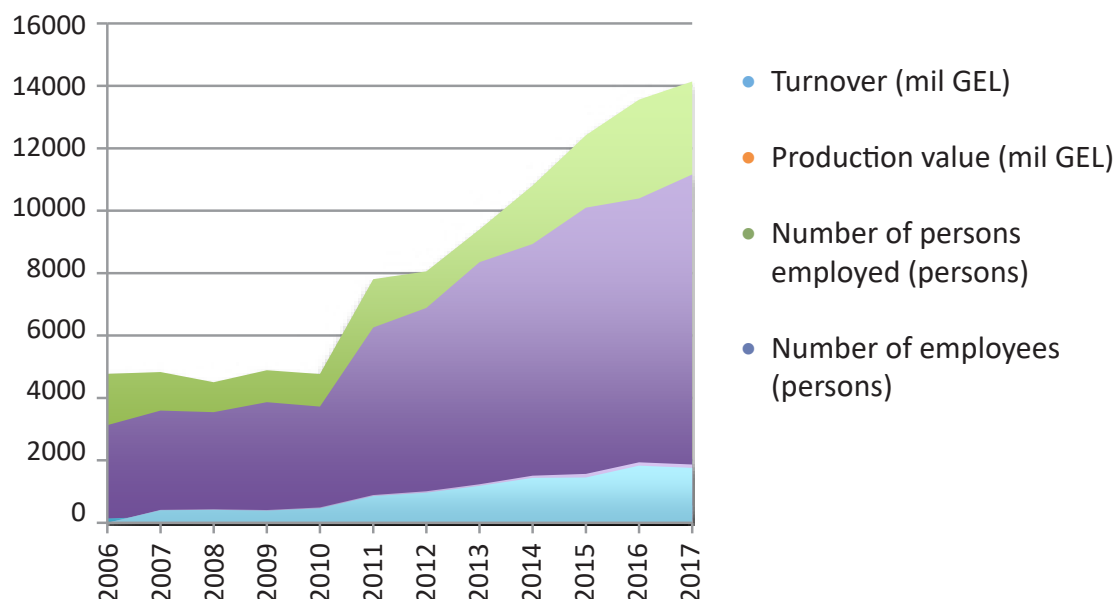
¹⁷ GeoStat-Main Economic Indicators in enterprises of trade, repair of vehicles, personal & household goods in Adjara AR (2006-17)

¹⁸ A growing dynamic local economy can exert a pull effect on surrounding regions for both primary production commodities and services. The capitalization on this by the agriculture sector should be an element to be developed within the context of rural development programming. In addition a “push effect” is often required to kick-start and provide the tools and framework whereby the primary production element of the economy, in this case agriculture is positioned to avail of improved rural support service provision, infrastructure, information and technology, access to appropriate finance, market and product diversification.

¹⁹ UNDP internal document, Ex Ante Analysis –Summary of key conclusions, April 2019

increase of revenues from farms and increased diversification and alternative livelihood options as well as improved rural service delivery both at the technical level for agriculture production and at socio-economic level addressing infrastructure, education and health and community services.

FIGURE 2 . Economic data for Ajara AR



The agriculture strategy for Ajara 2017-20 focuses on promoting an increase of revenues of the rural population; ensuring an improvement of the productivity and competitiveness of local production; the diversification of agriculture production and alternative livelihood opportunities and the promotion and provision of food safety.

Building on the initiatives under the agriculture development strategy of Ajara, the Agriculture and Rural development strategy (2021-27) going forward will need to identify key entry points for stakeholders (i.e. Institutional and Government actors, private sector actors and community and civil society actors) and streamline their roles and responsibilities to jointly prioritize areas of focus for rural development, building on lessons learnt and providing the platforms and framework around which all stakeholders can operate and function more efficiently, contributing to local and regional economic development. This is one of the critical roles of the Rural Development Council (RDC) of Ajara.

2.3 ENVIRONMENT AND NATURAL RESOURCES

Ajara is endowed with numerous natural resources contributing to its potential economic, cultural and social value. In the framework of a rural development strategy the natural resource base must be considered as important as any other resource base (e.g. agriculture sector, light industry, service sector etc.). While the monetization of the natural resource base may not necessarily be as advanced as other sectors, its role and contribution to rural development should not be underestimated. A healthy and sustainable natural resource base is critical to other sectors such as agriculture, forestry, natural pastures, water, environment, etc) In this context the rural development framework and programs and identified associated rural development measures should both contribute to and develop Ajara's nat-

ural resource base in a sustainable and environmentally friendly manner and where possible begin to monetize its value, where maybe its monetization has been lacking previously.

This monetization does not necessarily need to take a hard currency element (just yet) but can also acknowledge and include its value from an environment, social, cultural and best land use practice. A good case in point to illustrate this might be the level of importance placed on the value (which includes social, cultural, landscape use and environment, water quality, biodiversity, etc) of traditional practices of livestock transhumance systems in upland and mountain areas of Ajara. These livestock systems have in off themselves a particular intrinsic value (social, cultural, economic, environmental,..), and have proved sustainable over generations with minimal negative environmental impact and in many cases demonstrate the best use of the specific landscape assets (mountain areas and alpine pastures) and in environmental sensitive areas are the best use of such landscapes. **Recognizing this in the context of rural development and placing a social, culture and economic (monetary) value on it should be part and parcel for consideration when attributing value to types of production systems and be part of the equation of rural development.**

Ajara is distinguished by its biodiversity and diverse landscape. Its location close to the black sea, the alternation of mountains and gorges creates different agro and environmental climate zones. Its agricultural production is closely related to its climate conditions. This interdependence on climate and agro ecological zones and climate change variation and instability increases production systems risks, which ultimately affects farmer's welfare. Inappropriate farming practices and activities can contribute to environmental degradation and increased risk of climate change variability often manifested by increase in frequency of landslide processes, pollution of soils, water systems contamination. These all contribute to environmental and soil degradation resulting in Ajara increased soil loss, erosion and frequency of flooding and mudslides.

To mitigate impact of improper land use practices and increased climate change impact on the environment, the Ministry of Agriculture of Ajara in cooperation of the Ministry of Protection of Environment and Natural Resources shall elaborate a program for resource protection, with a focus on improved landscape use. In this regard measures aimed at reducing soil degradation, mitigation of landslide and erosive process are considered as priorities. Improper land use practices on steep slopes in Ajara, contributes to reduced vegetative cover, increased water and soil run off and loss of productive layer of soils impacting soil fertility and productivity. Likewise, for example where there has been an interruption of the traditional livestock system practices and the crop-livestock interface and interdependency (e.g. organic manure spread on arable plots) in some cases has lead to a reduced soil fertility, reduced organic matter content and reduced productivity which is evident in some cases in the potato-livestock system mix.

An increased awareness of and adoption of climate smart agricultural practices and technology can contribute to mitigation efforts and to ensuring sustainable and best land use practices in vulnerable areas. The provision of opportunities for using weather and climate information in adoption of appropriate practices is important for agriculture production systems. The ASC are already engaged in gathering weather data with a view to using in crop and plant forecasting and disease and pest control, such crop

and disease early warning systems and access to information at municipal and rural areas are factors that can assist improved landscape use and management.

In order to provide stakeholders with respective information, it is essential to build capacities of the stakeholders and the Ministry as well. In particular, the Ministry shall be able to acquire data, process information available on regional level, which will support farmers in improving management practices. This is in direct connection with strengthening climate wise extension services. The Ministry of Agriculture of Ajara will prepare extension packages and plan various activities such as conferences, trainings, media releases, live portal extension to inform the farmers and agricultural entrepreneurs regarding the impact of climate change on agriculture. An information database will be developed on negative impact of improper land use practices. The system for agricultural - climate analyses and communication of results will be provided. The provision of training programs with the purpose of capacity building of the employees of ASC's, information consultation centres of the Ministry of Agriculture of Ajara in the municipalities. An increased awareness of climate change impact on agriculture shall be studied and evaluated contributing to monitoring of weather patterns forecasting for risks to crop and livestock and contributing to adoption of best land use practices in mitigating land degradation. An information database will be developed, providing information of climate change and disasters impact data and information regarding changes of prices of agricultural products and losses of productivity will also be collected.

An integrated approach to landscape use and resource management is essential to better understand and optimize the use of these resources in the face of increasing climate change risk. This integrated approach can and should find its home in the nexus between agriculture environment and rural development programming as they are all closely interrelated and impact each other. The natural resource base must not be viewed independently but as part of a whole system, including the food system as well as the wider rural development context. Thus it is necessary to use an integrated approach of landscape management and use, which also includes its parallel fields such as biodiversity, sustainability of agriculture practices, pastures management etc.²⁰

2.4 GOVERNMENT, PRIVATE SECTOR AND CIVIL SOCIETY COLLABORATION

The Ajara AR Government is part of the executive branch of Georgia. The Government of Georgia being the highest executive body and supports the establishment of a competitive and stable investment environment; implements social protection activities for citizens; prepares specific programs for the reduction of unemployment and ensures implementation of those programs; ensures implementation of Georgian State policy in the fields of education and science on the territory of Ajara AR, participates in solving economic, social and healthcare related issues; ensures maintenance of local roads and development of other local communications; creates appropriate environment for development of tourism and sport in Ajara AR, ensures management of agriculture and forestry, quality control of food and food products on the territory of Ajara AR; ensures protection and rational use of environment and natural resources, implementation of control and oversight in the sphere of ecological safety of population.

²⁰ Source – Ajara Agriculture Strategy 2017-20

The Ajara AR is responsible for:

- Support to education and science, creation and management of cultural and scientific entities, maintenance of local cultural monuments;
 - Local libraries and museums;
 - Tourism, culture and sport;
 - Local construction and urban development;
 - Local motor roads and other communications;
 - Participation in solving sanitary, health care and social insurance issues;
 - Agriculture and hunting;
 - Quality control of food and food products;
 - Marketplaces, markets and fairs;
 - Management of forestry and fire protection.
-

3 MAIN CHALLENGES

At the national level, rural territories of Georgia are still facing many challenges, among these are: structural weaknesses; low level of entrepreneurship and added value creation; a labour intensive²¹ and low-productive agriculture sector; low rates of export-oriented production; low level of investments in villages; low access to and availability of various services and outdated infrastructure; growing inequalities among the regions; high risks of poverty among the people and climate change stresses, insufficient environmental protection, which poses threat to rural areas and the entire country.

In Ajara AR the challenges faced are similar to some of those at national level. Additionally it has specific challenges reflective of its geography and typography, communications and infrastructure, access to services and information, low levels of productivity of agriculture households and specifically the nature of its land structure of many smallholdings and their highly fragmented nature.

These profile attributes of Ajara provide both challenges and opportunities as the Government of Ajara, the private sector and civil society seek to develop rural areas in a manner compliant with economic and social sustainability, cognizant of environmental considerations, improved service delivery and improved uptake of services in education, health, and social needs areas that are aligned with a healthy and sustainable food system that allows those wishing to stay on the land viable and sustainable livelihoods and lifestyles.

A number of key structural issues (see below paragraph²²) impede the development of the rural sector in Ajara, of which agriculture is a critical component and structural issues facing agriculture impact rural development. Some of these are listed below. Notwithstanding having identified these issues it is largely a matter for policy decisions (many at National level) to tackle these issues either head on directly or in a phased or piloted manner that can contribute to best outcomes. In effect some of these issues remain in the realm of political and policy decisions, in the context of the wider geopolitical landscape and parameters affecting this landscape (new elections, external relations etc) yet are mentioned as part of rural development strategy formulation because regardless they will impact the pace and direction of rural development going forward in one way or another.

According to a EU funded ENPARD report on structural issues facing agriculture, it identified the following critical issues²³ impacting the agriculture sector.

- Ajara AR, while achieving an increased agriculture sector added value of some 130% in recent years, nevertheless agriculture remains somewhat stagnant
- Agriculture continues to remain the main employer, both for cash and non cash income (subsistence and marginal producers) in rural areas

²¹ A labour intensive agriculture should be viewed in the context of the wider rural economy and may be either positive or negative in that context. In the absence of viable alternatives in some areas, it can be viewed positively and thus may become a wider socio-economic issue for government policy on approach to demographics and rural development. *(Is it better to keep people in Ag production albeit at marginal and subsistence economic level then to move to urban areas and face social, cultural and unemployed risk ?), unless program are in place to facilitate such changes*

²² Internal UNDP Research document

²³ Structural issues of Agriculture in Ajara, report Study co-financed by the EU through its European Neighborhood Program for Agriculture & Rural Development (ENPARD), December 2014

- An increasing number of rural households have additional off farm sources of income from family or relatives and or from non farm employment in the region, so in effect smallholder farming, while providing basic food supply for own household consumption and in some cases some for sale, more and more rural households are availing of part time farming, this trend is likely to increase as is reflected in other regions of Europe in less advantaged areas.
- Small land size (average size is 0.25 ha) and fragmented land parcels are major challenges to achieving economy of scale of production, the aggregation of produce and supply, commodity standardization and quality control and access to inputs and marketing. While not insurmountable problems do require levels of vision and collaboration among smallholders to adequately address
- Food imports have tended to rise, but import substitution is also a potential opportunity
- Access to affordably finance and credit packages hinders productivity, investment and ultimately competitiveness
- Efficient market linkages, added value, product quality and standardization, packaging, branding among commodities pose a challenge
- Incomplete land reforms and large areas of land left unproductive due to land tenure system
- Low productivity of crop and livestock systems
- The development of rural towns with higher population densities should have a positive impact on reducing out-migration from the regions and providing attractive environments to keep young people in rural regions, this should be a key focus of rural development programming and reflected in infrastructure, tourism and added value and diversified enterprise development

Achieving a balance in rural development will be sought through the **participatory engagement of civil society actors and local government platforms and delivery mechanisms** (e.g. **AMAG's and LAG's**) that facilitate community engagement, rural investments, rural economic incentives, technical, social and cultural support and advice which recognize the interdependence of the economy, the environment and the social and cultural fabric of Ajara, both internally and externally to other regions and internationally. These delivery mechanisms will need to recognize and leverage the role of the local community, the local government and private and public sector actors and of donors, and incorporate the benefits of partnership mechanisms among such actors. Thus the role of the Ajara RDC will be instrumental in achieving this balance.

4 SWOT ANALYSIS AJARA RURAL AREAS

The SWOT analysis is based largely on lessons learnt of previous agriculture and rural development programming efforts and also takes into consideration local Municipality SWOT analysis such as for example those identified in the development plans of Keda and Khulo municipalities, providing a local bottom up assessment of the various strengths, weaknesses, opportunities and threats faced.

In this context then the SWOT reflects a range of parameters and aspects on not only agriculture sector, but also the wider natural resources base, the culture and socio economic dimension and the infrastructure of Ajara, particularly that impacting rural areas. In this regard the following high level (overarching and cross sectoral) SWOT parameters are identified to guide the strategy and the RDC in identifying areas to be focussed on and entry points to be identified in which building on existing strengths and addressing and turning some weaknesses into strengths and capturing opportunities and mitigating and minimizing threats can contribute to a robust rural development strategy.

4.1 STRENGTHS

- Active Rural Development Council (RDC) of Ajara and existing working groups, strong Institutional memory of the Ministry and accumulated experience; knowledge and existing experience in implementation of The Agriculture Development Strategy of Georgia; The Agriculture Development Strategy of Ajara;
- Relative proximity of rural towns and villages (most areas within a days drive) to rural towns and to lowland areas and to road infrastructure network and port city and tourism hub of Batumi
- Relatively unspoilt natural resource base and particularly highland areas strong forest and pasture coverage retention
- Strong rural cultural and social practices with interested and active youth population in supporting local development at municipal level
- Strong presence of social infrastructure organization platform and mechanism through the AMAG's, that can facilitate community engagement
- Educated work force and accessibility to information technology and to ICT platforms
- Ajara comparative advantage in citrus production, particularly in lowland areas, vegetables and berries, historical livestock production systems in highland areas, organic and "green food" production
- Advantage in tourism and opportunity for tourism diversification, notably new forms of tourism based on natural environment, culture, culinary, and adventure tourism
- Existing and expanding network of advisory service centres (Agroservice Centres²⁶) with access to expertise and information technology being further developed
- Sustainable development in accordance with ISO 17025:2010 requirements of the laboratory of LEPL²⁴ of the Ministry of Agriculture of Ajara – "Laboratory Research Centre" operating in the region;

²⁴ Legal Entities of Public Law

- Production of organic and utilization of natural food production systems with potential links to the immediate tourism market and hospitality industry in lowlands and Batumi hospitality industry
- Civil society and community group organizational infrastructure in place at municipal and community level, e.g. AMAG's facilitating local government and civil society engagement
- Land consolidation strategy document in place and land registration supporting software and process in place, supported by donor organizations
- Legislation and programs in place to support agricultural cooperative development, The law of Georgia on Agricultural Cooperatives
- Programs of the Ministry of Agriculture of Ajara and the Ministry of Agriculture of Georgia (LEPL- Agricultural Cooperative Development Agency), focused on the development of cooperative farming
- Large areas of agriculture lands owned by State, but with legal basis available in Georgia, for promoting implementation of investment projects;
- Active Chamber of Commerce in Ajara, promoting rural business and agriculture sector related enterprise development, linking to tourism markets, trade and export markets in Ukraine, Europe and Russia

4.2 WEAKNESS

- Farm size holdings and fragmentation of land ;Incomplete land reforms, limited to no rental market for rural land
- Limited and expensive opportunities for access to credit
- Low level of access to quality inputs, markets and market information improved technology and best practices
- A low level of utilization of the consolidation and aggregation centre's and added value of product, processing not being realized
- Low Agricultural productivity and quality of products, small volumes, lack of aggregation and economy of scale of production
- Limited employment opportunities in non-agriculture sector;
- Low labour productivity (added value generated per one employee);
- Low level of vocational education provision and its accessibility, insufficient use of modern technologies and knowledge;
- Low level of economy diversification and competitiveness in rural areas;
- Linkage to regional and urban centres, infrastructure and cold storage lacking
- Lack of new product and service development
- Mechanism for engaging and improving land and forest resource management at community and village cluster level lacking
- Failure to fully leverage natural assets and systems of production, e.g. livestock sector, product development, organic, healthy food
- Alternative tourism development and links to hospitality and culture and food system not being capitalized upon

4.3 OPPORTUNITIES

- To improve agriculture sector productivity and adoption of best practices and market linkages and development of niche products in the agriculture, livestock and non-forest products targeting both local regional and domestic markets, tourism and hospitality industry and specific International markets, including “healthy food and “organic production” systems
- Improved utilization and management of aggregation and logistic centres linked to product processing, storage and added value. Promotion of development of storage, processing and logistic infrastructure; Implementation of modern technologies and provision of respective knowledge to farmers and agrarian entrepreneurs;
- Improved delivery of and uptake of animal health and veterinary services, with improved access to services and leverage of livestock systems of production aligned with the natural resource base of the highlands, product diversification, link to tourism market
- Further engagement of local communities/actors in support of management and utilization of the natural resource base, including forestry and natural upland pastures, community engagement and management of resource base, linked to rural diversification, tourism and hospitality industry development
- Further strengthening of and adoption of International best practices in food safety, product branding, packaging and designated source of product origin, new product development,
- In developing improved service delivery to rural populations for information, technology and markets, developing role of Agro service centres in input supply and service delivery and applied research and in utilization of ICT and mobile platforms and apps to provide services to farmers
- In the further development of the AMAG’s, their role and capacity developed and in the engagement of civil society and communities in the local planning and development process
- In diversification of farm enterprises and in the identification of added value and new product development, branding and leveraging culture, culinary and local source of origin
- In rural tourism development, hospitality industry linked to food, nature, adventure and culture sector tourism,
- In provision of and improving accessibility of skills development and its acquisition to youth, men and women in agriculture, the hospitality and tourism, culinary and food sector and in meeting a growing demand for artisanal and vocational skills
- In further infrastructure development for consolidation of agriculture commodities, processing, added value and packaging and branding
- In ICT adoption and access to market and price information, “Smart Specialization” of the local economy based on the EU experience
- In development of incubation and innovative centres, engaging youth and in acquiring VET skills sets and attraction of inward investment
- Improved local infrastructure both market and social infrastructure, leveraging resources of local communities and youth, Development of small towns in the regions, which will support to decrease the growing migration from rural areas (especially among the youth) to the cities, and will develop more economic linkages to rural settlements
- Improve community development and mechanism for community participation through AMAG and LAG development
- Production of traditional local products with added value for the local and international markets;

4.4 THREATS

- May include a failure to invest in social and physical infrastructure in rural areas. Lack of investment in rural urban areas (local towns /large villages)
- Inactive AMAG's
- Low level of Municipal funding and budgets for development
- Low level of retention of youth and skills acquisition in rural areas
- Lack of investment in information and communications technology
- Sustainability of AMAG's and LAG 's and ability to generative viable and sustainable projects and programs, lack of civil community engagement
- Farmers and rural population access to improved services, information, technology and best practices not realized
- Lack of engagement of private sector and public sector and investment in consolidation, aggregation and storage centres for added value and processing
- Market infrastructure and information lacking, product and service development not realized
- Outmigration of youth form rural areas
- Failure to strengthen linkages between rural enterprises and food sector and hospitality and tourism industry
- Failure to provide vocational skills development for men, women and youth, linked to micro and small medium enterprise development and access to start up capital
- Trade and foreign exchange policy, cheap and low quality imports
- Low farmer productivity, type and quality of products meeting market needs, competitiveness of producers
- Low quality of and access to advisory and extension services for farmers
- Access to viable farm parcel land holdings and size for production and economy of scale
- Failure of cooperatives to realize their full potential

5 RURAL DEVELOPMENT VISION

The Rural Development Council (RDC) of Ajara promotes its vision statement as ***“The population in rural areas of Ajara enjoys a improved standard of living and quality of life thanks to its vibrant, resourceful and enterprising rural communities, the sustainable use of natural resources and a diversified rural economy based on agriculture”***²⁵.

This strategy has defined **“Rural Development”** as the ***socio-economic development of rural areas of Ajara that is compatible with the social, cultural and economic aspirations of its inhabitants such that they acquire a standard of living and quality of life and livelihoods keeping in accordance with the sustainable utilization of their natural resource base and providing a broader range of socio-economic opportunities to its inhabitants for both engaging in agriculture and non agriculture economic activities as they so desire***

This Rural Development Strategy provides a framework around which the RDC may achieve its vision through the identification of priorities for rural development programming and its respective priority measures for rural development and ultimately development of an action plan to implement these measures and achievement of its vision. It is important to highlight that where possible the RDC should elect to choose fewer programs and fewer measures, so that it is able to adequately assign resources (both technical, financial, and logistical) and implement well, rather than to include too many measures.

In this regard, the RDC should aim to prioritize what might be considered transformative changes it can initiate and facilitate with all the relevant stakeholders. This engagement of multiple stakeholders will impact multiple sub sectors of the rural economy. A case in point for example, might be related to infrastructure development such as upgraded and improved access to infrastructure both hard and soft (e.g. roads, water lines, sewage lines, gas and energy access and public facilities, improved internet connectivity, and information access). It may include support to market infrastructure, such as consolidation/logistic centre’s, farmer markets, access to cold chain facilities, infrastructure that facilities market linkage from producer to consumer.

Another case in point might be addressing, maybe initially on a pilot basis the issue of land ownership, land certification and registration, land tenure system and access to its use and the various options that can maybe facilitate access to existing public lands (namely in the lowlands) and maybe additionally a program that facilitates access to financial packages (targeting rural enterprise and agriculture business on competitive terms) and access to finance and credit among rural population for both agriculture development and non agriculture enterprise development.

²⁵ From Rural Development Council (RDC) of Ajara

6 THE RURAL DEVELOPMENT FRAMEWORK

6.1 POLICY AND GOVERNANCE

The framework around which Rural Development programming is operating in Georgia is aligned with and harmonized where possible with that of the EU approach to Rural Development, which has proved both successful and effective in addressing a range of issues facing rural populations across Europe and in pre accession and transition countries of Central and Eastern Europe. This framework provides the basis of intervention support and of course is highlighted in the DCFTA with Georgia, referenced in Ch 2 ²⁶ the background chapter, In that context, Georgia and in this case the Ajara AR are adopting the principles of this framework and mechanisms, and modifying where appropriate the tools and systems deemed most appropriate for its local conditions. Having said that, EU support to Georgia in the field of rural development, largely through ENPARD programming to date, itself aligns and utilizes platforms and mechanism²⁷ that have proved successful in other parts of Europe.

The RDS for Ajara AR 2021-27 takes cognizance of this overarching framework, the lessons learnt to date and continuing to build a similar framework that meets its own particular needs and conditions of Ajara, yet in as far as is possible is aligned with that of the EU platforms and mechanism (See Table 3a below). Table 3b illustrates a comparison between the focus of Ajara AR Rural development strategy 2017-20 with that of this strategy, 2021-27

TABLE 3A Alignment and compatibility of Ajara focal areas with that of EU priorities

| EU RD PRIORITIES | AJARA ALIGNMENT WITH EU PRIORITIES |
|--|---|
| <ul style="list-style-type: none"> • Fostering knowledge transfer and innovation in agriculture, forestry and rural areas • Enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management • Promoting food chain organization, animal welfare and risk management in agriculture • Restoring, preserving and enhancing ecosystems related to agriculture and forestry • Promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors • Promoting social inclusion, poverty reduction and economic development in rural areas | <ul style="list-style-type: none"> ✓ Education, training, rural business and information support service delivery, ASC ✓ Improved productivity and competitiveness of Ajara Agriculture and diversification and development of non agriculture sector ✓ Improved and strengthened producer groups, associations and cooperatives orientated to market and service provision ✓ Improved natural resource management ✓ Adoption of climate sensitive and smart agriculture practices and disaster risk mitigation measures ✓ Development of local community mechanisms such as AMAG's #46 and LAG's |

²⁶ DCFTA- (http://europa.eu/rapid/press-release_MEMO-14-430_en.htm).

<http://www.dcfta.gov.ge/public/filemanager/implimentation/DCFTA%20AP%202019%20Q1%20ENG.pdf>

²⁷ A bottom up approach, Local Action Groups, community and civil engagement and institutional actors both private and public to facilitate change and adoption of best practice

TABLE 3 B) Building on Ajara RDS priorities 2017-20

| AJARA RD PRIORITIES 2016-20 | AJAR AR RD PRIORITIES 2021-27 |
|---|--|
| FOCUSES ON A) ECONOMIC; B) ENVIRONMENT AND C) SOCIAL GOALS | FOCUS ON THREE OVERARCHING GOALS |
| <p>A) – ECONOMIC</p> <ol style="list-style-type: none"> 1. Knowledge transfer and innovation in agriculture 2. Farm viability and competitiveness 3. Promoting food chain development, processing, marketing, animal welfare <p>B) ENVIRONMENT</p> <ol style="list-style-type: none"> 1. Restoring and enhancing ecosystems-Ag and forestry 2. Resource efficiency and low carbon and climate resilient agriculture <p>C) SOCIAL</p> <ol style="list-style-type: none"> 1. Promoting social inclusion, poverty reduction and economic development in rural areas | <ol style="list-style-type: none"> 1. More diversified, productive and competitive agriculture & rural economy with strengthened market linkages 2. A sustainable use of the natural resource base of Ajara in an environmentally friendly manner with increased tourism diversification and of farm income generation 3. Vibrant and sustainable communities strengthened and engaged in planning and implementation (AMAG/LAGS) with access to improved services, infrastructure information, and markets |

As an example is the LEADER²⁸ program, that facilitates a bottom up approach and engagement of local actors in support of rural development programming, identifying local solutions to local problems.

Establishing these platforms (which in the case of Ajara, is largely represented by the AMAG's) and the various mechanisms that are both beneficiary owned and managed and serve the rural communities is critical to sustainable rural development and should continue to be a focus, building on the lessons learnt, for the new strategy.

Having in place these platforms and mechanism will facilitate the next phases of rural development programming where requirements for managing such a program and for allocation of funding will be needed. The establishing of a Managing Authority and Paying Agency will likely be necessary steps to be considered in the future. Bearing this in mind, this strategy outlines what is considered some critical elements so the platforms and the mechanism that should be made operational and functional will position Ajara AR well for future rural development resource allocation, be it from the Government of Georgia, its own Ajara territory funds and supported by International donor programs and private sector.

6.2 INSTITUTIONAL STAKEHOLDERS ROLES

6.2.1 Current distribution of roles and responsibilities among the various government institutions involved in the work of RDC

The following chapter along with Chapter 7, outlines main roles and responsibilities by the Ministry with regard to their contribution to the rural development process. Additional details are referenced in Chapter 7. While all members and stakeholders of the rural development council have significant

²⁸ LEADER - Liaison Entre Actions de Développement de l'Economie Rural; 'Links between the rural economy and development actions') is a local development method which allows local actors to develop an area by using its endogenous development potential

contributions and roles to play, the Ministry of Agriculture and the Ministry of Finance and Economy, Department of spatial planning and technical supervision play major roles, likewise the Ministry of Tourism, the Ministry of Education, culture and sport and the Ministry of Health Care are important contributors to the rural development planning process. The Government decree issued January 25th 2018 indicated the following (see table 4) as members of the Rural Development Council.

TABLE 4. Members of the Rural Development Council (See also Chapter 7)

| MEMBERS OF THE RURAL DEVELOPMENT COUNCIL OF AUTONOMOUS REPUBLIC OF AJARA, BY GOVERNMENT DECREE OF JAN 25, 2018 | |
|---|--|
| Minister of Agriculture (Chairperson of RDC) | All Municipal mayors as invited members |
| Minister of Finance and Economy (Deputy chairperson of RDC) | Mayor of Kobuleti Municipality Mayor of Khelvachauri Municipality Mayor of Keda Municipality Mayor of Shuakhevi Municipality Mayor of Khulo Municipality |
| Minister of Education, Culture and Sport | Head of committee of Agrarian issue and Environmental Protection. Supreme Council of Ajara AR |
| Minister of Health and Social Care | Head of committee of Finance-Budgeting and Economy. |
| Head of Department of International relations of Ajara | Chairperson of Chamber of commerce of Ajara AR |
| Government Administration | |

The Ministry of Finance and Economy main role in the rural development process is to support infrastructure project development by both international and donor organizations, support to improve entrepreneurship in rural areas implementing a grants support program for entrepreneurship, support to the upgrading of spatial plans for each municipality, the provision of gas supply to all villages in the Goderzi resort area, the alignment of tourism infrastructure in rural areas, such as the preparation and implementation of infrastructure projects in Machakhela protected area, support to provision of rest points and picnic infrastructure. Support to infrastructure development for waste management and rehabilitation of water supply and sewerage systems in rural areas.

6.2.3 Overview of Rural Development Programming in Ajara

The framework around which rural development programming based on the 2017-2020 rural development program of Ajara alludes to is the importance of the role of the RDC, the role of the Ministry of Agriculture of Ajara and the collaboration with the Ministry of Environmental Protection and Agriculture (MEPA) at the National level, the Interagency Coordination Council for Rural Development (IACC) and the Agency for Rural Development and Agriculture (ARDA). In addition the framework incorporates local community stakeholder engagement through the 46 AMAG's that exist in Ajara that are focused at village level engagement, as well as the LEADER Local Action Group's (LAG) whose focus is wider, at the municipal level. These civil society structures are an important element of the framework along with private sector actors. The main mechanism for aligning national, municipal and sector de-

velopment plans is through the Rural Development Council, which was established by Decree on 25th September 2015. The Council then consisted of 23 members representing local and regional government, the chamber of commerce, local ministries, non-governmental and international development organizations. As of January 25th 2019 the RDC was updated (see Table 4). Figure 3 below provides an overarching framework by which critical elements of rural development from the base of pyramid to top and layers in between all must interconnect and feed into each other to facilitate a cohesive and coordinated approach²⁹ that looks at not only the individual elements in each layer but importantly at the connectivity and flow between layers.

FIGURE 3 pyramid linking strategy interventions from base of pyramid to top, leading to Goals and interventions at lower levels arrived at by strategy at national and regional level



6.2.3.1 Structure and sequence of Rural Development priorities

The RDS identifies the rural development priorities as those that will contribute to achievement of the objectives, see Chapter 8, 8.1-8.3 and the vision for Ajara AR. In this regard the strategy highlights an approach that should be integrated, holistic and multifaceted, coordinated by the RDC. While previous efforts have addressed individual elements, largely more in isolation, e.g. agricultural productivity and competitiveness, rural infrastructure, rural business support services, producer organizational development, education and advisory service delivery, there is a need in the strategy to bring it all closer together in an more integrated approach to rural development that ***sees the totality of the system as opposed to the individual moving parts. This strategic approach, more focussed on the systems,***

²⁹ A critical role for the Rural Development Council

both food, natural resource systems and the rural social fabric, community, culture and service provision as a ***whole of system approach recognizing the interdependency*** and the level of ***dependency of each part of the system*** (e.g. environment, natural resources, food system, etc) and thereby facilitates choice of priority, identification of measures that can have impact on the whole system and be transformative in nature.

This means in effect the Ajara AR RDS 2021-27 needs to firmly place at its core and centre the multi-faceted nature of rural development and that programming and particularly measures adopted must reflect this interdependency (role of RDC) and that systems must work hand in glove to achieve the wider rural development objective. This naturally implies the many stakeholders must work closely to achieve the desired results and the role and responsibility of the RDC as the coordinating body is critical to guiding the process and its implementation. Simply put it requires the strategy to recognize the critical roles of different elements and that they function as a whole. To illustrate this, the objectives are (see Ch 8) a diversified and market driven rural economy, a sustainable use of the natural resource base and a vibrant rural community with access to services and markets. To achieve these under the strategy requires the following (among others) key elements be in place

- ✓ **A operational and effective coordination body (the RDC)** and programming management mechanism with clearly defined roles and responsibilities (See Ch 6.2.4) with authority to see implementation of rural development strategy as agreed, independent of geo-political influences
- ✓ **Diversification of rural enterprises** and tied into natural resources and alternative tourism packages and link to food production, culinary, cultural tourism local and regional
- ✓ **Improved land access, title, certification and consolidation of land parcels as economic units, land market**
- ✓ **Community and municipal organizational structures** in place, operational and functional such as **AMAG's and LAG's**. The RDC may also want to consider how it may facilitate grater participation in its stricture of local actors such as the **AMAG's and the LAG's**
- ✓ **Commodity and or village organizational structures** developed such as market and serviced orientated cooperatives, associations and producer groups
- ✓ **The availability, delivery of and access to rural business support and information services, including the education of rural population** on access to technology, best practices, information, market prices, advise and training, on best agricultural practices, largely through the ASC structure and its further development including additional branch locations
- ✓ **Access to inputs** both material, information and technology (logistic consolidation centres/ farm input supply stores, Vet centres; ASC,)
- ✓ **Critically placed infrastructure (Hub or innovation/ critical located Ag rural enterprise park / innovative /incubation /centre)** to support commodity aggregation, sorting, packaging, added value, cold storage and niche product development and branding (e.g. Logistic/ consolidation/aggregation centres) linked to a larger territory centre

- ✓ **Critical hub investment**, addressing market linkages, value chain linkages and aggregation of commodities for grading, sorting, primary and secondary processing and linked back to producer groups.
- ✓ **Access to finance and credit** to support investment in both on farm and off farm enterprise development and enhanced diversification
- ✓ **Micro and small medium enterprise developed (entrepreneurship)** contributing to niche product development, product diversification, and added value – primary and secondary processing
- ✓ **Market linkage- not only agriculture commodity and niche product development, but marketing of rural life-style, culinary, culture, environment, new and alternative tourism at Local, regional (Tourist, hospitality industry, supermarkets, wholesale and retail), and international level.**

6.2.3.2 Ex-ante strategy evaluation enabling analysis of anticipated impacts of the new ARD Strategy, structure and the sequence

The ability to effectively analyze anticipated impacts of the strategy requires a good understanding of what is intended to be measured, how and when it will be measured and from what base line or benchmark will it be compared to. In this regard ENPARD has the advantage of its implementation of the existing Rural Development Strategy for Ajara from 2017-2020, which may provide and serve as a benchmarking period from which ex ante evaluation of the new strategy (2021-27) may be analyzed. In consideration of anticipated impacts of the RDS 2021-27 for Ajara, parameters that may be looked at might include changes to Agricultural productivity; Changes to agricultural exports and imports; rural population trends; or norms compared to other regions of Georgia; Age structure of the rural population; level of migration and among groups; rural population (towns) density changes; the level of poverty change and poverty gap and labour productivity; level of reliance on agriculture; level of employment and self employment rate; farm and non farm income generation; new micro and small medium enterprise development; level of service provision and uptake of services are but some of the indicators that could be examined in assessment of impact of RDS 2021-27

6.2.4 Strategic development process of Agriculture and Rural Development (ARD)

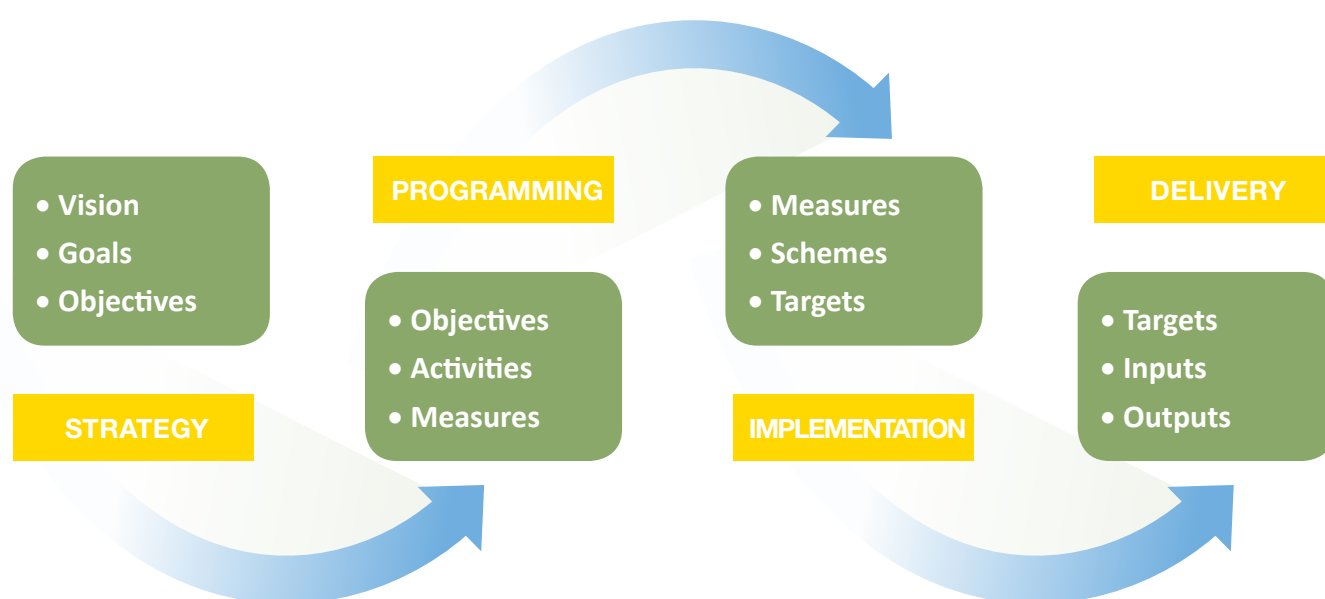
The process of rural development is a dynamic and fluid one and requires commitment to a long-term vision, and perseverance in sticking to agreed strategic direction, programs and measures. While at the same time it needs to be flexible and adaptability to changing circumstances. However with a well thought out rural development strategy and its key priorities, programs and measures identified, it will require adherence to its underlying strategic direction in order to achieve the final vision and outcomes (hence the importance given to equipping the RDC with greater autonomy and authority). This chapter briefly outlines elements of the process and key milestones that should be considered in the process of strategy adoption and subsequent action plan development

The rural development programming process can be summarized in four phases, (see Fig 4) a strategy development phase which includes identifying the vision, the goals and the objectives, which is largely the focus of this strategy document. A programming phase which identifies the core activities and

measures to be adopted, a implementation phase which identifies the rural development schemes and targets and the delivery phase which sets inputs and outputs to meet the targets

- During the planning and programming phase (see fig 4) it will be necessary to mobilize stakeholders, individuals and groups (*members of RDC and other key stakeholders*) who have a good understanding of what actually works on the ground so that agreed objectives can be translated into measures and activities on the ground that can deliver outputs and outcomes. The stakeholder engagement and consultation process is best served by the RDC. The RDC will play a critical role here, with its representative members being able to contribute valuable insight and information to the process
- Once there is an indication of what needs to be done on the ground to deliver an output, identify and list possible measures (prioritize them) and where possible select those transformative measures that will allow one to potential reduce the overall number of measures, identify the instruments and targeted intervention tools that can be developed into schemes. Again the RDC along with Municipality and AMAG and LAG's play an important role in identification of appropriate measures in accordance with priorities and budget resources
- With a list of appropriate measures to draw on, and clarity provided with regards to the available budget over a specified time period, the implementation phase will involve the design of Rural Development Schemes or programs and the identification of and production of indicative targets in terms of number of agreements (schemes and projects) and number of beneficiaries. At this stage there may also be a need to identify any territorial element (e.g. a focus/ target area/ upland/ lowland/ village etc) that will be involved
- The final delivery phase will involve scheme uptake (which will involve marketing and facilitation activity), resulting in inputs to the beneficiary (funds, technical advice etc), which will lead to activity on the ground, which should deliver an intended output. These inputs, activities and outputs will need to be measured and recorded in order to comply with the M&E system.

FIGURE 4: Outline Process supporting rural development programming



6.3 ROLE OF CIVIL SOCIETY AND PRIVATE SECTOR

Within the EU framework and guidance for rural development the role and responsibility of the non-state actors is very important. In essence they need to be in the driving seat (bottom up approach), with state actors providing the facilitative and enabling environment in which the private sector and communities can effectively operate and solve problems. This is evident in the 2017-20 strategy and its further elaboration and continuance is foreseen in the 2021-27 strategy for rural development.

Empowerment of civil society and private actors to address own problems and arrive at own solutions is one of the underlying principle of rural development and is reflected in the authority and responsibility given to platforms and mechanisms such as the LEADER program to be a driving force in rural development. LAG's, while relatively new in Georgia, have demonstrated their role and value in other parts of Europe and play a central role in EU rural development policy and implementation. Likewise in Georgia the development and evolution of the **AMAG's** is a positive element that can serve to support and engage local actors in rural development programming, adoption and implementation of measures.

A sustainable rural economy needs to engage all its stakeholders (be it at networking and or SME and or individual enterprise level) and utilize in a sustainable manner its resource base for both the common public good and the delivery of service at the community level and for the private sector. The public stakeholder actor, both at local municipal levels and at Government level should aim to facilitate civil society and private actors address the issues and provide the solutions. The public actors set the parameters and the framework around which appropriate legislation, regulations and enabling environment can operate, conducive to civil society and private sector needs. This is critical in leveraging capacity and resources of the actors involved and allowing that which best suits certain roles and tasks to take on those roles and to allow respective comparative advantage to operate.

6.4 ROLE OF COMMUNITY BASED APPROACH – LOCAL ACTION GROUPS (LAG'S) AND UNION OF ACTIVE CITIZENS (AMAG'S)

The models of engagement whereby facilitation of local actors, communities, private sector and others in the decision making and planning process for local economic development vary. In the context of the DCFTA with Georgia and its alignment with and association with EU rural development programming the models presented by the EU framework, namely that of a bottom up approach of the LEADER²⁴ model (See figure 5 & 6 for role of LEADER) are those being presented as mechanism and platforms supporting local participator engagement of communities in the process of rural development planning and programming.

Ajara AR has also identified and developed its own community engagement platform through what are the AMAG's and has adopted both the AMAG and the LEADER LAG model. The AMAG's are village based and focussed actors, all volunteers working together with local municipality and other actors to facilitate and provide avenues for stakeholder consultation and engagement in the planning and development process. This facilitates the adoption of local actions and support to actors engaged in a range of activities enhancing the rural economy. There are some 46 AMAG's currently listed. Having a mechanism whereby local community input and contribution to solving challenges and availing of

opportunities can manifest itself is important, not only for the communities themselves but also for the local and national government institutions and authorities who are attempting to identify programs and solutions to local problems. This platform through which community and local engagement can be channelled is recognized as important and in the context of rural development planning and program development, the voice of local actors is important in identifying solutions, priorities and measures.

Ajara AR should continue along both lines of community engagement approach, i.e. LAG's and AMAG's and going forward further fine tuning the approaches based on local conditions and identified needs and ensuring a collaborative learning agenda is included as both models are implemented and allowing for flexibility and choice in adoption of which models suits communities and municipalities best. In the case of Keda and Khulo Municipality they have adopted the LEADER approach and have two respective LAG's, at the same time they also are utilizing the AMAG model. The 2021-27 RDS should seek to encourage both platforms and where appropriate municipality and government institution along with AMAG and LAG determine the most appropriate vehicle to be used and leveraged in implementation of rural development measures

7 INSTITUTIONAL STAKEHOLDERS

7.1 GOVERNMENT OF GEORGIA, MINISTRY OF ENVIRONMENT PROTECTION AND AGRICULTURE (MEPA)³⁰

The main role of the MEPA is among others, a) implementation of State policy in the field of environment, agriculture and rural development; b) State management and implementation of state control in the field of natural resources (other than minerals, oil and gas); c) Supporting the implementation of the principles of sustainable development and green economy in the country; d) Organizing environmental pollution monitoring; Responsible for development of rural development strategy, management and oversight with respective departments. For a comprehensive list of roles and responsibilities please see their website <https://mepa.gov.ge/Ge/Page/regulation>. Within the MEPA are several agencies of which Agency for Rural Development and Agriculture (ARDA)³¹ is focused on rural development programming, including agriculture production, cooperative development, agro processing among others programs.

7.2 GOVERNMENT OF AJARA, MINISTRY OF AGRICULTURE OF AJARA (MOAA)

The role of the Ministry of Agriculture Ajara is in policy formulation, strategy development and in support to agricultural sector development³², including collaborating with other Ministries in support of rural development programming. The Ministry's governance includes the fields of environment protection, agri-food, agro-processing, soil fertility enhancement, breeding, livestock, fisheries, agro-engineering and veterinary. Some of the key tasks of the Ministry are listed below:

a) Develop and manage policies in the field of environmental protection, agriculture and rural development; b) Develop appropriate strategies for the protection of the environment and the development of separate sectors and directions of agriculture; c) preparation of draft laws or other normative acts, or participation in their preparation, with a view to establishing and improving the legal basis for environmental protection and agriculture; d) to support the implementation of agrarian reforms in the light of national traditions and international experience; e) promoting the processing of primary agricultural products and the production of food products; f) increase access to agricultural production facilities and new technologies; g) support the introduction of international experience in the production and sale of agricultural products and food; h) participate in the development of food safety and quality assurance policies within their competence; i) Support the development of breeding, nursery, breeding, breeding and plant protection activities; j) development of agrarian extension in line with international experience; For detail list of tasks supported by the Ministry see web page link below ²⁹ (<http://adjara.gov.ge/branches/publicinfofiles.aspx?pubid=175&gid=4>)

The MOAA plays a key role in RDS formulation and in implementation of agricultural aspects of the strategy and Action Plan. MOAA provides overall leadership and guidance to strategy development and

³⁰ <https://mepa.gov.ge/Ge/Page/regulation>

³¹ <http://www.arda.gov.ge/>

³² <http://adjara.gov.ge/branches/publicinfofiles.aspx?pubid=175&gid=4>

is responsible for specific elements (Measures) of strategy and action plan implementation, particularly as it relates to agriculture productivity, competitiveness and food systems development. Responsibility for specific measures in the rural development strategy should be determined by the RDC, identifying who is best positioned and resourced to deliver the respective measures. This should be part of the agreed role of the RDC in its role as coordinator. The MOAA acts as chair of the rural development council (see table 2).

The Rural Development Council is a critical body in the design and implementation of the strategy and represents several stakeholders, each with specific roles supporting rural development and defined by each respective Ministry responsibilities (see table 2). In this regard the RDC plays a critical role in coordination of its members roles and responsibilities and in particularly in the overall management of the implementation process of the rural development strategy.

Important to this coordination and management role is the development of the rural development Action Plan that identifies specific activities and tasks for each identified measure in the strategy. The development of the action plan identifies and provides the detailed resources, the time frame and the roles and responsibilities of the respective actors in the delivery of the Rural Development Strategy. The Action Plan is jointly developed with the Rural Development Council in conjunction with UNDP Ajara support.

The Action Plan should ideally be developed over the life of the strategy or at least based on the budget cycle which in Ajara AR case is over a three-year time frame. It is advisable to develop a three year action plan if possible with year two and three being less detailed, as to allow for any necessary adjustments and modifications and year one a more detailed plan. The development of the Action Plan should be initiated once the strategy is adopted and approved.

7.2.1 Local Governance- Municipalities

The role of local governance through the municipalities is to provide a level of decentralization and authority at local level for local planning and service delivery. In this regard some of the key functions of local municipalities revolve around self-governing entities are completely autonomous in planning their budgets, and have their own independent budgets. The own revenues of the local self-governing entities include local taxes and fees, cohesion transfers and other receipts. Finances allocated from other budgets to the budget of self-governing unit include special and conditional transfers and other receipts. However local self-government bodies remain dependent on transfers from the national budget as local revenues are too small and the equalization system does not work. Thus the fiscal independence of local self-governing units is restricted and fiscal decentralization does not function effectively.

Local exclusive competences include:

- Preparation, review and approval of the municipal budget;
- Management and maintenance of municipal properties;
- Management of local natural resources;
- Establishment and abolition of local taxation;
- Urban planning;

- Management of municipal waste;
- Ensuring local water supply;
- Management of the pre-school education in the territory of the municipality;
- Management of local motor roads;
- Management of local public transport;
- Management of outdoor market and exhibition;
- Issuance of building permits;
- Management of outdoor advertisements;
- Organization of cemeteries;
- Registration and providing shelter for the homeless;
- Provision of fire safety and rescue assistance;

7.3 CIVIL SOCIETY

The role of civil society, its organizations and representative bodies is critical to the sustainable development of rural areas. In this regard at the forefront of rural development in Ajara AR are the civil society groups such as Local Action groups (LAG's) and Union of Active Citizens (AMAG's). While there are other entities representing civil society these two structures are the primary entities and entry points around which local rural development planning and programming takes place.

They are responsible for providing an all inclusive and participatory approach, facilitating the citizens voice and aspirations of local communities as to how they see rural development programming, priorities and implementation being manifested in their respective areas. They provide the Municipal and regional Government with a means of engaging and jointly planning and developing aspects of the rural development program, allowing for particular nuances and priorities to be reflected that align with local needs and aspirations. Engagement of civil society is critical for sustainability and ownership of rural development programming and in providing local solutions to local issues where appropriate and leveraging local resources as well.

7.4 PRIVATE SECTOR

The role of the private sector in support of rural development and as active participants and contributors to rural development programming is also a critical element (they are represented on the RDC through the Chamber of Commerce³³) to ensure sustainability and in complementing the role of the public sector (Municipal and Regional Government). Private sector actors should and can be engaged in a number of ways, the most relevant and maybe appropriate is through the LAG's and the AMAG's but also through in specific cases and circumstances as joint public private sector partnerships to address specific issues. The engagement of the private sector through public private partnerships (PPP) addressing both public goods (e.g. infrastructure, roads, communications, etc) service delivery and private sector investment and management for example are ways both regional and local Government can leverage and engage the private sector to satisfy the overall public good

³³ <https://www.chamber-commerce.net/dir/2043/Chamber-of-Commerce-and-Industry-of-Adjara-in-Batumi>

7.4.1 Agro Service Centres (ASC)

The “Agro Service Centre ASC” is a non-commercial, non-profit oriented legal entity, fully integrated in the organizational structure of the Ministry of Agriculture (MoAA), reporting directly to the deputy minister. Its scope relates to the strategic goals of MoAA to achieve “improved access and efficiency of services” and the “institutional development”, mainly by improving farmers’ qualification.

The Agro Service Centres is a critically important element of the supporting infrastructure to farmers and in support of rural development. While their focus is on both applied research and provision of and dissemination of information and services to farmers covering both crop husbandry and management as well as livestock services, they as change agents have an important role to play in rural development.

The key roles of the ASC is 1)³⁴ The provision of improved seeds and input to farmers; 2) ³⁵ The provision of technical advise and support to farmers; 3) The provision of animal breeding services, through access to artificial insemination and improved genetics

The ASC is well positioned to continue efforts in support of agriculture productivity and competitiveness and **in the context of wider rural development role could well take on other roles** related to **supporting diversification of rural enterprises at both farm and post farm gate level**, linking small and medium business with actors in the agriculture community and supporting diversification of rural enterprises including rural tourism development linked to the food sector as well as non traditional rural tourism . In this context the ASC could feasible play a role as “Rural Development Agency” for Ajara, something that might be further examined and considered by the RDC of Ajara AR going forward.

7.4.2 Information Consulting Services (ICS)

The role of Information centres is to provide a network of outlets whereby farmers and rural dwellers can seek information and technical advise on aspect of agriculture and rural development issues. The information centres will provide informational consulting services either via Information communication technology (ICT) platforms, remote access to database and through personnel contact with staff. The Potential users and beneficiaries of ASC & ICS activities are besides the professional and commercial agricultural operators mainly the population of rural areas in Ajara (> 50% of the population), where farming and livestock activities provide a significant contribution to their livelihoods. The provision of diversified services shall be tailored to the farm structure and to different farming systems, according to the potential to benefit from and to finance different inputs and services. The ICS will provide services in training and capacity building (group meetings, individual visits, distribution of didactic materials, etc.); artificial insemination of bovines; facilitation of the delivery of ASC produced inputs (seeds, seedlings, other products) and for MoAA “Special Targeted Projects”

³⁴ i.e. Introduction, testing and distribution of new species and varieties (especially early ones) of citrus, fruit and vegetables; renewal of fruit and citrus plantations; renewal of grape species and implementation of new species (table, table-wine and wine); development of production of decorative plants; preservation of aboriginal and traditional species;

³⁵ i.e. Improvement of farmers awareness with the regard to separate aspects of horticulture and animal breeding and development of farms; improvement of knowledge of the farmers by means of theoretical, practical and field training; facilitation of farmers’ cooperation (support in establishment of associations and institutional development).

7.4.3 Agribusiness (Input supply, added value and processing, commodity storage and aggregation)

The role of Agribusiness sector in support of rural development is seen as critical, not only from an improved productivity and competitiveness aspects (by adding value) but also from the perspective of improved access to inputs among producers, improved access to storage and aggregation of commodities, niche product development, added value through processing and link to markets. This stakeholder in the system provides a critical “pull element” to the market chain and to the food system, meeting new demands by consumers and meeting local, regional and export market opportunities. Developing stronger links and integration between producers and agribusiness entities will contribute to overall rural development opportunities and opportunities for diversification of products and services.

7.4.4 Cooperatives and Producer Organizations

The development of the cooperative sector in Georgia has been significant in the last 4- 5 years, much of it supported by donor and Government programming aimed at improving both productivity and economy of scale of production among smallholders. Some 1400 cooperatives exist³⁶ across Georgia with over 70 cooperatives registered in Ajara. Cooperatives are at varying stages of development and still largely in embryonic form, particularly as it relates to their role in marketing and in service provision. Since 2014 the average value of cooperative assets grew by 300%, having a total value of 62.3 million Gel, placing an average of 227,000 Gel on the 281 cooperatives supported by ENPARD over the period 2014-17. The average production value increased by 37% in 2017 compared to 2014. The profitability of cooperatives varies, with smaller cooperatives tending to be more profitable. In terms of profitability, the top sub-sectors were apiculture, vegetables and dairy. It seems that their return on assets was higher than for value chains such as berries, hazelnuts and cereals, which had the least return on assets. Potatoes and viticulture lay in the middle.³⁷ . Only two-sub sectors potato and hazelnut demonstrate the benefits of larger cooperatives in terms of economy of scale. A critical factor in cooperative development and sustainability is strong leadership and management capacity. Quoting the ENPARD report of cooperatives 2017 “Strong leadership is necessary to make cooperative members more enthusiastic towards collective action. In addition, a strong leader can attract more investment for the cooperative’s development.”

7.4.5 Vocational Education and Training

The role of vocational education and training (VET) provision to both men, women and youth in rural areas is seen as a critical element in facilitating rural development progress by equipping people with necessary and diversified skills set that will contribute to economic diversification, meet growing needs and demand for diversified services and provide skilled labour. The provision of such services is largely through acquisition of skills from formal (vocational education and training –VET colleges) and informal pathways through on job mentoring, apprenticeship and industry led skills provision.

³⁶ Agriculture Cooperative Development Agency; www.acda.gov.ge

³⁷ EU-Supported Agricultural Cooperatives: A Case Of Georgia, ENPARD, December 2017

Currently there is little service provision in rural areas for vocational skills training. Nevertheless the Batumi “Black Sea” college is taking the initiative and engaged in providing such services through the planned establishment and operations of two rural branches in Keda and Shuakhevi Municipality.³⁸ Through the support of ENPARD, the “Black Sea” college will develop a comprehensive curriculum in a number of skills areas identified by the college in a comprehensive survey of skills gaps in the tourism, agriculture and construction industry of Ajara.

The following sectors are identified as having key demands in the labour market in Ajara and by default future opportunities. They are the tourism market (this includes non traditional forms of tourism and agri-tourism); the Agriculture sector and the Construction industry. Critical skills gaps arise in the following fields and VET support is needed for these skill areas, namely;

- a) The Hotel and Hospitality industry specialist (Hospitality and tourism industry)
- b) Reinforced concrete worker (Construction industry and infrastructure)
- c) Wastewater and Water supply specialist (Infrastructure)
- d) Plumber (Infrastructure and Artisanal services)
- e) Electrician - Electrical installation (Infrastructure and Artisanal services))
- f) Low and high voltage electrician (Infrastructure)
- g) Welder (Infrastructure and Artisanal services))
- h) Guest house manager (Hospitality and tourism industry)
- i) Mountain guide (Hospitality and tourism industry)

The Batumi Black Sea Vocational college is positioning itself with support of UNDP ³⁵ to be able to provide capacity building and professional development to trainers and teachers in the above subject matter areas to enable a core cadre of vocational teachers to prepare the next generation of youth for opportunities in these areas as identified by the relevant sub sectors in the local economy. To this end the Black Sea Institute has signed a letter of agreement with UNDP to begin a comprehensive program of technical and vocational training to better equip the labour market for opportunities in these areas. As part of this effort the Black SEA Vocational College will deliver capacity building and development of its trainers and teachers in the following areas who will in turn provide a cadre of vocational skills specialist to deliver timely and effective training programs to rural participants, men women and youth.

- 1. At least 6 college managers and 10 new VET teachers retrained in pedagogical skills
- 2. At least 10 new VET teachers retrained in sector professional skills in 7 vocations
- 3. At least 10 new VET teachers retrained in information technology
- 4. At least 10 adults are trained in the vocation of Electrician
- 5. At least 12 adults are trained in the vocation of Welder
- 6. At least 12 adults are trained in the vocation of Reinforced concrete worker
- 7. At least 12 adults are trained in the vocation of Wastewater and water supply specialist
- 8. At least 12 adults are trained in the vocation of Hotel specialist

³⁸ Based on letter of agreement between Batumi “Back Sea” Vocational College and UNDP, Project number: 00097870, Project title: “Improving Rural Development in Georgia (ENPARD 3)”
<http://batumiprof.ge/>

9. At least 12 adults are trained in the vocation of Guesthouse manager
10. At Batumi Black Sea college level an internal monitoring group is set up and functioning
11. An External monitoring is functioning.

The Black Sea College through its rural branches in Keda and Shuakhevi municipality will carry out the following key activities:

Activity 1) The development of and improved functioning of available consulting mechanisms in Keda, Shuakhevi and Khulo municipality together with stakeholders and the private sector.

Activity 2) Strengthening the capacity of Keda and Shuakhevi branches of the Vocational College “Black Sea”, to deliver vocational and retraining courses.

Activity 3) Conducting vocational training and retraining courses for the adults of Mountainous Ajara (Keda, Khulo and Shuakhevi municipalities)

8 RURAL DEVELOPMENT PRIORITIES AND MEASURES

The Ajara rural development strategy for 2016-20³⁹ identified the following overarching goals

A) Economic:

1. Fostering knowledge transfer and innovation in agriculture, forestry and rural areas
2. Enhancing farm viability and competitiveness of all types of agriculture in Ajara and promoting innovative farm technologies and sustainable management of forests
3. Promoting food chain organization (including processing and marketing of agricultural products) animal welfare and risk management in agriculture and non-agriculture sectors

B) Environment:

4. Restoring, preserving and enhancing ecosystems related to agriculture and forestry
5. Promoting resource efficiency and supporting the shift toward a low carbon and climate resilient economy in agriculture, food and forestry sectors

C) Social

6. Promoting social inclusion, poverty reduction and economic development in rural areas.

The Rural Development Strategy for Ajara AR 2021-27 recognizes the relevance of these goals going forward. Clearly in arriving at the vision statement for rural areas, all three-platform goals are still relevant and important. A strong and vibrant agriculture sector & natural resource management is needed to provide a solid base on which rural development can move forward, its enhanced productivity and competitiveness are critical. Likewise a healthy and sustainable environment on which the food system and indeed social and culture system is dependent is also critical to rural development. Linking all three major goals together with a strong and vibrant social and community structure (see figure 5), and having in place platforms and mechanism whereby local communities can tap in to their resource base, further invest in the resource base and develop organizational structures both within communities but importantly also linking with local and regional government, that will facilitate identification of local problems and solutions. These three overarching goals are still highly relevant in the new strategy.

Likewise when considering the National Rural Development Strategy for Georgia, 2021-27, it identified the following three goals²:

- 1 A Competitive agricultural and non-agricultural sectors;
- 2 A sustainable use of natural resources, retaining the eco-system, adaptation to climate change;
- 3 An effective systems of food and feed safety, veterinary and plant protection;

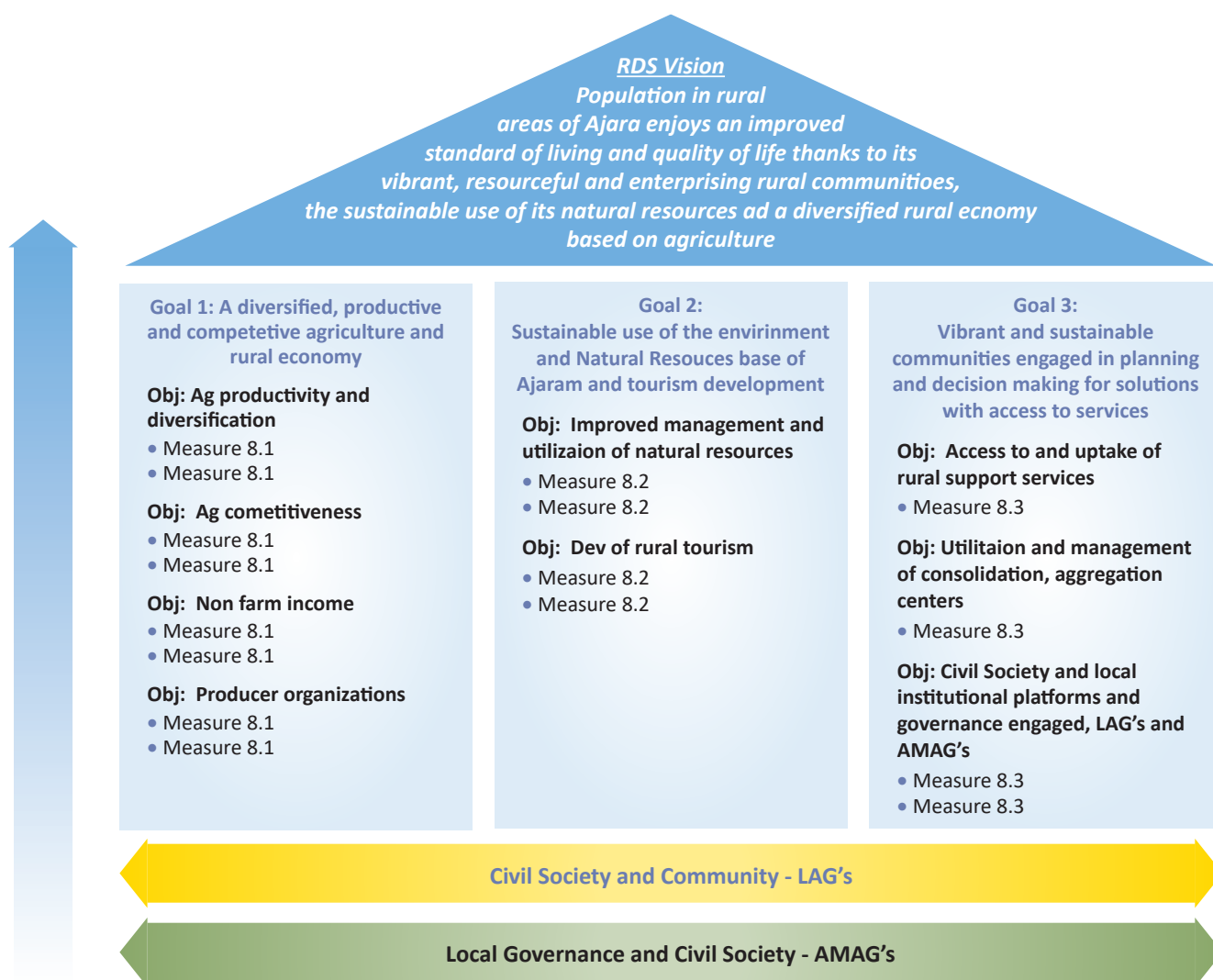
³⁹ Ciarron Gannon, Rural Development Strategy for Ajara 2016 – 2020, Support to Agriculture Development in Ajara AR Project funded by EU and Ajara Government and implemented by UNDP, March 2016.

The identification of rural development measures should be guided by

- 1) The overarching agreed goals,
- 2) Ranking of the priorities of these goals
- 3) The ability of any said goal to contribute to a transformative change and
- 4) The budget resources available to be allocated to achievement of the goals.

Within any given RD scheme or RD program will be identified a number of measures to help arrive at that programs goals and expected outputs (see Ch 8⁴⁰) Arriving at a set of rural development measures is a joint consultative task, engaging a range of stakeholders. (See figure 5 below)

FIGURE 5 Rural Development Strategy Road MAP, linking key Pillars (Goals) and respective Measures to vision



The Rural Development Council (RDC) of Ajara is ideally positioned with its wide range of stakeholder representative members and internal working groups to identify the priority programs, the respective measures suited to each program and the allocation of resources to the measures. Based on the priority areas and goals the following measures are identified as potential for inclusion in the 2021-27 strategy

⁴⁰ A RDS Action Plan will necessitate the development of key rural development measures and the allocation of resources to each measure. This would be part of the development process for the Action Plan once RD strategy is approved and adopted.

Thus in considering both the National Rural Development Strategy Goals 2021-27, and the Goals of the Ajara Rural Development Strategy 2017-2020 and taking into consideration the nature of the social, cultural, historic, economic and agricultural landscape in Ajara AR the following three overarching goals are presented for its 2021-27 Rural Development Strategy

The RDC of Ajara will determine the final Goals, programs and measures to be adopted for the period. The three identified goals are supported by identification of three priority areas of focus for rural development programming⁴⁹. These three priority areas are identified based on field and site visits and consultation with stakeholders and to be further confirmed and or modified based on planned RDC working group inputs going forward. They are

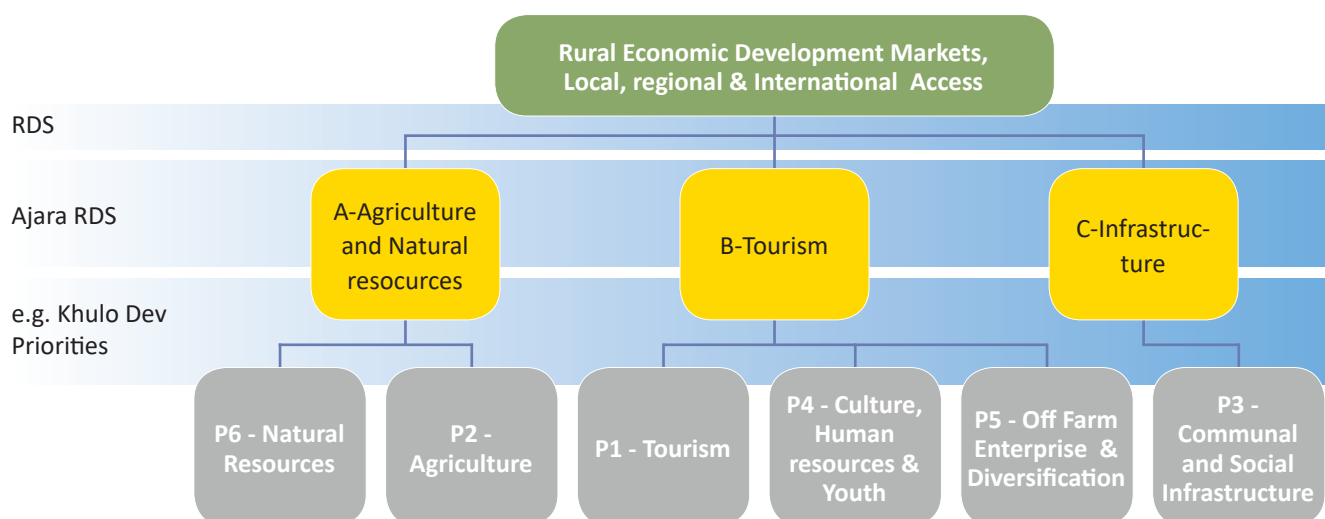
Priority Area A; Agriculture and Natural Resource Management, aligned with **Goal 1** “A more diversified and competitive agriculture and rural economy, and strengthened market links providing sustainable livelihoods for its inhabitants, which aligns with Priority focus on Agriculture and Natural Resource management “

Priority Area B; Tourism, including cultural, education and youth and off farm enterprise development and diversification which is aligned with **Goal 2** “A sustainable use of the Environment and Natural Resources base of Ajara, and tourism development, which aligns with Priority Focus of tourism, culture, youth and entrepreneurship development” and

Priority Area C; Infrastructure development, both physical and social which is aligned with **Goal 3** “Vibrant and sustainable communities engaged in planning and decision making for solutions with access to services, information, infrastructure and markets, which aligns with Priority Focus of support to infrastructure”

These three priority areas and their relevant sub components build upon and take cognizance of local municipality development plans supporting rural development. This is evidenced by for example the **local development plan for Khulo municipality**, and figure 6 below which illustrates the level of alignment between local action plans and that of the wider RDS of Ajara 2021-27 which in turn is aligned with the Georgian National Rural Development Strategy 2020- 2026.

FIGURE 6 Alignment and harmonization between municipal Level Development strategy and that of Regional Ajara RDS



It should be noted that the Goals listed below feed into the wider three priorities of support to Agriculture and Natural Resource Management, Tourism and Infrastructure development, see figure 5 above and that they in turn capture and link to the municipal level development priorities of which Khulo municipality development plan is given as an example. This is important in the context of soliciting and leveraging community engagement and sustainability of intervention support efforts. A bottom up approach is critical and needed to be merged with the top down approach of Rural Development strategic goals and strategy setting to ensure a viable and long-term sustainable effort in improving socio economic development of rural areas in accordance with its inhabitant's wishes.

8.1 GOAL 1 A MORE DIVERSIFIED AND COMPETITIVE AGRICULTURE AND RURAL ECONOMY, WITH STRENGTHENED MARKET LINKS PROVIDING SUSTAINABLE LIVELIHOODS FOR ITS INHABITANTS

The production of agriculture and livestock commodities that meet both household food security needs, local and regional market demand should be the priority. Ability to produce own household food or to purchase household food should both be seen as viable outcomes, each contributing to sustainable livelihoods. Access to markets is critical; implying that production must be sensitive to market needs both in types of product, quality, standards, and food safety and product development. An enhanced productivity capacity coupled with product development, including niche and new products, quality control, application of food safety standards and access to storage and cold chain technology and primary and secondary processing capacity through better utilization of the existing logistic and consolidation centres, an enhanced volume and quality of supply link to traders and primary and secondary processing capacity developed will contribute to improved competitiveness.

8.1.1 Objective Agricultural productivity and diversification of enterprises enhanced

Low levels of crop and livestock productivity are identified. There are a number of reasons for this from technical (husbandry and management practices) to cultural. Increasing agricultural productivity and labour productivity will facilitate increased off take at farm level of both crop and livestock products, an enhanced and improved product quality and standards, increased volume for market and increase sales and income. The main agriculture enterprises are Citrus which is export orientated, fruit and nut growing- both local and export market (e.g. hazelnuts), market gardening (vegetables) and potato- domestic and tourist market, Livestock production- beef and dairy mainly mountain areas – domestic and tourist market, other enterprises are viticulture, fish production bee keeping, tea, cereals (maize) and some tobacco

8.1.1 Measure Strengthen the availability of and delivery and range of services offered by the ASC and private sector support services providers (AI and vet services for example). Improve the uptake and adoption of technical advice and inputs and provision of comprehensive package of services covering information on crop and livestock husbandry, markets and extension and advisory service packages to farmers.

8.1.1.2 Measure Develop a comprehensive program supporting capacity development and delivery of rural business support services through the Agriculture Service Centres (ASC), to include linkage to research and demonstration, ICT and mobile platforms and mobile app development, use of open field days, improved access to innovation and new technology and best practices, based on agricultural calendar by sub sector (citrus, bee keeping, livestock, hazelnut, berries, vegetables,...)

8.1.2 Objective Improving Agricultural Competitiveness and market linkage

The ability of agriculture production in Ajara to be more competitive hinges on a range of issues, among them improving productivity per ha and per labour unit, achieving improved scale of production, gaining market share and producing according to market needs. While the citrus sector is recognized as capturing a market share largely in the Ukraine market, other sub sectors of agriculture are less competitive. Critical to enhancing competitiveness is ability to produce product and commodity according to market needs, meet quality and food safety standards and to produce at a competitive price (including cost of labour). The Ajara AR land use and structure of its production systems does not lend itself readily to economy of scale of production without the necessary organizational and logistic structural investment. In order to improve competitiveness an enhanced ability to uptake and adopt new technology, achieve economy of scale and added value both in new product development and in niche product development and to add value through primary and secondary processing would be required. To support this, infrastructure investment in storage, cold storage and aggregation hubs is needed and also implying further organizational capacity of producers into groups that can reduce costs and achieve better economy of scale (see 8.1.4)

8.1.2 Measure Provision of technical and grant support to improved productivity at farm level, including access to new varieties, input provision, adoption of best husbandry and management practices (utilizing on farm demonstrations, master and lead farmer role) and improved linkage and access to technology and advisory service uptake (i.e. ASC delivery) by farmers and development of improved networks along commodity chains (e.g. citrus, hazelnut, trout, honey, cattle, potato,) linked to access to storage, grading, sorting, packaging, and both primary and secondary processing.

8.1.3 Objective Non farm income and livelihoods enhanced

The diversification of income generation from traditional agriculture enterprises be it cash or non-cash income is seen as critical to enhancing rural livelihoods. Not only is this a risk mitigation factor among rural households, particularly in the majority of cases where productivity is constrained by access to land and viable production units. Priority of many rural households is production for household consumption. The diversification of household income streams from agriculture into added value product development, tourism and craft related enterprise development, non timber forest products, including development of speciality products and services related to natural resource management and utilization such as hospitality industry services, e.g. guest house management, tourist guides, hiking and eco tourist and adventure tourist services are to be encouraged. Likewise opportunity in the local service industry in language skills, artisanal skills, cottage industry and craft industry devel-

opment aimed at diversifying from the agriculture base should be a focus of rural development particularly in mountain areas.

8.1.3.1 Measure Technical and grant support to skills acquisition and training, entrepreneurship start up for farmers, youth and women in conjunction with VET trainings and courses
Provision of skills acquisition training and start up entrepreneurship capital (small grant) to men women and youth (build on youth entrepreneurship program and entrepreneurial skills development program) in particular to diversify their skills base and to provide services and products in the primary and secondary processing field, tourism field, language services and in artisanal skills development and services provision.

8.1.3.2 Measure Establishment and support to innovation hubs and incubation centres supporting new product development micro and SME development, leveraging and utilizing information and communication technology and improved market access

8.1.3.3 Measure Support to the professional development and training of trainers (vocational education teachers) in vocational skills⁴¹ and the establishment of Municipal level facilities to provide training in artisanal skills to men, youth and women

8.1.4 Objective Improved and strengthened producer organizational structures and management capacity and market infrastructure in place

The structure of the agriculture production system (small holder land size and fragmented plots) and achieving economy of scale of production and aggregation of product are critical elements needed to meet supply and demand logistics. The capacity of producers to achieve greater economy of scale in production and in input supply can be arrived at through well organized producer groups structures such as farmer associations, market and service cooperatives³³ where producers through such structures can acquire inputs more cheaply, access markets and achieve continuity of supply through appropriate aggregation and storage infrastructure such as consolidation and logistic centres access, cold stores, drying facility and primary and secondary processing capacity. Access to finance for development can also be more readily available through such structures.

8.1.4 Measure Provision of technical and grant support to strengthen existing and where appropriate formation of producer groups, cooperatives and associations, with enhanced capacity in management, marketing and business skills developed

8.1.4.1 Measure Provision of technical and grant support to agricultural cooperative infrastructure for improved commodity production, harvesting and post harvest storage, processing and added value and marketing through co financing with beneficiaries

8.1.4.2 Measure Provision of technical support to cooperatives to acquire Global Gap, HACCP and ISO standards for food production, meet global standards and participate in National, regional and International food exhibitions and trade shows

⁴¹ See Black Sea Vocational College program for training of teachers in new skills acquisition

8.2 GOAL 2 A SUSTAINABLE USE OF THE ENVIRONMENT AND NATURAL RESOURCES BASE OF AJARA BY ENHANCED ENGAGEMENT OF LOCAL COMMUNITIES IN UTILIZATION AND MANAGEMENT

8.2.1 Objective Improved management and utilization of forest and non timber forest products, natural pastures and livestock productivity with links to markets

Livestock production as well as non timber forest products (berries, herbs and medicinal plants) in upland municipalities is an important activity that can lead to diversified products, small scale processing and niche product development aimed at local tourism and regional markets. The livestock production system in the uplands municipalities is based on the communal utilization of upland natural pastures and winter-feed production at household level. Productivity levels of cattle are quite low and can be readily improved through improved nutrition, adoption of improved management practices (natural grazing management, transhumance system and management plans) and improved reproduction practices along with selective genetic improvement. In addition the management of the natural resource base by its users (villages, communities, cluster of villages, or community based natural resource management teams in this case upland and alpine pastures can be further improved, impacting livestock carrying capacity, off take and productivity of both beef and dairy systems.

8.2.1 Measure Technical and grant support to establishment of community grazing and forest management associations⁴². Support to enhancing community based natural resource management of upland pasture managed areas and adoption of best management practices, including forest and upland pasture management plans with community users engagement. Activities under these measures may well include compiling of evidence-based data supporting proposed activities, through possible support to research activities to enable identification of appropriate activities under each respective measure.

8.2.1.2 Measure Technical and grant support to the Improved management of protected areas, increased areas under protection, particularly by engagement of community groups and diversification of income generating activities in such areas, such as eco tourism, infrastructure support, training and start up grants, entrepreneurship training

8.2.2 Objective Development of rural tourism, infrastructure investment, tourist packages and services developed

The development of rural and alternative forms of tourism in Ajara is seen as a critical element in supporting rural development and in helping diversify the rural economy. In this regard measures supporting skills acquisition (vocational and agricultural) and infrastructure support, both public and private to rural and alternative tourism development that leverages the natural resources, builds local capac-

⁴² Important to recognize that management of natural resources, even if State owned should where feasible engage local communities in their management and in the possible benefits accruing to locals in additional and diversified income streams from such natural resources for the local communities. Examine community based natural resource management and or leasing from the State as an option for some areas and communities

ity and improves skills acquisition and creates opportunity for service delivery are to be encouraged. Linking the growing tourism base and in particular alternative tourism through improved services, improved infrastructure and linking to the food system, the culture and culinary experience are opportunities that will enhance rural development in Ajara. Buildings on previous experience refine and expand support to relevant infrastructure development and skills acquisition by actors through defined measures such as

8.2.2.1 Measure Grant and technical support to the development of skills to provide tourist services and tourist related infrastructure support, hiking trails, accommodation, food centres, and entrepreneurship start up support in tourism sector, through on the job training, apprenticeship and mentoring program

8.2.2.2 Measure Grant and technical support to establishment of tourist related infrastructure, interpretation centres, food hubs, trails, equipment, cultural events, cultural heritage restoration and protection, museums and appropriate hotel and guesthouse accommodation.

8.3 GOAL 3 VIBRANT SUSTAINABLE COMMUNITIES ENGAGED IN PLANNING AND DECISION MAKING FOR SOLUTIONS WITH ACCESS TO SERVICES, INFORMATION, INFRASTRUCTURE AND MARKETS

8.3.1 Objective Access to and uptake of Educational, information and Advisory services, and new technology

The uptake of new technology and best practices in agriculture and rural enterprise development require access to timely and appropriate information and skills acquisition. The provision of such services both from the ASC and from the private sector players should be encouraged and further developed to meet demand and needs of rural population. This focus on skills acquisition, including Vocational skills form VEC, training and information dissemination is a critical part of enhancing rural communities and their long-term ability to acquire skills, knowledge and develop enterprises.

8.3.1.1 Measure Provision of grant and technical support including advisory service delivery (to both ASC and private support services and VEC), provision of training and demonstrations and to the adoption of new technology and equipment aimed at increased farm productivity and addition of primary and secondary processing capacity

8.3.2 Objective Aggregation, consolidation and logistic centres operational, primary and secondary processing developed

Markets require a steady and consistent supply of standardized and quality product. Achieving this regularity of supply is difficult when production is coming from a range of producers with small scale capacity at unit level and with limited organizational and structural capacity to store, grade and package product. Hence is critical to any commodity chain and to enhancing market linkages that producers are able to position themselves within the market by being able to meet market demand, in quality, grade and standard of product. This can be achieved by the development and making operational (through

for example long term lease, direct sale, rental,) existing aggregation, collection, and logistic centres where access to grading, storage and packaging facilities can be made available as well as primary and even secondary processing

8.3.2.1 Measure Provision of marketing, grant and technical support to the establishment of and making operational the existing aggregation, logistic and consolidation centres in select locations of each municipality with improved capacity for storage, cold chain and primary and secondary processing and packaging

8.3.3 Objective Civil society and local institutional structures and platforms operational (AMAG's and LAG's)

The engagement of and the capacity of local stakeholders, particularly civil society and private sector actors to engage with local and national government in the identification of and planning of rural development interventions is important in addressing local problems and arriving at appropriate solutions. The mechanism whereby this can be achieved effectively varies but the existing structures of AMAG's and LAG's already operational in Ajara are a means by which local bottom up input can be accounted for (see figure 5 & 6). The further strengthening of these local structures and in particular AMAG's is seen as important to the rural development process. These platforms facilitate citizen access to and participation in dialogue and are not mutually exclusive, in other words any citizen can contribute to, voice their opinion and present ideas to and through local governance and through such platforms s AMAG's and LAG's without having to be a member of such.

8.3.3.1 Measure Provision of technical and grant support to the further capacity development of AMAG's and where appropriate LAG's to enhance capacity for organizational and civil society engagement and in support of social orientated and public goods project implementation among communities

8.3.3.2 Measure Training and grant support to the further capacity building to the MOAA and the RDC, (Institutional support strengthening) through the identification of a corresponding Ministry in select EU country that is prepared to engage with the MOAA in a twinning program or similar arrangement, including exchange visits and engage in mentoring of staff (both virtual/remote as well as thorough short term assignments and TA) over a defined period (e.g. 1-3 years of strategy implementation period), thereby building capacity in rural development program through on the job support in management and Implementation and in skills acquisition. Engage in a two-way exchange of staff, both short term and medium term supporting on job training, mentoring, study tours and rural development strategy implementation.

9 RISK ASSESSMENT

9.1 INSTITUTIONAL LEVEL

Ajara AR has established a working mechanism through its rural development Council that facilitates and enables relevant stakeholders to participate in ongoing dialogue, discussion, consultation and planning in support of rural development programming. This mechanism allows for participatory engagement of all relevant stakeholders and for an inclusive process. The Ministry of Agriculture chairs the RDC. Within the RDC, its members (see table 4) are tasked with providing the evidence and basis for the identification of RD priorities and with the purpose of effective implementation of the strategy, it is important to delineate competencies, roles and responsibilities among various state structures and ensure active and coordinated cooperation among them. At the stage of elaboration of the strategic action plan, there may well be some issues that will be resolved right after the effective delineation of competencies.

9.2 POLITICAL RISKS

The geopolitical instability in the region, (Azerbaijan, Armenia, Russia-Georgia relations, etc.), may have a limited negative impact on the strategy implementation and achievement of its goals, but this is considered low risk. Nevertheless the recent banning of flights from Russia to Georgia (2018) is a case in point where economic impact can be leveraged that impacts the Georgian economy and can have ripple effects throughout the economy, particularly in areas like Ajara with a heavy dependence on and a growing tourism sector. Furthermore the planned elections in 2020 may also have a bearing on the risk associated with implementation of rural development program, this is considered low.

9.3 ECONOMIC RISKS

Low rate of economic growth, economic instability, possible complications in international trade relations, low-productive agricultural sector, weak entrepreneurial skills at the rural level, insufficient economic diversification in rural territories, limited access to financial resources and modern technology adoption, given the weak development of infrastructure, may present further potential risks for rural and agriculture development. Nevertheless the recent focus and investment and importance given to the agriculture and rural sector in Government policy reflect the political and policy will to advance this sector as important to overall economic growth and development. Risk is considered low.

The sector significantly depends on climate conditions, and there are also some risks of spreading various pests/diseases in the future. It is possible to have significant differences between the reported factual and forecasted data, as far as these estimates are based on time series, ongoing activities and also envisages current trends.

9.4 SOCIAL RISKS

Social and demographic risks are considered low to moderate. The relative proximity of Batumi urban area to most of the highland region may well mitigate to some degree outward migration, as a 1-2 hr drive is not necessarily seen as overtly challenging, even if supporting a growing number of commuters. While the highland Municipalities are facing some issue with ageing population and out migration, it is anticipated the provision of improved infrastructure and services will help to mitigate this somewhat. The increased connectivity of rural areas and access to improving infrastructure, increased visitor inward flow are factors that may mitigate outward migration. Nevertheless rural development is dependent on a vibrant and critical mass and healthy population dynamic and any unfavourable demographic dynamics in rural areas, such as population aging and migration represents a challenge to both rural and agriculture development. Improved service provision and availability of services should help mitigate this. Diversification of the rural economy, tourism development, micro and small medium enterprise development leading to an enhanced economic level of activity can also mitigate low level of activities of citizens at the local level. The RDS should aim to increase awareness among the rural population of the various priority programs and measures that it aims to address and a useful platform in so doing will be the AMAG's and LAG's. A low awareness by the rural population of the measures envisaged in the strategy may reduce the engagement of potential beneficiaries in the strategy implementation process.

9.5 FINANCIAL RISKS

The level of financial risk to rural development is considered medium to low. The Government of Georgia's focus in recent years has been a consistent effort to develop and improve productivity and competitiveness of the agriculture sector and in supporting diversification of the rural economy and in strengthening the underlying infrastructure platforms that can help drive development of the rural sector. The availability of and allocation of funds from both the national budget and Ajara state budget to support implementation of the strategy will be critical in its impact and effectiveness.

The mechanisms of fund transfer, management and payment should also be assessed to align where possible with rural development programming and funding mechanisms harmonized with EU rural development programming. In such a case the establishment of a Managing Authority (MA), a Paying Agency (PA) will be critical steps in the allocation of resources to rural development programming. In the case of Ajara AR it should attempt to align itself and harmonize in as far as practicable with the mechanism for funding adopted by the National Agriculture and Rural Development Strategy for Georgia. In such a scenario, Ajara AR may have an operational branch of the Managing Authority and Paying Agency in its own territory.

Continued economic growth and development will be important to ensuring allocation of resources to rural development.

Developing a stronger agriculture sector, improved competitiveness and market linkage along with a diversification of enterprises in agriculture and non agriculture off farm activities, including development of rural tourism and associated natural resource management focus will contribute to financial risk mitigation. In addition access to international donor funded programs that are likely to continue to support

rural development programming will be factors reducing financial risk. Any reduction in the allocation of financial resources, which are necessary for the implementation of rural development programs and measures and activities needed for rural and agriculture development, may pose threat to the effective implementation of the strategy.

9.6 ENVIRONMENTAL RISKS

While many environmental risks are out of control of communities, local and national government, mitigation and disaster risk reduction strategy and measures are within the control of communities, local and national government. In this regard rural development strategy should be aware of and take into consideration mitigation measures that reduce risk of environmental disaster. Climate change, floods, mudslides, forest fires and other potential natural disasters pose threat to rural and agriculture development. An increased awareness of the rural population on issues affecting environment and practices that can be detrimental to the environment, the adoption of good agriculture and environmental practices and the best use of the landscape are important in reducing environmental risk. In this regard any insufficient knowledge of the rural population on environmental issues may have a negative impact on the environment of rural territories.

10 RURAL DEVELOPMENT IMPLEMENTATION, MONITORING AND EVALUATION

Building on the existing monitoring, evaluation and coordination system supported by ENPARD⁴³ monitoring indicators shall be based on available evidence and data and linked to the structure and objectives of the rural development plan. This will enable assessment of the progress, efficiency and effectiveness of implementation against stated objectives and targets set at the regional level. The alignment, where is possible of indicators at the Ajara level with those of indicators used in the national RD would be advisable. This will necessitate continuing close collaboration between Batumi and Tbilisi as the M&E and Indicator work-strand is developed.

With regard to evaluation, common practice is to undertake an evaluation of the situation before and after the programme of activities have been delivered. These evaluations are termed *ex ante* (before) and *ex post* (after) evaluations and are mainly intent of determining whether or not the programme has delivered the priority outcomes and contributed to the achievement of the strategy Vision. In regard to coordination the Rural Development Council is the primary body responsible and tasked with coordination and will need to liaise with UNDP and the authorities in Tbilisi to align their evaluation approach with the National approach to ensure consistency and transparency of approach. (This is already being implemented in the current 2016-2020 rural development strategy and the MOAA has gained important and relevant experience in adopting the above mentioned monitoring and evaluation system⁴⁰).

10.1 ELECTRONIC MONITORING AND EVALUATION SYSTEM

In February of 2018, the Ajara Rural Development Council approved the Ajara AR Rural Development Strategy 2016–2020 and Ajara AR Rural Development Action Plan 2018–2020 and the electronic monitoring and evaluation system. This M&E system is obliged for each ministry and related organisation to track strategy and action plan-related data through it. Users of the M&E system are representatives of organizations such as the Ministry of Agriculture of A.R. of Ajara; The Ministry of Education, Culture and Sport of A.R. of Ajara; The Ministry of Health and Social Care of A.R. of Ajara; The Ministry of Finance and Economy of A.R. of Ajara; The N(N)JP Agroservice Center; The LEPL Employment Agency of the Autonomous Republic of Ajara; Ajara AR Roads Department

N(N) JP Agency of Touristic Product Development, Ajara Tourism and Resorts Department; The Environmental Protection Department; The Agency for Cultural Heritage Protection of Autonomous Republic of Ajara; LEPL Ajara Autonomous Republic Forest Agency; LEPL Laboratory Research Center; and the UNDP project “Improving Rural Development in Georgia”.

The system allows ministries and organisations to upload information, facilitating real time tracking of monitoring of status of indicator achievement and budgets for all priority objectives and for each activity under the RDS and Rural Development Action Plan (RDAP).

⁴³ Common Monitoring and Evaluation Frameworks, Common Monitoring and Evaluation System for the 2017-2020 Rural Development Strategy of Georgia, EU Framework Directives, Policy Planning Document of the Government of Georgia

The Monitoring & Evaluation (M&E) System has the ability to analyze data by budget line and respective indicators of all priorities and objectives and to screen each activity based on a number of parameters. Among the parameters are:

- Planned and actual budget expenditure and status updates Budget and indicators actual fulfilment and their status;
- Percentage of budget used, pipeline monitoring and disbursements levels of indicator achievement percentage;
- Information about beneficiaries, gender, age and youth etc.
- Ability to generate graphics and info systems for each priority and activity completed.

The identification of some high level indicators at the Goal level is included here (see table 5 below) to provide a level of bench marking, using a baseline of 2018/9 for 2021-27 high level indicators. Naturally during the development of the relevant Action Plan further indicators specific to measures and activities will be required and developed

TABLE 5 High Level Indicators

| HIGH LEVEL GOAL | INDICATOR | BASELINE PERIOD | TARGET |
|--|---|---|---|
| Goal 1 – A more diversified and productive and competitive agriculture and rural economy, strengthened market links providing sustainable livelihoods. | Output of primary agricultural products and food products produced and by processing agricultural products | Gel 145m Gel ⁴¹ (2017) | Gel 200m Gel (20) |
| | Value of processing of production in the household sector 44 | Gel 61.3 m Gel (2018) | Gel 80 m Gel (2027) |
| | Export of agri-food products | USD 13 621 886 (2018) | USD 30 000 000 (2027) |
| | Average monthly incomes of households, calculated per one household in rural areas | Gel 808 ⁴⁴ (2018) | Gel 1300.00Gel (2027) |
| | Total Monthly Income in Ajara by household | 1138.3 Gel | 1500.00 Gel |
| | Average monthly income in agriculture, hunting and forestry | 383.1 Gel | 1300 Gel ⁴⁵ |
| Goal 2 – Sustainable use of the environment and natural resource base farm and non farm income generation including diversification | Number of visitors to the protected areas | 122 thousands of visitors (2018) | 250,000 thousands of visitors (2027) |
| | Area of forests managed by sustainable management plans ⁴⁶ | 142,000 ha ⁴⁷ (2018) | 150,000 ha (2027) |
| | # of rural tourism and diversified enterprises generated | 342 units (2019) | 1200 units (2027) |
| Goal 3 – More vibrant and sustainable communities engaged in planning and implementation of programs with improved access to infrastructure and services and local institutional frameworks such as LAG and AMAG's fully operational | Number of active LAG's contributing to livelihoods, i.e. revenue generated in local economy as a result of LAG activity | 2 2 m Gel (2018) | 4 6 m Gel (2027) |
| | Number of active AMAG's contributing to livelihoods | 46 | 50 |
| | Number of implemented activities/events aimed at increased awareness of consumers and producers | Will be updated in 1-st quarter of 2021 | Will be updated in 1-st quarter of 2021 |

⁴⁴ in Ajara average from Geostat data, <https://www.geostat.ge/regions/#>

⁴⁵ based on an average increase of 100 gel per year

⁴⁶ does not include protected areas source Geostat

⁴⁷ From Geostat data

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