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# Sustainable Development GOALS 2030: Challenges for South and Eastern European Countries and the Black Sea Region

Proceedings of the  
15<sup>th</sup> International Conference of ASECU



Organized on the occasion of 100<sup>th</sup> anniversary of the  
University of National and World Economy

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September 26–27, 2019  
Sofia, Bulgaria

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CHALLENGES FOR SOUTH AND EASTERN EUROPEAN COUNTRIES AND THE BLACK  
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Editors: Valentin GOEV & Grigoris ZAROTIADIS

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## **Sustainable Tourism for Contribution to Economic Growth and Social Inclusion of Rural Communities in Post-Soviet Georgia**

**Ia Iashvili<sup>1</sup>**  
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**ABSTRACT.** The aim of our research is to find out to what extent tourism industry in Western Georgia ensures sustainable regional development - economic benefits and social inclusion of rural communities. Our working hypothesis assume that tourism should be the main source for the regional development – with positive effects in employment, income generation, social inclusion, welfare growth of rural households and natural environmental protection. Does the Prometheus carst cave as a tourist destination create better living conditions for villagers? What are dimensions of influence of native population on environment and in what way does increasing growth of tourist flows affect sustainability of the ecosystem? How much does the influence of this tourist site span all socio-economic and gender/age segments of the community? How actively is local population involved in decision making and how close are relationships between governmental/non-governmental/private businesses and local community members? Our research is based on Case Study and Qualitative Research methods; we also refer to Stakeholder Analysis; primary and secondary academic sources are used as well. The results of our survey showed the economic benefit from tourism, although with diversified influence on social capital particularly, on households with different social-economic statuses. The research revealed misuse of natural resources; the process of involvement of villagers in decision making was assessed as weak; and the lack of professional skills among locals to run minor businesses needs to be improved.

**Keywords:** Georgia, sustainable tourism, transdisciplinary research, poverty reduction, welfare of families.

**JEL:** Z32, R11, R13, I31-32, P25, P31, P36, Q56.

### **INTRODUCTION**

Today it is overall recognized that reduction of poverty, inequality and unemployment, improvements in income distribution, local communities' social inclusion in public life and decision making, access to good education and health service and cleaner environment are the main leverages to a better quality of life. Even though many developing countries experience high growth rates of per-capita income, big part of their population still faces challenges in the leaving conditions (Dong & Sui Pheng, 2015, p.13).

In our paper we intend to show that sustainable tourism for regional development requires good collaboration and coordination of both government and NGOs as well as private/business sector and academia together with the involvement of the indigenous population.

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Sustainability is a fundamental concept to assess the role of tourism in society. According to the World Tourism Organization, sustainable tourism meets the needs of modern tourists, while also protecting tourist destinations and increasing opportunities for future generations (World Tourism Organization, 2005). Today, sustainable development aims to span and improve the quality of life broadly, including economic progress, social inclusion and environmental preservation. Fulfilment of these goals is especially important for developing countries in transition like Georgia, in order to transform their economy and adjust it to new market conditions.

After fall of the Iron Curtain each Central and East European (CEE) and Former Soviet Union (FSU) countries choose its own way of development recalling to their historical background, cultural heritage, political and economic development patterns, future aspirations, etc. The development of tourism in those post-socialist states which had substantial tourism potential and tradition was focused on rehabilitation of tourism sector and rapid growth of international currency from tourism and leisure industry (Banaszkiewicz, Graburn, & Owsianowska, 2017, p. 113). As Hall indicates "...the desire of many of the new, often relatively small, independent states [to perform own identity] ... international tourism and marketing imagery has been one vehicle through which this identity has sought expression" (2000, p.442).

Georgia is a country with slightly more than 3.700.000 population (the census of 2014). It is situated in the Caucasus on the land bridge connecting the Black and Caspian Seas and occupies 69,7 thousand square km. Georgia is not a new player in tourism industry. It is a country of remarkable natural beauty and abundant recreation resources. During Soviet times, it had evolved into a preferred destination for visitors from Soviet republics and the Eastern Block. Georgia's pleasant climate, delightful cuisine (including abundant Mediterranean crops), mineral springs and spas, outdoor recreation opportunities paired with the hospitality of local people attracted millions of visitors to the country each year. During the Soviet era, Georgia was consequently better off than most other Soviet republics. However, with the break-up of the Soviet empire the country all but lost its economic ties and a huge tourist market.

After a period of economic decline, the country's tourism sector experiences positive structural changes; however, it still faces some challenges regarding the adaptation to new demands of international market. Taking into consideration Georgia's natural (extremely rich recreational resources but vulnerable regions to natural disasters), economic (inequality of regional development), social environment (large number of self-employed population),

sustainable tourism should be defined as the main strategy for the field development (“Regional Development Program of Georgia 2015-2017”).

After the 1990s in many CEE and CIS countries’ ruling authorities became reluctant to invest in tourism industry, while others succeeded. As transformation in former socialist states turned out to develop side by side with a global growing demand for niche tourism which provides good opportunities for small businesses and indigenous communities, some local governments with cooperation of proactive groups, international NGOs and private sectors succeeded to develop this trend (Hall, 2000, p. 447-448) for attaining sustainable development goals. We consider that our case study of Prometheus karst cave tourist site is the appropriate example of a such fruitful cooperation. The destination received substantial promotion in recent years with professional marketing undertaken by local and central government, international NGOs and private sector.

### **THEORETICAL CONCEPTS, RESEARCH GOAL, WORKING HYPOTHESIS, DATA AND METHODS**

In our research we refer to Balanced and Unbalanced Growth Theories and Theory of Coordination Failure to test our case study of the Prometheus cave tourist destination in post-Soviet Georgia.

According to *balanced growth theory*, in developing countries where the economy is weak, it is impossible to overcome stagnation by investing in a few sectors. Investments in a certain field without complex development of a whole system would not be viable. The alternative approach of *unbalanced growth* implies to invest in a few leading sectors of a developing economy that will work as a catalyst to drag other sectors with it (Cooper, Fletcher, Fyall, Gilbert, & Wanhill, 2008, p.248).

The adherents of the *coordination failure theory* compare the economy to an ecosystem, arguing that the action of one can affect others. It means that without synchronizing of particular units, the whole system fails to work. However, due to various conditions like economic downturn, unfavorable changes in legal system, etc. to achieve an optimal equilibrium is not always possible. In this case the role of government or international NGOs as a ‘Big push’ to invest is essential. This strategy was suggested by United Nations Development Program (Dong & Sui Pheng, 2015, p.21). For sustainable development goals the basic investments in human capital, management and administration as well as in main infrastructural projects from the side of local government is crucial.

*The goal* of our research was to determine whether tourism as a field of economy ensures sustainable development on Prometheus karst cave tourist site that is located in the village of Kumistavi, Tskhaltubo municipality (Imereti region) in Western Georgia.

The model of sustainable development of tourism is based on the assessment of positive and negative impacts on economic, socio-cultural and environmental activities. Our *working hypothesis* is that tourism should be a major source of sustainable regional development - employment with positive effects, growth of income, improving quality of life and lowering adverse environmental impacts.

Does the Prometheus cave recreational complex provide better living conditions for the local population and help the low-income families in poverty reduction? What is the scale of the environmental impact and how does the rising number of tourist flows affect the ecosystem's sustainability? Do the benefits created by the tourist sight entail every socio-economic and demographic segment of the local community? What is the level of engagement of indigenous population and how close is the cooperation between government and non-government sectors, private businesses and local community members? In other words, does tourism provide sustainable development of the region. These are the issues the article focuses on.

Our research is based on the *Case Study* method. We have used a qualitative research method, in particular, *in-depth interviews* within 10 km surrounding area of the tourist sight. One of the methods we have also adopted is the method of *stakeholder analysis* as it provides much better picture to study sustainable tourism development. In order to come up with the conclusions and recommendations we refer to *Gap Analysis* method. It shows the difference between the real situation and the desired one ("Need Analysis", 2000). In the paper primary and secondary academic sources are used as well.

Totally, 20 family based and 12 non-family based structures/entities were interviewed and one focus group was held. The study was conducted in September-November 2018. Our strategy of survey was aimed at researching the roles and activities of government, international NGOs, private business representatives and the local community members involved in the tourism sector.

## RESULTS AND DISCUSSION

### About the Studied Area

After recognizing the cave as a Natural Monument in 2007, with the initiative of the state and the aid of the private investor in order to turn the site into a tourist place (named Prometheus

Cave), the preservation and infrastructural works began. This process was supposed to attract international tourists as well as boost the economic activity of the local population and to support their employment. The project has been successfully implemented and started receiving its first visitors since 2011. The Prometheus cave has acquired an attractive touristic image as indicated by the growing number of visitors. According to the statistical data, it is the most visited tourist destination in Georgia (Agency of Protected Areas, 2019).

After the completion of needed works the village infrastructure as well as the economic and social conditions of the residents has significantly improved; this effort was marked with sharp decline of wood cutting in surrounding forests as well. The sustainable growth of tourism flows helped with the trade of locally produced goods, employing villagers on stable jobs and lowering the population outflow to some extent.

Village Kumistavi occupies the Tskaltubo wavy valley in the gorge of the river Kumi, 220 m. above sea level. The karst sight is developed in Lower Cretaceous limestone. At the depth of 60 m from its main entrance, the siphonal lake is located, from which flows out the river Kumi (Georgian Soviet Encyclopedia, 1986, p. 663). The cave takes the area of 46,6 hectares, ceiling height is 20-25 m. and the length of the tourist trail is 1420 m. The cave consists of 17 chambers of different sizes and is rich with speleothems like spheres, curtain style, wavy stalactites, stone waterfalls, cave pearls. At the exit of the cave on the Kumi river the boat route is possible to take for tourists (“kumistavi”, 2019). Outside of the cave the green landscape is represented by relict Kolkhic forest with beech, chestnut, elm, hornbeam, buck, oak, and linden.

The population of the village of Kumistavi, represented by 490 households (according to the Public Registry data), though part of them are non-permanent residents and visit their properties only seasonally. The village is not distinguished with fertile lands and pastures; the area suitable for cultivating is relatively small and the relief mainly is occupied by badlands. The main direction of agriculture is traditionally, corn (maize) farming and poultry. Some families have cattle or have taken up beekeeping but the income is scarce. Involvement of local population in tourism has created the main source of income for most households. In this regard our project aims to study how tourism contributes in overcoming poverty in the given community and provides sustainable development.

### **Stakeholder Analysis**

The issue of development of a region is complex by its character and structure which requires the involvement of different disciplines and regional actors to solve the problem. This process



of selection and integration of participants is known as the *transdisciplinary* approach (Muhar, Vilsmaier, Glanzer & Freyer. (2017). While studying the region the selection of participating entities i.e. stakeholders and their influence on economic development of the sector, human resources or geographical environment is the key in achieving correct results. Stakeholders - government entities, NGOs, groups of businesses, local residents and tourists are the ones who put their share in tourism development of the region (Cooper, Fletcher, Fyall, Gilbert, & Wanhill, 2008, p. 687). The main essence of the transdisciplinary approach (concept) is to link theoretical knowledge and practice with each other. It aims to get a successful outcome and avoid only parallel development of these two directions (Khelashvili, 2017, p.132-133).

### ***The Role of Government and Non-Government Structures as Stakeholders***

The governmental/state structures on the research tourist place are represented by the National Agency of Protected Areas (Administration) and as regional municipality. Administration's responsibility for the management and sustainable tourism development is great. It creates business strategy, conducts professional trainings for guides to provide high quality service to visitors in several languages and sets a monitoring unit to take care of natural and technical infrastructure; also, communicates with villagers for their engagement in the decision-making process. The administration is responsible for the safety of staff and tourists as well as ensures private businesses' (food and overnight facilities, street vendors) activities within the law.

The role of the municipality was especially important at the initial stage of the Prometheus cave project when the road was constructed and the village was connected to the highway. In addition, a regular municipal transport service was restored to the regional center after for almost two decades when the local population had to walk the distance. Today, the municipality cleaning service provides the removal of garbage from the territory of the tourist sight and provides shuttle service.

The role of the World Bank (WB) as an international financial institution for tourism development in Georgia is very important. Imereti, the region where the Prometheus cave tourist complex is located is rich with natural monuments, cultural heritage site and protected areas. The project of Imereti Development Strategy that started couple years ago by WB with cooperation of the government of Georgia was aimed to improve infrastructure services and institutional capacity to support the increased contribution of tourism to the local economy. The planned activities were intended to benefit the region's residents as well; it was also expected to increase volume of private sector investment for small and micro enterprises in



renovated or new tourist destinations. As a result in Tskaltubo municipality to which village Kumistavi belongs, number of hours per day of running water services increased to 16 and energy efficiency of street lights has improved by 30 percent (WB, 2016, p.9).

### ***Local Population and Private Sector as Stakeholders***

To identify impact of tourism on local families in study area we refer to the methodology by C. Ashley on disadvantage rural households. To determine their socio-economic status she uses such criterions as are: regular/no regular wage income, structure of daily meal, land ownership, etc. (2002, p.11). To these indicators we added our own, like: access to medical services and medications, number of employed family members and diversification of labor activities and income, skills, amount of seasonal harvest and its structure (for consumption purpose or commercial/commodity production), access to bank loans and ability to run/possess business. These indicators enabled us to study the diversified impact of tourism on families of different socio-economic background. Finally, according to abovementioned methodology we classified and attributed respondent households to four types of groups: 'poor' (20 percent of the total poll), 'less poor' (40 percent), 'relatively non-poor' (30 percent) and 'non-poor' (10 percent).

We defined households as '*Poor*' who has a small orchard and small plot of land (maize-field), money earned from selling the harvest is enough for 3-4 months, they couldn't afford to keep cattle but only poultry mainly for personal consumption, one of the unskilled members of a family is a breadwinner and is employed on the cave tourist sight with stable salary; in case of health problems medical expenses are a heavy burden; if a household gets a loan from the bank the breadwinner provides return on monthly basis; these families don't receive remittances and income from tourism is basic.

'*Less poor*' families have diversified incomes from stable or casual work (e.g. one skilled or unskilled member employed on the cave tourist sight with stable salary, the other is busy with farm products or souvenir selling on the local market and one more member is leading the family by farming - beekeeping, grape growing, cattle raising, dairy product producing or renting the yard to a group of visitors for picnic. Most of this type of households own a plot of land (maize-field) and the harvest is enough almost for an entire year.

'*Relatively non-poor*' families have stable income from permanent skilled job (guides, rangers, administration officials) from the cave tourist sight, small family business (rent rooms to tourists); income from the business is enough during the off-seasonal period; they

pay for bank loans, family business lead by farming and some of them in addition, receive remittances.

*'Non-poor'* households mainly are not local residents but employee the villagers to run their businesses, own a café/restaurant or a hotel/guest house.

The results of our research revealed that:

*'Relatively non-poor'* families benefit most from tourism industry. All their abilities - skills and knowledge, possession of resources (monetary and non-monetary), former experience to run business, etc., a family members invested in tourism. The abilities of these households turned out to be the most adequate for new demands.

*'Less-poor'* families in less extent but benefit as well. Their motivation for income diversification helps them to meet demands and expectations of the tourist market. We think that suspending of women outmigration for seasonal farm works to neighboring Turkey is the most valuable result.

*'Non-poor'* families are not the main beneficiaries of the tourist business. They have invested much (finances), however the pretty expensive infrastructure and a poor management (no contacts with tour operators and waiting for an occasional visitors) doesn't guarantee the adequate income.

*'Poor'* households benefit the least. As family members couldn't suggest anything to the tourist market (monetary and non-monetary resources) and have some other problems, family member's salary is the only income for them. However, the latter result for the unskilled workforce should be assessed positively.

Our research revealed that the owners of individual private businesses lack information on the existing marketing situation, in particular, on the tourists' demands. Business owners and managers complain about a small number of tourists in catering facilities while visitor flows are growing annually. Several cafés and restaurants that are well off and function successfully rely on their own network of consumers other than tourists. Their business is led by these experiences and the own social resources.

## **Environmental Issues**

After conferring the status of a protected territory, on the cave site the surrounding forests became defended from wood cutting. However, according to our survey results one of the main environmental problems on the destination is air pollution with emitted gases from concentrated vehicles on the parking lot. This area is adjacent to very densely populated residential neighborhood in the village. From polluted air suffer both villagers and

surrounding ecosystem. It happens mainly because of one hour waiting time (in average) of tourist buses on the destination. During the hot season drivers keep engine on for conditioning (approximately 1500-2000 tourists visit the place per day). The noise pollution is additional discomfort for locals. We consider that the electronic system of reservation can regulate tourist flows and more or less lift the existing situation.

More attention should be paid to waste management in the village. As the quite broad area in the region (whole territory of Tskaltubo municipality and not only) is occupied by karst relief, sinkholes are outspread widely. They form dolines on the surface and caves under the ground. Local population usually use dolines as a garbage dump that courses pollution of ground water. It is believed that in future the region with its unique and abundant karst places will attract speleology professionals and amateur tourists for adventure tours. However, today's negligence will cut a way for future benefits.

Along with the attractiveness of the Prometheus cave recreational complex we find its easy accessibility quite important as well. These circumstances have been crucial for attracting visitors and first of all should be considered for maintaining ecological balance. These factors, on the one hand, contribute to the popularity of the complex, but on the other increase the magnitude of anthropogenic impact.

## CONCLUSIONS AND RECOMMENDATIONS

1. Thus, we can conclude that the project of Prometheus cave tourist destination is intended for broad tourism development in the region in which support of local community members is implicit ('trickle-down' effect (Ashly, 2002, p.17). However, it is impossible for indigenous to get benefits without successful development of the whole tourist destination. In our research we tried to look at the effectiveness of this phenomenon within the broader project.

2. The case study of Prometheus cave recreational complex fits well the *Unbalanced Growth* and *Coordination Failure ('Big Push')* theories. As we have seen, in general, the development of the tourism sector is conducive for stimulating small businesses development in the region. The government intervention (infrastructure projects and management) has greatly improved transportation, employment and social activity for the population;

3. The research hypothesis was partially proved. Although the economic and ecological situation of the region has improved with more employment opportunities for villagers and reduction in wood cutting, the growing tourist flows have endangered the sustainability of an ecosystem that was not previously threatened (atmospheric air);

4. Based on the concept of sustainable development if critically review the results, it would appear that '*relatively non-poor*' households are the ones who benefit the most, those who have the initial cash and non-cash capital, offered it to the tourist market and therefore responded to demands of consumers. The problem has been identified as with the '*poor*' the lack of knowledge, skills and finances. As for '*non-poor*' the private business is built solely through personal former commercial experience (and not in tourism) and only occasionally justifies. It is not uncommon for '*less poor*' household to possess some resources but scant vision or ability to use it purposefully for tourism. In such a situation the population is very cautious about the venture of small business. However, their desire and readiness to receive appropriate counseling on starting and running a business is great but such an offer does not exist neither from the governmental side (cave administration) or of NGOs;

5. If the during the nearest period of time the direction of tourist activities and flows will not be distributed on other potentially interesting speleological attractions (the number of which is quite big and awaiting for advertisement and infrastructural improvement), the anthropogenic pressure will damage both the Prometheus cave natural complex as well as tourism sector with its associated effect of sustainable development. We consider that latter is a very valuable achievement on the part of Georgian state, international NGOs and people.

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