



KAZBEGI LOCAL ACTION GROUP (LAG)

Kazbegi Region

TLM and Residential Economy in Kazbegi Region

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Transitional Labour Markets

Overview

As we mentioned before, there are major activities in the urban center-Stepantsminda: Placement facilities (for example: guest houses, hostels, hotels), Eateries; (cafes, restaurant), Markets (food), Leisure services (winter equipment for kobi-Gudauri ski resort), Health care and Education. In addition, we mentioned the entire Kazbegi municipality employment sector including public and private sectors. To summarize, the schedule of employees in public sector is mainly permanent and full-time when private sector is characterized by seasonality and the hotels- by part-time jobs.

The development of tourism is one of the major economic activity of the Kazbegi Municipality, since the development of this sector, the local population get payable. The difficult economic situation has changed in recent years due to tourism development.

It is difficult to discuss guest houses in the study because most of them are not officially registered. Local and central government are deliberately avoiding registration issues because they consider the initiative of locals to carry out their economic activity is more important. Hotels and individuals engaged in transportation of tourists to worthy places which became their source of extra income. Many young people who did not work started to offer a taxi service. There are also families who have returned to Kazbegi because part of the family managed guest houses and another part offers tourists taxi services.

Difficulties concerning the scarcity of young generation in the field of education is a significant challenge. On one hand young specialists are not interested to get engaged in school or preschool entities due to the low reimbursement, and on other hand, there are cases when applying outdated approaches, elderly caregivers and teacher directly violate children's rights and support to reduce the motivation of adolescents. That is why education sphere needs urgent and complex intervention.

Labour mobilities

The main challenge of Kazbegi Municipality is to attract local adolescents, who leave the municipality (at least for 4 years) to get higher education, back to Kazbegi after graduation. It is necessary to create advantageous environment and favorable conditions supporting personal and professional development of young specialists. The main problem which causes not to return in Kazbegi is that there is lack possibility of personal development, told by young generation.

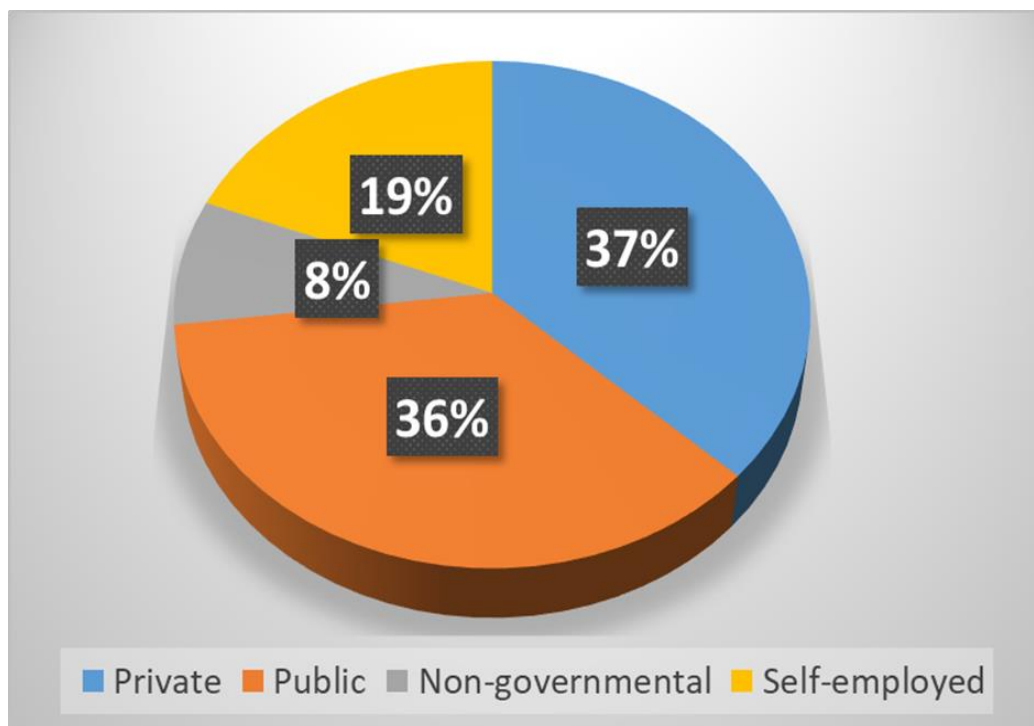


Figure 1. Employment by sector¹

In the survey, from 94 people 34 are employed in the private sector, 33 in the public, 19 are self-employed and 8 people are engaged in non-government entities.

One of the main goals of the survey was to reveal the interest of local youth towards the issues and challenges in the municipality. We are emphasizing the youth, as the younger generation of 19-30 were involved in the research. 50.5% of 94 respondents were youngster. The attitude towards migration is worth to mention. One way or another, they are most concerned about this issue. As already mentioned, young generation is the lowest among the population living in Kazbegi municipality.

Respondent consider main reasons of migration from Kazbegi as following:

- Strict environment

¹ *from our research

- Employing by own profession
- Hard social background
- Low salaries
- Bad infrastructure
- Low capacity of self-realization
- Lack of entertainment facilities
- Absence of educational centers
- Inappropriate learning at schools
- Unregulated health care
- Higher education center is not in existence
- Not having opportunity to get professional education
- Low level of self-consciousness

We can consider this as recommendation part because there are all the problems that are in Kazbegi municipality.

As we can see, migration problems are directly related to the problems within the municipality. In the survey, we asked whether they heard about Kazbegi's strategic document. The document created by Kazbegi local development group, as well as strategic document elaborated by local government. The question intended to reveal on what extent the active segment of Kazbegi Municipality is being involved in the events occurring within the region, how the respondents see themselves in solving of problems and how much can they contribute to the development of better future. The result is as follows:

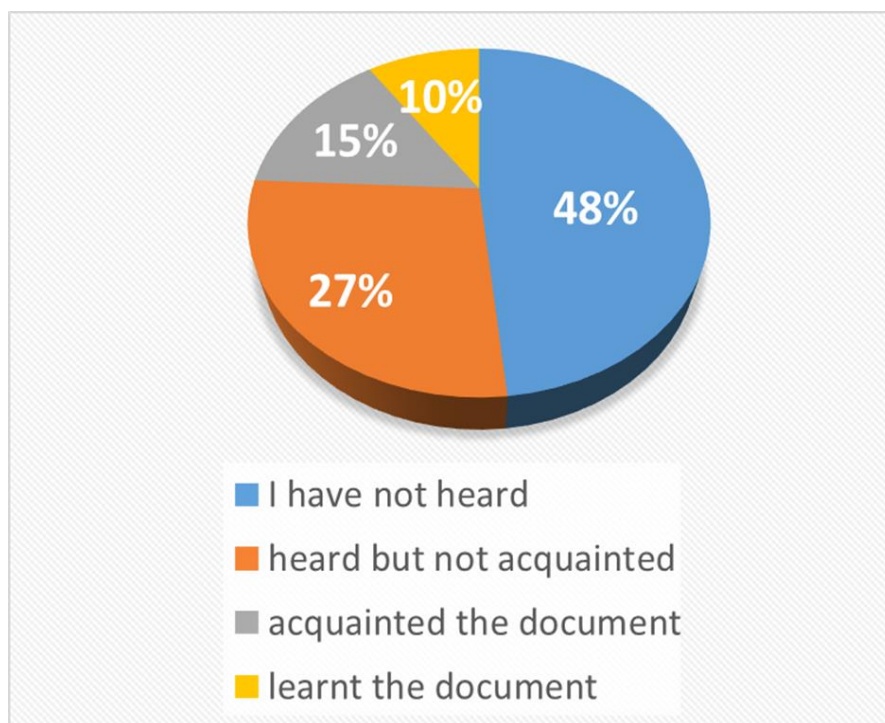


Figure 2. Engagement/Motivation

In fact, only 10% out of 94 local residents got acquainted with the document. Because replying - have not heard; heard but not acquainted; acquainted the document - means that respondents did not understand the problems, challenges faced by municipality and plans for future development. This demonstrates the rather low level of civic engagement.

It is noteworthy that locals are not employed by their profession.

48 respondents out of 94 interviewed ones admitted that they are not employed by their profession, which always negatively affects the quality of any undertaking. Only 21 respondents replied that they are partly employed by their profession. This could be discussed in two directions. First, this can promote personnel development, improve the awareness on various issues and impact positively the general development of the employee. On the other hand, applying partially the gained knowledge and experience could have the negative aspects.

There are available jobs in the Kazbegi municipality which attract people from other regions. These types of services are mostly in the hotels, especially people from the other regions are working in Rooms Hotel Kazbegi and Porta Caucasus Hotel. These hotels are a very high level and the salaries are high and it is good for locals, but it is seasonally for people from another municipality. It should be noted that mainly locals are employed in hotels in low positions and people from outside are employed in managerial positions due to their low qualifications. This

seasonality is about 4 months (the main active time is 2 months). There are very few people only 14, who work for several weeks in Kazbegi and a few weeks in Tbilisi. The problem of transportation is not such a big deal, now it is easier to move in and out Kazbegi because of infrastructure, the roads are better condition than 2-3 years ago.

Flows

We should discuss about the flows in Kazbegi region, we have 3 types of differences:

- Intensive flows
- Emerging flows
- Strategic flows

As we mentioned before, part of the young generation nearly 30, annually leaves municipality. The main reason for not return in kazbegi is lack of relevant conditions and the lack of possibility of development. The brain drain is a major problem because when a successful young student goes to Tbilisi (capital of Georgia) and after completing his studies, she/he does not return to Kazbegi due to start working in Tbilisi and after seeing the possibility of development, the desire to return back is lost in most cases. It is noteworthy that with the development of tourism in recent years in kazbegi, there are jobs with better paid than in Tbilisi. Because of this many young people have a chance to work in Kazbegi but the problem is that it is seasonally. After leaving the season they have to return to Tbilisi and seek a job there.

Many young people have gone from Kazbegi not only to other regions but from Kazbegi to another country. Mostly they are in neighboring Russia and in America. As we have calculated there are about 100 people from kazbegi living in different countries, (young people 30 and middle-aged 70). In recent years, many young people have gone to America because there are many people from Kazbegi they motivation to go to America and work there with another friends (kazbegians).

As already mentioned, new economic activity has mainly been developed because of tourism. for example, several farms have been opened in recent years to provide local natural products to hotels. Milk processing small factory, where it is possible to purchase high-grade milk and cheese. For the locals, there was a motivation that milk was easy to sell. They can sell the milk to this factory at any time. It is stimulated for consumers (not only locals), the product will be ecologically clean because the Food Safety Agency controls the factory product.

Strategic approaches to people flows are important and it is interesting which policies could focus as levers of social and economic change.

Residents of Kazbegi do not pay taxes on natural gas, it is free for permanent residents. The need for this is due to the fact that in Kazbegi winter is almost 6 months and there are difficult living conditions due to cold weather and meteorological conditions. Also the electricity tax is 50% discount in case the person will prove (submitting relevant documents to the Municipality City Hall) that permanently lives in Kazbegi. This is necessary by the government because if there is no reduction in taxes and cancellation on natural gas there will be a radically different picture of the number of residents in Kazbegi.

There is lack of mechanism to bring back students who leave the region for study. After graduating from Kazbegi district school there is a grant of 80% tax from the local government for socially unprotected children, which can only be evaluated positively. This is a new initiative from new mayor of Kazbegi.

The Kazbegi Local Action Group has significant contribution to return new generation to Kazbegi because they have funded many times not permanent residents of Kazbegi who have returned to Kazbegi. For example, Young sisters who returned to Kazbegi and opened a dental clinic there was not dental clinic during a long time.

Residential Economy

General characteristics of the local economy

Social benefits are extremely high in Kazbegi region. This is caused by economic hardship. People need more help from the state budget to stay in Kazbegi and this problem came from the lack of job access.

Social assistance is divided into two parts:

- The number of recipients of social packages, i.e. the number of disabled people in Kazbegi municipality, including the family members of the victims who were lost during a military conflicts and etc.
- Reimbursement of social allowances anticipates assisting those poor families whose livelihood rating score does not exceed 100,000 points.

As far as we can see, 813 inhabitants are provided with social allowances, which makes 21.4% of total population in kazbegi municipality.

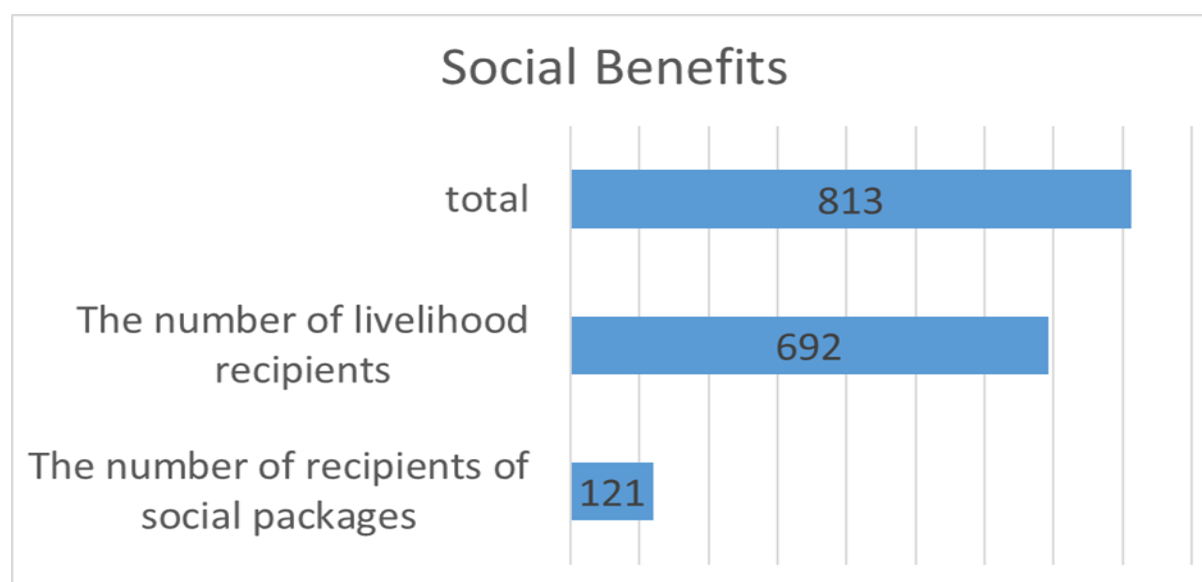


Figure 3. Social benefits²

The private sector and the public sector are contributing to the solution of the problem. Kazbegi Municipality City Hall playing very important role from the public sector where all the employed are local residents (see figure 4) And form private sector there play a huge role minerak water company “kobi” (see figure 5) where given information about employees by age and local Employees 52 from 60. The “kobi” company’s strategy is to give the chance locals to work and developing their skills. For this company 4 family is return to live in Kazbegi. During the labor market, we have discussed that tourism is developing and economic indications emerged but this applies only to the Urban Center (stepantsminda) and its neighboring villages. The mineral water „Kobi” factory is located away from the urban center and there are working people from villages where tourism is not developed yet. That is why we believe that „Kobi“ plays a major role in the economic development of Kazbegi.

² http://www.geostat.ge/?action=page&p_id=193&lang=geo

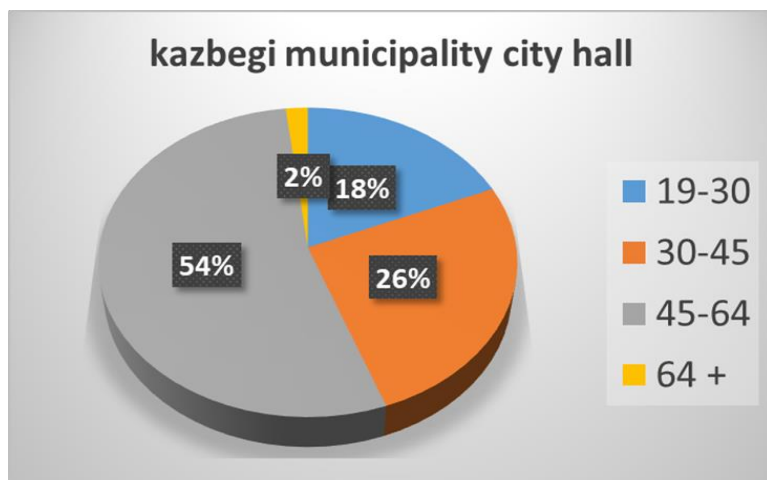


Figure 4. Municipality City Hall

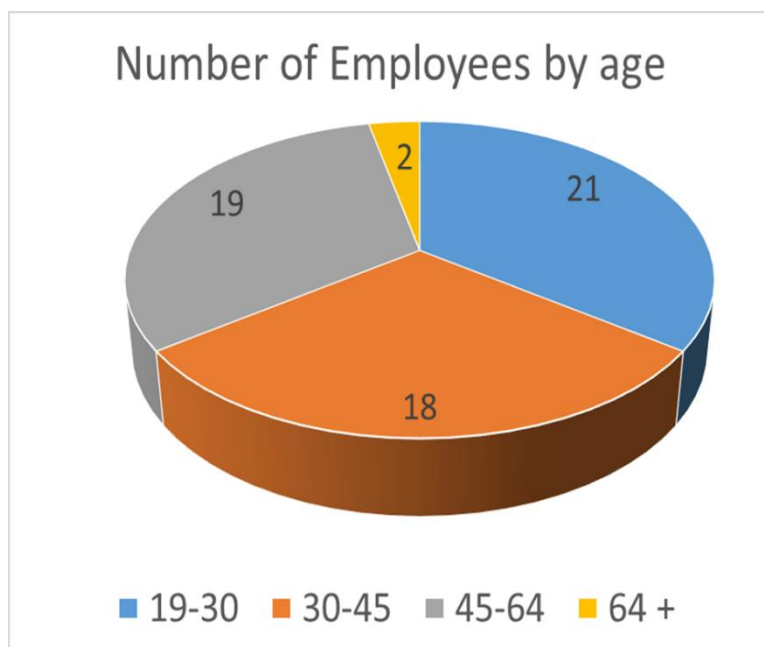


Figure 5. Mineral Water „Kobi”

The productive basis is very low. This is due to a lack of export-industries in the case study area. There is only the Mineral water ”kobi” which is export-oriented company.

Main attributes of the residential economy pensioners.

968 Pensioners are registered in Kazbegi municipality by age. We pay attention pensioners “by age” because as part of the Figure 3. we mentioned social benefits which is registered as pensioners and we represent by two parts.

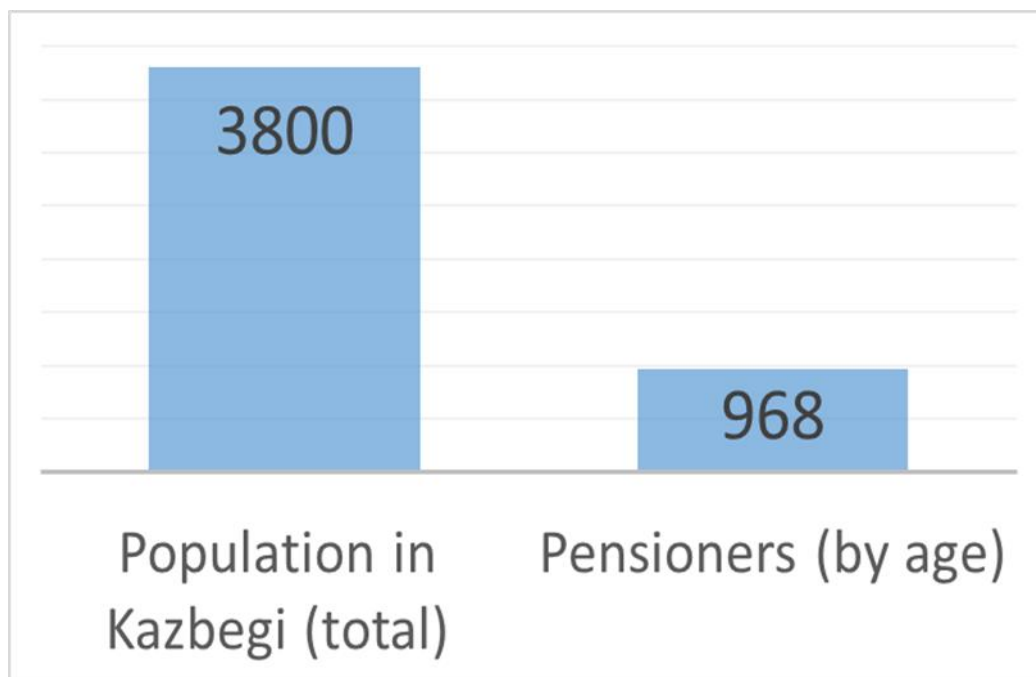


Figure 6. pensioners

According to the decision of Georgian government, the pensioners in the mountainous regions receive increased amount of pension, more specifically: average pension in Georgia consist of 180 GEL but pensioners living in mountainous regions received 216 GEL.

It is worth mentioning, that from January 1, 2019, the pension amount will be increased up to 240 GEL³ for permanent residents living in the mountainous settlements. This positively affects Kazbegi both in terms of economic as well as making pensioners to stay in Kazbegi.

Government’s decision is doubtful when the return of young people is the primary problem to Kazbegi and still spend a significant amount of money from the budget to keep the pensioners in Kazbegi even throughout the Georgia 41,7% of people living in the village (figure 7) but there are facts which justifies the decision. Because of difficult meteorological conditions in high mountainous areas, pensioners left the regions together with young people. It is added that the pensioners mainly were farmers, they were economically active and dangerous was disappearances of this jobs and it would be a bad example for young people too.

³ <http://forbes.ge/news/3496/pensia-saSualo-anazRaurebaze-maRalia>

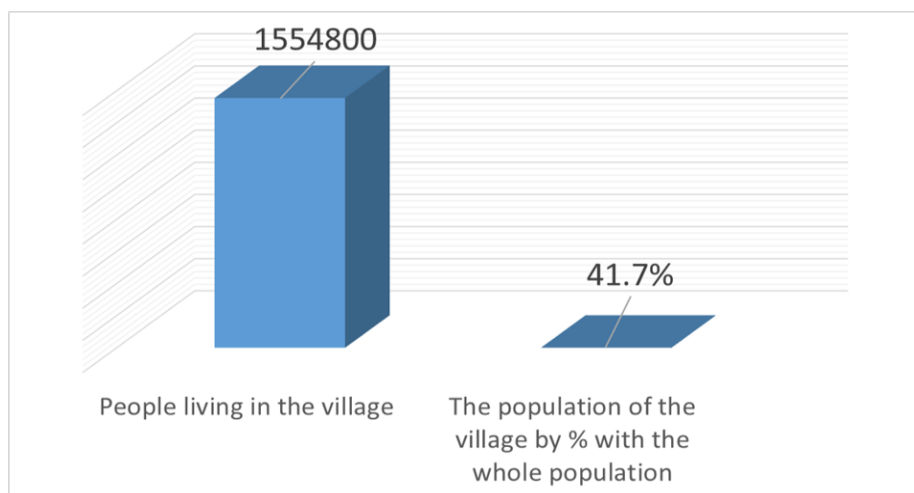


Figure 7. People from village

Tourism

Kazbegi's sights and picturesque nature play an important role in the development of Georgian tourism. Basically the tourist flows are recorded in summer.

174520 people visited Kazbegi National Park in 2018 (12 months), which is 12% higher compared to the same period of 2017 (12 months). The number of Georgian visitors is 57% (98605), while the number of foreign visitors is 43% (75915)⁴.

According to the data of third quarter of 2018, 10% out of the most frequently visited tourist routs belong to Kazbegi⁵. This positively reflects in economic development of Kazbegi municipality.

During the year 2018, the highest number of people visited Kazbegi National Park from Russia- 43%, Germany - 22%, Israel - 13%, Czech Republic - 3%, Poland - 3%⁶.

⁴ Direct Information (Interview) from Kazbegi National Park Administration.

⁵ <https://gnta.ge/ge/სტატისტიკა/>

⁶ Direct Information (Interview) from Kazbegi National Park Administration.



Figure 8. International travelers

It is noteworthy that private sector provides with job opportunities on seasonal based manner. The number of employees sharply increases in summer period when the tourists flow grows. The number of invited employees makes 95 people (from our research) which is 44% of total employment within the given businesses (see part 1 – Kazbegi region figure XX I will show on final paper). It should also be noted that the share of job places in the private sector is much larger than in the public sector.

When we discuss about tourism in Kazbegi we are talking about the only urban center and several villages around stepantsminda, because tourism is only developed there. Below on the map there is united the Urban Center Stepantsminda and neighboring village Gergeti where tourism is most developed.

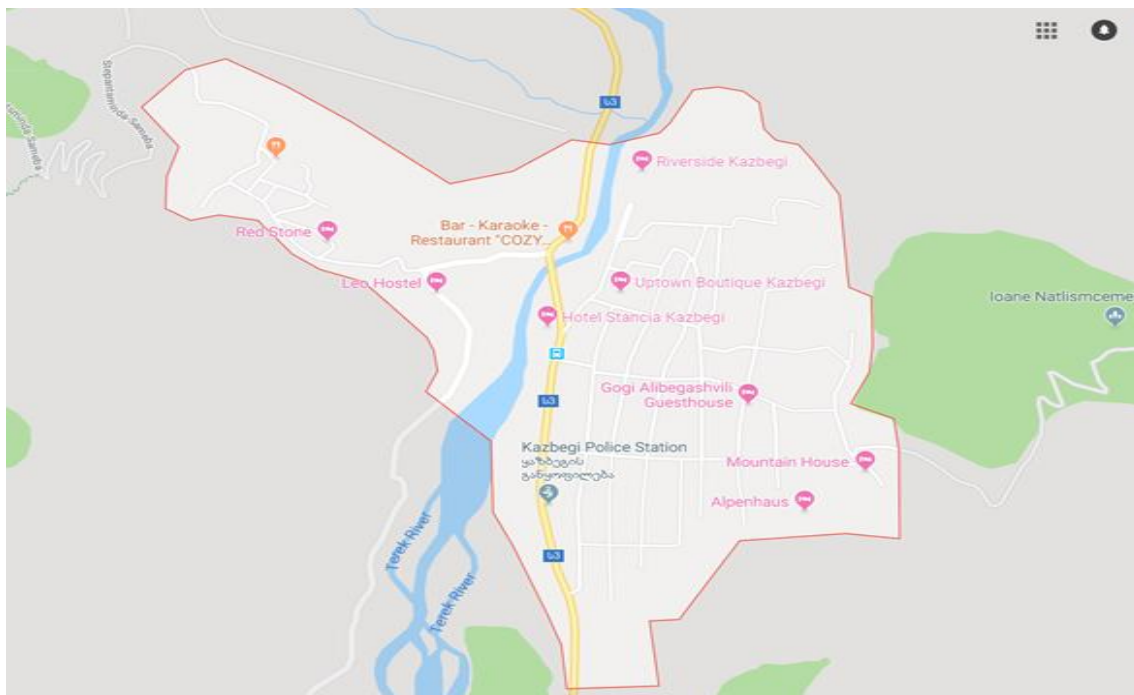


Figure 9. “map of tourism”

Tourism activity is characterized by seasonality. As we mentioned (figure X kobi-gudauri ski resort) based on the construction of the new Kobi-Gudauri ski resort Kazbegi region is also considered with Gudauri resort because transportation is possible in this resort in the shortest possible time. This will further increase the tourist flow in Kazbegi.

Large of the population of Kazbegi, particularly young generation, are employed and also have a business in the Gudauri resort seasonally.

The big challenge is the shadow economy of the tourism sector, there are non-registered tourism activities such as guesthouses. The state is not trying to intervene because it discourages motivation for private initiatives. Which is justified because the development of Kazbegi comes from the private sector in recent times. The tax payer has not been in the Kazbegi district for so long because of the not long-term Soviet regime's. that is why it is difficult to get out of this problems. Sub-cultural changes are ongoing to this days.

Increasing the professionalism of the local population will make an effective change not only tourism but also the economic situation in the region. This is achieved by solving education problems which are quite deep But young generation is the basis for a positive attitude to this problem solving process.

Out-commuters

There is a small number of people who are working in neighboring municipalities from Kazbegi. This is due to the fact that Kazbegi is considered economically strong municipality as compared to neighboring municipalities. The positive side is that people from Kazbegi lives in better conditions surprisingly. The only exception is Mtskheta municipality which is the center of the region and developed in tourist terms.