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IMPACT OF LOCAL ACTION GROUP ON KAZBEGI MUNICIPALITY





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Introduction

Kazbegi LAG project is being managed by PIN, with financial support from the EU's EN-PARD program. Together with Borjomi and Lagodekhi, Kazbegi is one of the three pilot projects that adopted the LEADER approach. Since 2015, PIN has facilitated creation of Kazbegi LAG, which is comprised of 71 local people with varying profiles. All of them are involved in LAG activities in various capacities on voluntary basis. The LAG has an executive body comprising of the Project Evaluation Committee (PEC) members and coordinators of different working groups. To date, the PEC has selected 63 projects that have been funded, including 40 individual business projects, 12 community projects, and 11 municipal projects.

In this short assessment, we are trying to analyze what benefits does LAG bring in the eyes of LAG members and grant recipients, and why local people are involved in LAG activities on voluntary basis. In addition to interviewing the PIN project management, we have interviewed six LAG's Project Evaluation Committee members, six LAG volunteers, and four grant recipients/businesses. In addition, we conducted a focus group with 10 LAG volunteers for more dynamic discussion and exchange of ideas.

The findings are very positive. We have divided them into three sections. The first is focusing on why locals choose to volunteer at LAG and what benefits they see in it, the second section is about the challenges in the work of LAG PEC and what are the common traits of the PEC members that make them do this work. The final section takes a look at some of the cases of grant recipients to see what kind of impact LAG has on Kazbegi municipality overall.

Volunteers needed!

Volunteering is one of the essential traits of a vibrant civil society. The level of volunteering in Georgia is considered as quite low compared to the advanced European nations. In countries like the UK, Sweden, and the Netherlands over 40% of adult population have systematically been involved in volunteering¹. While there are no official statistics on volunteering in Georgia, it is not disputed that the scope of volunteering in the country is low, and almost non-existent in rural communities. Traditionally, volunteering had not been high on the agenda in Georgian politics. Regulations on volunteering have only been introduced in 2015 by the Parliament of Georgia.

One of the key components of the PIN project in Kazbegi is voluntary participation of local population in LAG activities. PIN managed to attract 71 members for the LAG activities. 71 volunteers serving in one project for a municipality of 3,700 inhabitants is remarkable. Even more remarkable is that 60% of these volunteers are women, despite the results from the CRRC polls that show that men are more active.

Profile of LAG volunteers

Active involvement of women and diverse geographic coverage are important pre-conditions for the LAG to act as a development tool for the whole municipality.

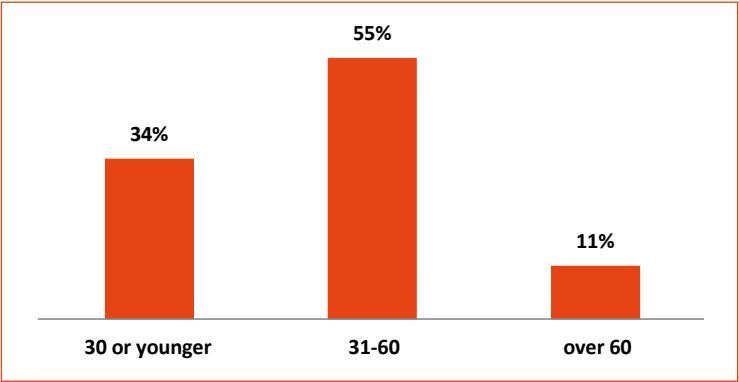
Figure 1: Geographic distribution of LAG members



1. http://www.sociopolitical-observatory.eu/uploads/tx_aebgppublications/Working_Paper_no_5_Observatory_Volunteering_in_the_EU_Evaluation_Current_Studies.pdf

Geographic distribution of LAG members is quite varied. About half of the LAG members are either from Stepantsminda (the municipal center) or Gergeti, reflecting the fact that more than half of the population of Kazbegi region lives in these two integrated settlements. People from more remote villages have expressed interest in being involved as well, so the Kazbegi LAG has members from villages such as Karkucha, Pkhelshe and Gveleti.

Figure 2: LAG member by age categories



The profile of LAG members also suggests that young people are actively engaged in project activities. This is especially interesting because a known problem for Kazbegi is that most young people leave the region. According to the Social Service Agency, roughly 27% of Kazbegi’s population is of pension-receiving age. For comparison, less than 19% of Georgia’s population is receiving age-pension.

Such high level of involvement merits a closer look to understand why people in Kazbegi are willing to volunteer for LAG and what it means for them and for their municipality.

The results from the field-work on why people choose to be LAG members can be put into three main categories: opportunities to learn, networking and being in the center of important activities in the region, desire to genuinely help local community. We will explore each of these in more details below.

Motivations for volunteering

Opportunity to learn

All of the respondents during our field-work said that they saw LAG as opportunity for self-development learning specific skills which are very relevant in current times, such as effective business proposal writing skills:

"I always thought that certain skills are hard to learn and I would never be able to do it, like understanding how good proposals should be written. But here we were exposed to analyzing specific proposals, coupled with the right kind of training and guidance. As a result, I now can confidently say that I know a thing or two about proposal writing" (Nino Elovshvili, LAG committee member).



22 year old Irina Sujashvili works as an intern at the PIN office, closely involved with LAG activities. She is not receiving any salary, but is responsible for quite important tasks, such as supervising survey interviewers during field-work, coordinating work of different projects, and liaising with project partners. "I have always wanted to work in public sector because I want to be able to do something useful for my country and mu region. I recently graduated and LAG gave me just the right kind of opportunity. I'm in the center of important changes that are taking place in Kazbegi, and I take my humble part in setting development for my home region. This is enormous responsibility and experience" (Irina Sujasvhli, LAG member).

Irina and many other young people from Kazbegi have opportunity to see how an international organization operates, what the pressing problems of different villages are, and how concrete ideas take shape to address these problems.

As tourism and agriculture are key segments of Kazbegi's everyday life, LAG activities, naturally, focus on these segments. In turn, LAG volunteers have first-hand opportunity to be aware of what know-how is being introduced in Kazbegi, see the big picture, and develop their own ideas for businesses. Nana Avsajanishvili, another young LAG volunteer, stressed the importance of opportunity to try out different kinds of things at LAG:

"For example, I never had experience with public relations before. Now I think that maybe it's better to stay here and get hand-on experience than going to Tbilisi for a Masters degree. We have such opportunity in Kazbegi now" (Nana Avsajanishvili, LAG member).

Networking

Although Kazbegi's population is only 3,700, many of the villages are geographically scattered, making it difficult for young people to interact with each other. There are no youth clubs or similar centers where youth could get together. LAG provides excellent opportunity to develop personal and professional relationships.

“There is no other space in Kazbegi where people can freely meet up at any time they want to discuss issues that are important for the region, or simply just to catch up on what has been happening with each other and in the region” (Aleksandre Chqareuli, LAG Committee member).

The LAG serves not only as a platform for planning activities for Kazbegi development and exchanging ideas. It also has resulted into unintended positive outcomes, such as collaboration among LAG members. Several LAG members from the fundraising group applied for a grant from the Austrian Development Agency. As a result they received funding for a project on farmers’ market. Receiving hands-on experience on proposal-writing also allows the LAG members to collaborate with each other beyond the LAG framework as well and apply for donor or state-funded projects, such as Enterprise Georgia and the Agricultural Cooperatives Development Agency. In the context where such support is becoming more widely available, social capital and the right network among local population, coupled with proposal-writing skills, are key to success.

Development of the home region

For a small mountainous region such as Khevi, it is not surprising that people have a strong attachment to the place, and are very sensitive about its history and future. One of biggest concerns of the local population has been that youth often leaves the place as





there are few opportunities for learning and working in Kazbegi. This is especially true for villages which are relatively far from the municipal center. If one takes a tour in these villages, s/he will find mostly old generations trying to get by, with youth either being in Tbilisi or in other larger cities of Georgia for work or education. People are especially happy seeing that not only municipal center, but also any other village is given a chance for development through LAG projects.

"LAG has somewhat revitalized our region. When I go to LAG, sometimes I see young people who I thought had already left Kazbegi a long time ago. Previously, only Gergeti and Stepantsminda had something going on due to tourism. But now we see more and more people learning about LAG, developing interest, and hoping that their villages will also benefit from the LAG" (Aleksandre Chkareuli, LAG committee).

While tourism development and the market is giving natural advantage to tourism destinations and more centrally placed locations, such as Geergeti and Stepantsminda, LAG can be utilized by people from all villages of Kazbegi, including more remote areas. "My mother is from Goristsikhe, a village that is not very central and doesn't usually benefit from a huge influx of tourists. People are so excited there! Now they have a real chance to come up with a nice idea, bring it to LAG and realize it in own village, be it a community project or business" (Irina Sujashvili, LAG volunteer).



Community projects are particularly popular in general public as they see that a common good is being created, be it a playground for children or a camping site for adults. “I love Kazbegi and want to live here. If young people like me will have a suitable environment, which will make Kazbegi and its villages more dynamic and interesting, then there would be more incentives to stay here” (Irina Sujashvili, LAG member).

Overall, the apparent attitude change among the LAG members and in the wider community to a certain degree seems to be leading local citizens to better understand and embrace the concept of volunteering. It provides opportunity of not being a passive observer of what government does, but taking lead in action and contributing to the development of the home region.

Project Evaluation Committee (PEC): Crafting development agenda for the home region

Tricky task of PEC

One of the key bodies of LAG is its Project Evaluation Committee (PEC). Together with the various working group coordinators, PEC is a core of the LAG’s Executive Committee, the main decision making body, which also sets strategic priorities of LAG. But it is up to PEC members to decide which business or community proposal to fund that come to LAG. Going through dozens of applications and deciding what gets to be funded and what doesn’t is a hard and daunting task in itself. But in a small community this becomes

even a more complicated task as committee members invariably will have to turn down applications of people they know very well, which means a fair amount of explanation and justification will have to follow.

The composition of the PEC members is interesting by itself. Initially, the project staff went to Kazbegi villages to distribute information on the projects and the opportunities it provided. They also suggested volunteers to participate in the project activities. The most active and interested volunteers then formed a committee, originally consisting of 11 members. However, they saw in the initial phases that Kazbegi needs more focus on youth, so they reached out to villages again and elected 5 young motivated local citizens to bring the youth perspective into decision-making. The committee decided that one of their priorities is to make Kazbegi a better place for young generation, and adding youth into the decision-making mechanism was exactly what was needed. Young people, naturally, had better expertise in assessing what kind of entertainment, sports or learning needs are prevalent in Kazbegi communities. The synergy has worked and as of the end of August, 2017, 63 projects have been funded already. Roughly more than half of them are community projects and the other half are business projects.

In such a small, traditional community as Kazbegi, the responsibility of being a LAG committee member is not for everyone. Our interviews of the committee members suggest that they have three characteristics in common: interest in supervising money-spending in Kazbegi; opportunity to be active in the region; belief that they can decide which projects will be beneficial for the region as a whole. We discuss each of these components in turn.

Common characteristics of PEC members

Supervision component

The interest in supervising what and how money for Kazbegi is being spent is natural. With so many NGO projects happening in Georgia, there is some degree of mistrust about the transparency of the funds that are being spent in general. Opportunity to have a close look and even deciding where the money has to be directed is appealing for active citizens of Kazbegi.



"This assistance money is for our region. So we, the locals, have to be involved to make sure that the money is being spent well" (Shavleg Sabauri, LAG committee member).

"How external people would know what is really important for local people. I was interested to participate in the LAG committee because it allows local people to take lead. We decide what should be prioritized" (Artem Tsamalaidze, LAG committee member).

This is the first time in Kazbegi, when local people themselves get to decide how to use the money. The participatory decision-making process is quite democratic and horizontal. Each proposal is being anonymously and separately reviewed and scored by three PEC members. In the second round, all three LAG committee members discuss the pro-

posal and compare their own scored. This is often accompanied with heated, but constructive arguments and counter-arguments. The stakes are high. If each proposal is not carefully scrutinized, then they will not be able to defend their decisions when applicants will come with questions. So the local accountability effectively acts as a natural filter to make sure that they reach best decisions they can, even if it requires lengthy discussions and exchanges of arguments with other LAG members. In the third round, the final decision is made and the winners are notified.

Means for active people to be involved

Another characteristic of LAG committee members is that they are energetic people who always seek to be involved in activities that are important for the region. This is especially true for young people. Natia Sabauri, for example, a young member of the committee said that for her finishing up work at 6 pm is not enough. She wants to do more:

"When I heard at the information meeting that there would be interesting everyday tasks, I became very excited. I love this place and I want my presence to be fruitful and interesting" (Natia Sabauri, LAG committee).

Sense of usefulness for Kazbegi

While LAG members have strong feelings about making positive changes in their home region, this feeling is even more palpable among committee members as they, in fact, are architects of the specific changes that are taking place. 63 projects for a community of 3,700 is a significant number, and LAG committee members take pride in it:

"When we see something that has been funded from LAG, it really fills us with pride! This has been funded by our LAG and that has been funded by our LAG... god, we have funded so many projects already! And we can see the results pretty much everywhere we go in Kazbegi" (Tamar Shiolashvili, LAG committee).

In addition to specific businesses, LAG committee has funded such community projects as rehabilitation of kindergartens, arrangement of small parks/rest areas, putting up road signs and information banners, and marking tourist paths.

"It is such a great feeling that you are doing something good for local community. You also help local people. Even simple consultations can be very important for these people" (Artem Tsamalaidze, LAG committee member).

Jumpstarting the businesses in Kazbegi

Demystifying business and entrepreneurship

For many citizens in Georgia, starting a business is associated with much confusion, bureaucracy, and skills that are hard to acquire. Initially, LAG also faced similar challenges: people being skeptical about usefulness of such assistance from the EU.





“What we have to make people understand is that EU is not the god which will always be there to help with everyday problems and help with decisions... and the money is not the most important aspect of the EU assistance. What really matters is the knowledge of how to navigate in this reality that provides a lot of opportunities for creative and energetic people, but nothing can be achieved with inaction” (Nana Karelidze, LAG committee members).

LAG has helped to demystify the notion of business and entrepreneurship for many Kabegi inhabitants through two essential steps: First, LAG provided assistance in general proposal writing skills for businesses: how to do cost-effectiveness analysis and budget, how to think about the market, supplies, employees and other components that are essential for businesses. Second, LAG provided targeted trainings for specific business sectors. For example, LAG provided trainings on Food Safety and Tax issues, which clarified many questions for the applicants.

“People from the Food Safety and the Revenue Service were coming to conduct the trainings. I attended all the meetings. Only after completing these trainings was I told that my project [Khinkali factory] was financed. It was such a relief to finally be able to understand the issues, which turned out not so bad as I had expected. We could ask all the questions in a very direct environment, without bureaucratic barriers. And the answers were usually quite to the point and useful as well. Now that I have a fairly good understanding how the business works, I have great plans on expanding my business. I will have to take loan from the bank for this, much more than I got from the grant, but I know it will certainly be profitable. I will build a new building according to the food safety standards and will expand my production to cover Gudauri resort in winter” (Donar Tsiklauri, grant recipient).

Donar and other grant recipients said that clarifying practical aspects of businesses have made them more confident in their undertaking, because they know what should be done and how. While many businesses in Kazbegi, especially in the hospitality sector, are still not registered with the tax authority, LAG committee members work to explain why official registration is necessary. As Kazbegi is classified as high mountainous region in the Georgian legislation, businesses there can enjoy a number of benefits, such as tax cuts. Official registration also allows them access to more financial resources, communications and infrastructure. “While it is great that businesses can use all these benefits that come with official registration, we also explain that there are some responsibilities that are important to keep in mind” (unidentified LAG committee member).

The impact of the new businesses on Kazbegi municipality

Helping businesses to establish and prosper also creates impact on the community. First, now Kazbegi has more services available that its inhabitants and guests can enjoy. This can be a local Khinkali, a car service, tourist information center or any other service that is in demand in Kazbegi. Funding tractors, for example, has relieved many people involved in agricultural activities as heavy machinery is always in deficit.

"I didn't believe that greenhouses would be really profitable. But I heard about a successful one in Achkhoti village and decided to look into it. I found out that there had been huge demand for this kind of production. There are many restaurants and guest-houses that really are after my product" (Temur Sisauri, grant recipient).

Second, the 40 businesses have brought an estimated 110 new jobs in Kazbegi municipality (a more precise number will be available in October, after a survey). For a place with only 3,700 inhabitants, this is a very significant impact. This also means that people have more financial resources and are able to use other services, thus positively affecting other businesses as well. Moreover, these new jobs also have implications on gender traditional gender relations of Kazbegi as well as more than 60% of these newly generated jobs are held by women, contributing to their empowerment.

Third, it also seems to be the case that while LAG helps new businesses to understand how business works, what are the requirements and opportunities to growth, other people in Kazbegi also benefit from this knowledge.

"My neighbor saw that we took off with my project and got sorted out various issues that we thought would be difficult. He came to me and said that he also started to think about a business idea, so wanted some practical tips on writing a proposal for the Enterprise Georgia project, which is funded by the government" (Donar Tsiklauri, grant recipient).

Copy/cat effect and multiplication of the impact is apparent in many instances in Kazbegi, which is not surprising for such a small community. The new businesses not only help to demystify the whole concept of managing a business, including relations with the tax and food safety, but also helps locals with specific ideas that they can try out themselves.

Going forward

The project has shown that there are a few challenges hindering development of Kazbegi region. Most notably the respondents have cited the lack of knowledge of how they should operate in the current changing environment in order to be successful. It also has been hard to change the mentality and skepticism of local citizens on things that they are able to change with initial support from LAG. The attitude change is a premise for sustainability of this project.

With relatively small initial investment, it seems that the LAG has become a functioning body which is complimentary to the governmental functions and helps to reinvigorate particularly remote communities of Kazbegi. It has very tangible direct impact in form of supporting business activities, which in turn result in more employment and access to services for the local population. LAG is also very important for people who are directly involved in it as they are getting hands on managerial experience and are exposed to important decision-making responsibilities that is very much needed in Kazbegi and elsewhere in the country. With fund-raising capacity becoming stronger and systematic, there is a hope that LAG will continue functioning and expanding its impact even further in Kazbegi municipality. On the one hand, there is a strong string from local citizens to see and be part of development of their own region. On the other hand, the LAG experience has practically showed a feasible mechanism through which effective cooperation and participatory decision-making can take place and achieve very specific, sustainable results.



