Article

Rural Tourism in Georgia in Transition: Challenges for Regional Sustainability

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Abstract: Tourism in rural regions of Georgia has a long tradition; however, many structures had been developed during Soviet times under the framework of a centrally planned economy and forced collectivism. Today, Rural Tourism is widely discussed by the national government and international cooperation partners as a means for regional development and as an alternative source of employment in agricultural areas and mountain regions. The purpose of this study is to develop suggestions for the institutionalization of Rural Tourism in the country and to propose relevant actions. Research methods comprised a document analysis, qualitative interviews with various stakeholders, and focus group discussions. We analyzed recent tendencies and challenges of rural tourism development in Georgia with a focus on the concept of community-based tourism and integrated rural development. We also review the challenges of the current structure of tourism marketing on the national level with regard to Rural Tourism products. The key findings of the research include recommendations to create a central leading structure for rural tourism at the national level, which will work on strategic issues and general norms of Rural Tourism. At the same time, we propose the development of destination management organizations, which will integrate general provisions in regional legislation and marketing in close cooperation with local stakeholders.

Keywords: rural tourism; national tourism associations; regional partnership; community-based tourism

1. Introduction

Across the developed world, Rural Tourism has been recognized as a promising complement to a declining agricultural sector that is increasingly unable to sustain income to people living in rural areas [1]. Rural Tourism is meant to stimulate nontraditional development and entrepreneurship opportunities, as tourism generates jobs, supports retail growth [2], adds vitality to a traditionally poor economy, and transfers capital, income, and employment from industrial, urban, and developed areas to nonindustrial regions [3]. Therefore, Rural Tourism has become a part of strategies and policy documents for rural development at the national and international level. It has become widespread since the 1970s in developed countries and since the 1990s in developing countries. Rural Tourism has been promoted as an opposite strategy to package-type mass tourism, encouraging independent, non-organized visits to destination areas [4], and has been closely linked to “Sustainable Tourism” approaches. The concept of Rural Tourism has also been recognized by the Organization for Economic Co-operation and Development (OECD) as a potential tool for the conservation of nature and cultural
landscapes and sustainable regional development [3]. Given its direct and multiplying effects on other sectors and industries, developing countries see it as an accelerator to many of the UN Sustainable Development Goals (SDGs).

1.1. Purpose of the Study

Despite the long history of the development of Rural Tourism and related institutions in Europe, this form of tourism has appeared only recently in post-Soviet countries, most of which still face the challenges of decentralization processes and searching for sustainable concepts for regional development and local partnership. Georgia carries significant natural recreational resources along with an indigenous cultural heritage that give it a solid ground to consider Rural Tourism as an important activity to address local problems and to promote sustainable development.

The purpose of this study is to provide a better understanding of recent trends in the development of Rural Tourism in Georgia as an alternative form of tourism, and to identify strategic actions that need to be taken to institutionalize and promote this field. The paper highlights recent tendencies and recognition of Rural Tourism in this country, where, over the decades of the Soviet era, tourism had been managed in a centralized way, mostly based on spa resorts. Yet, in recent years, Rural Tourism has become part of development approaches, policy papers, and programs and has also been promoted by international agreements and donor organizations. Compared to other countries in Central and Eastern Europe, this occurred relatively late in Georgia due to the political situation as well as the late development of the tourism infrastructure in general.

1.2. Key Facts about Georgia

Georgia is a small mountainous country in the South Caucasus region with a population of 3.7 million. About 54% of the territory lies at elevations higher than 1000 m above sea level (a.s.l.) [5], and 42% of the population lives in mountainous areas, where the village of Ushguli, located at 2200 m a.s.l., is one of the highest permanent settlements in Europe (see Figure 1).

![Figure 1. The village of Ushguli. Upper Svaneti region. (photo: Georgian National Tourism Administration).](image)

Georgia is a traditional agricultural country. During Soviet times, it was a main supplier of citrus fruits, wine, and tea for the Soviet Union, and exports exceeded imports by 70% [6]. Production was organized based on large collective units (Kolkhoz), where the land and the produce belonged to the state [7]. Since 1990, after a privatization reform, people became land owners, and the agriculture sector is now organized based on family farms and their fragmented land plots [8–15]. Recent land
registration reforms, introduced by the Ministry of Justice of Georgia in 2016, simplified registration procedures for private owners to encourage farmers to obtain ownership documents and register their land without any barriers.

Nearly half of the population (43%) still lives in rural areas [9,16]. Mass migration from rural to urban areas occurred much later than in most other industrialized European countries. The share of the rural population exceeded the urban population until the 1970s. From 1975, the rural population decreased slightly until 1989. However, the downward trend in the following 10–15 years was much lower than for the urban population due to the collapse of the country’s industry and the lack of employment opportunities in urban areas (Figure 2). Villages and the agrarian sector continued to play an important economic role in the 1990s for the greater part of the population, when the industrial sector in the country fell by two-thirds and created acute economic conditions [6].

![Figure 2](image_url)

**Figure 2.** The population dynamics between 1897 and 2014 from census data. Source: National Statistics Office of Georgia (Geostat).

Since the collapse of the Soviet Union and achieving independence in 1991, Georgia’s transformation towards a market economy and its political orientation towards the West passed through long and difficult periods of instability due to civil wars in Abkhazia (1991–1992) and South Ossetia (2008), military conflicts in occupied areas, a loss of traditional markets (the Russian embargo in 2005), high unemployment rates, and workforce migration, particularly from mountain areas to cities and abroad [17]. About two-thirds of the rural workforce is self-employed, predominantly as subsistence farmers [6,8].

Pursuant to the Association Agreement between the E.U. and Georgia, Georgia seeks to promote the development of agriculture and rural areas for the economic well-being of rural communities. Based on the European experience, the diversification of the rural economy is seen as key, and intersectoral measures for the development of rural areas are considered crucial for the rural regions of Georgia [18].

1.3. **Tourism in the Post-Soviet Era in the Context of Transition**

Before gaining independence in 1989, Georgia was one of the most popular holiday destinations for Soviet tourists. In the 1980s, the country received approximately 4.5 million visitors, out of which only 250,000 were from abroad, predominantly from Eastern Europe [19,20].

In the global tourism system, the country is a rather new actor that started to promote tourism development as an independent actor only in the late 1990s. Based on reforms in the field of land tenure and property privatization, private entrepreneurship took over the driving role in tourism.
Some initial Western investment projects had already begun in Soviet times during the “perestroika” period in the late 1980s, the first of which was the Gudauri Ski Resort in northern Georgia, which was developed by Austrian tourism enterprises [17]. In the early 2000s, after the implementation of incentive programs, such as “Invest in Georgia”, the Free Trade (Tourism) Zone on the Black Sea coast, and visa liberalization policies [21], most of the abandoned Soviet hotels had been integrated into international brands by foreign investors. This process is still ongoing, particularly regarding spa, wellness, and ski resorts [22,23]. All these efforts were followed by fast tourism development in several forms (rural tourism, agritourism, adventure tourism). Between 2009 and 2012, the country attained one of the fastest growth rates of tourism worldwide: visitors increased by almost 300%, from 1.5 million to 4.4 million. From 2012 to 2017, that number further rose to 7.5 million. Total tourism income jumped from US$475 million to US$2.7 billion, and tourism made up 6.9% of the total GDP in 2017 [24,25].

Figure 3 illustrates the development of international arrivals; however, these official statistical data do not exactly portray the real situation of the incoming tourism, as they also include day visitors and transit passengers. According to information from the Georgian National Tourism Administration, only 82% of the international visitors in 2017 arrived for tourism purposes [24]. The majority (84%) of the total visitors in the same year came from the neighboring countries Azerbaijan, Armenia, Turkey, and Russia. To attract more high-yielding visitors, the industry is looking for niche areas with great potential in Georgia, in particular winter tourism, wine tourism, medical and wellness tourism, and gambling [22].

![Figure 3](https://example.com/figure3.png)

**Figure 3.** International arrivals in Georgia. Source: Georgian National Tourism Administration (GNTA) (2017).

### 2. Rural Tourism in Europe

#### 2.1. Concepts and Definitions

Rural Tourism in Europe has a long history [26], dating back to the very early times of tourism. In the second half of the 20th century, it has spread widely, parallel to the significant increase in world tourism [1]. It encompasses a wide range of activities, natural and cultural attractions, and service facilities in nonurban and agricultural areas [27]. There is a plethora of definitions for the term “Rural Tourism”. Closely related concepts are “Farm Stay Tourism” or “Agritourism”, emphasizing the role of income generation for agricultural enterprises [28,29]. Other related concepts refer to “Nature-Based Tourism” or “Ecotourism” with a stronger emphasis on conservation aspects next to the social component, and concentrating mainly on nature-based tourism products [30].
The OECD (1994) describes Rural Tourism as “tourism which takes place in the countryside”, and further elaborates: “Rural tourism is a complex multi-faceted activity: it is not just farm-based tourism. It includes farm-based holidays but also comprises special interest nature holidays and ecotourism, walking, climbing and riding holidays, adventure, sport and health tourism, hunting and angling, educational travel, arts and heritage tourism, and, in some areas, ethnic tourism” ([3] p. 9). In the majority of definitions, Rural Tourism is seen as a rather broad umbrella concept, considering many different types of tourism [31,32] based on rural accommodation or farm stays, but also in villages and small towns, where agriculture need not be a significant player [29,33]. Community approaches, particularly community involvement in planning and management processes, link Rural Tourism to the concept of “Community-Based Tourism” [34–39]. This term is more often used in developing countries that lack infrastructure and strong local entrepreneurship. In such a case, the community as a whole should be provided with the capacity and skills to improve conditions to receive tourists and offer relevant experiences; hence the local community as a whole, and not only a few players, should benefit from tourism developments [40].

The Rural Tourism concept is closely linked to “Sustainable Tourism” approaches, where tourism should take “full account of its current and future economic, social, and environmental impacts, addressing the needs of visitors, the industry, the environment, and host communities” [41]. Consequently, within these principles, it also refers to the UN SDGs.

All of the concepts mentioned here are meant to contrast to mass tourism in terms of supply, organization, the involved human resources, and the satisfaction of social needs; in particular, those of visitors, who seek to escape from the bustle of urban life, the daily routine, and a competitive environment, and strive to increase “contact with other people and self-realization through creative activities, knowledge, and exploration” [42]. They aim to rediscover cultural identities that had been lost in the process of urbanization and compensate for this by visiting such places as rural food production facilities, by communicating with the community, by tasting and buying unique consumer products, and thus also by developing loyalty to the visited community [43].

In the context of this paper, we refer to Rural Tourism in Georgia as tourism in less-urbanized areas of the country, in traditional natural and cultural landscapes, based on local resources, such as traditional agriculture and material as well as nonmaterial cultural heritage. Accommodation is provided in small- and medium-sized farmhouses and other rural (nonagricultural) homestays.

2.2. The Role of Rural Tourism in Sustainable Regional Development

The multifaced nature of tourism and its links to various sectors, particularly to agriculture, trade, and infrastructure, is especially promising for rural development. Rural Tourism has become an integral element of rural economies [44,45], generating additional employment and income for farmers and in small communities, particularly in marginal areas [46,47], creating entrepreneurship opportunities for small and medium local rural enterprises (SMEs) and new forms of travel experiences [1,48]. Rural businesses that are indirectly involved in tourism (e.g., shops, local transportation companies) also benefit from tourism activities [2] through developing close relationships with tourist facilities and cooperation with different stakeholders, particularly in the development of tourism products and infrastructure around touristic sites and destinations [2]. Rural Tourism can support the development of multifunctional villages [44]; this is why it is increasingly being used as a sustainable development strategy to improve the social and economic well-being of rural areas and to safeguard a destination’s cultural and natural heritage [49].

The concept of Rural Tourism also promotes community involvement in development processes, particularly in planning, decision-making, and the implementation of projects [35,50], which then can contribute to long-term sustainable rural development and support the achievement of economic and social goals at different levels [35,51].

Modern Rural Tourism strongly depends on innovative management and good leadership [4]. It is clear that the promotion and branding of tourist destinations will not have enough power to
sustain tourist attractiveness unless it is supported by national, regional, and local initiativeschi [52]. It requires purposeful guidance, a long-term strategy, and coordination.

2.3. Institutional Development of Rural Tourism: Networks and Associations in Europe

The institutionalization of Rural Tourism has developed in different forms and at different speeds across Europe. At local to national and even international levels, efforts have been made to facilitate cooperation, diversify products, create identities, promote innovation and good leadership, and provide services to both tourism operators and customers [1].

The first national network of host homestays in Europe, while not focusing exclusively on rural tourism, was founded in 1955 in France (Fédération Nationale des Gîtes de France) [52]. In Austria, where farm stay holidays have had a long tradition, individual initiatives at the provincial level formed a powerful national association in 1991 (Urlaub am Bauernhof). This association currently unites 9900 farm-stay hosts (in fact, 8% of all farms in Austria), and represents 20% of the tourism enterprises and about 13% of all tourism beds in Austria [53]. A successful example of a Rural Tourism association on the regional level can be found in South Tyrol, Italy, where the brand and quality seal “Roter Hahn” (Red Rooster) has been established to create a lobby for farm holidays in South Tirol and to offer farmers sustainable financial concepts for their farms. The association today represents 1665 farms (about 60% of all farms in South Tyrol) and 8.3% of all overnight stays in South Tyrol.

Today, a wide range of regional, national, and international associations of rural and agritourism exist, mostly operating as nonprofit organizations that assist their members with marketing, lobbying, networking, and training [53]. Depending on the individual situation, funding comes from membership and commission fees, state budgets, or specific projects. The European Federation of Rural Tourism (EuroGites), founded in 1990, represents 31 professional organizations from 28 European countries. The aim of establishing the organization was to advocate for Rural Tourism at the E.U. level. The European Center for Ecological and Agricultural Tourism (ECEAT), founded in 1992, has a focus on holidays on Organic Farms.

While well-established and institutionalized in Europe, Rural Tourism organizations in developing countries face numerous challenges. Very often, they have been initiated as part of externally funded development projects. This can result in a lack of community integration in planning and development processes and a centralized government structure, and often the operation cannot be sustained once projects have expired and external funding is withdrawn [54–56]; this can be particularly critical when funding for such associations is supposed to come from marketing services (e.g., booking commissions), as today the majority of guesthouse owners receive their guests via internet-based booking portals (booking.com; airbnb.com) [36] rather than through local or national marketing associations.

Recent analyses have revealed that Rural Tourism organizations can be successful when driven and owned by groups of individual local microbusinesses or by joint ventures between the private sector and public authorities [4]. The development of networks and, to some extent, clusters and alliances, is a complex process and much dependent on trust between rural entrepreneurs and the willingness [34,38,57,58] of communities to enhance their capacity to innovate, to cooperate, to create alliances, and to work actively to achieve long-term goals. Such social interaction can create solid social capital. The collective commitment of stakeholders in networks and public–private partnerships supports both individual businesses and regional strategic development, which can be beneficial for the whole community [35,38,39,47].

3. Study Design

3.1. Study Context

This research is part of the project “Transdisciplinarity for Sustainable Tourism Development in the Caucasus Region | CaucaSusT” funded by the Austrian Development Agency (ADA) via the Austrian Partnership Programme in Higher Education and Research for Development (APPEAR). The project
addresses capacity building in universities in Armenia and Georgia in the field of transdisciplinary teaching and research with a focus on sustainable tourism development. This paper specifically refers to Rural Tourism development projects recently initiated by international organizations in Georgia and, in particular, to feasibility studies commissioned by the ADA on “Sustainable Mountain Tourism and Organic Agriculture in Georgia” and by the Dutch Embassy in Georgia on “Fact Finding to improve development of agritourism in Georgia”.

3.2. Research Objectives

With the purpose of identifying strategic actions that need to be taken to institutionalize and promote this field, our empirical study aimed to:

1. Identify the current status of Rural Tourism in Georgia: key terms, definitions, and institutional development;
2. Explore the perception of the role of Rural Tourism by different stakeholders in the context of sustainable development;
3. Discuss the revealed problems and constraints; and
4. Develop recommendations and relevant actions to ensure a sustainable future for Rural Tourism in Georgia.

3.3. Research Methods

We implemented a qualitative research design that was based on a document analysis and semi-structured individual as well as group interviews with different stakeholders. The personal experience of the first author as a former manager of a rural development project initiated by the Swiss Agency for Development and Cooperation (SDC), and her participation as a local consultant in agritourism development projects, helped to reflect the relevance of practice and to widen the perspective.

The research process consisted of three phases, as illustrated in Figure 4: (1) Data collection: desk research (documents, publications, strategies), field visits to local service providers in three regions of Georgia (Kakheti, Imereti, and Upper Svaneti), and interviews with experts and representatives of authorities and local communities; (2) Data analysis and discussion: analysis of the empirical data using concepts of content analysis, assessment and structuring of the results and verification of the findings in workshops with stakeholders, and, based on that feedback, the additional collection of data; and (3) Formulation of conclusions and strategic recommendations. Preliminary conclusions were developed based on the data analysis, and the results were discussed with stakeholders in meetings organized by the Georgian Farmers Association in February 2017 in Tbilisi, and by the Austrian Development Agency in June 2018 in Upper Svaneti and Tbilisi. Based on these discussions, the conclusions could finally be formulated.

A total of 40 people were interviewed, including representatives of national and regional tourism organizations (7), nongovernmental organizations (13), tour operators and rural tourism entrepreneurs (15), and national and international tourism consultants (5).

The following national and international organizations were involved in the study (Table 1):
Figure 4. The methodology of the study.

Table 1. The organizations involved in the study.

<table>
<thead>
<tr>
<th>Name of Organizations</th>
<th>Type</th>
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<tbody>
<tr>
<td>1. Agency of Protected Areas of Georgia</td>
<td>Government</td>
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<tr>
<td>2. Agritourism association Lagazi</td>
<td>NGO</td>
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<tr>
<td>3. Borjomi-Kharagauli National Park administration</td>
<td>Government</td>
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<tr>
<td>4. Biological Farming Association Elkana</td>
<td>NGO</td>
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<tr>
<td>5. Fida Georgia (Agritourism provider)</td>
<td>Private enterprise</td>
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<td>6. Caucasus Environmental Network CENN</td>
<td>NGO</td>
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<tr>
<td>7. Georgian Ecotourism Association</td>
<td>NGO</td>
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<tr>
<td>8. Georgian Farmers Association</td>
<td>NGO</td>
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<td>9. Georgian Incoming Tour Operators’ Association</td>
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<td>10. Georgian Tourism Association</td>
<td>NGO</td>
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<tr>
<td>11. Georgian Wine Association</td>
<td>NGO</td>
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<tr>
<td>12. Georgian Wine Tourism Association</td>
<td>NGO</td>
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<tr>
<td>13. Georgian Cheese Makers’ Association</td>
<td>NGO</td>
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<tr>
<td>14. Georgian National Tourism Administration</td>
<td>NGO</td>
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<tr>
<td>15. GFA Consulting Group “Supporting Program for Protected Areas”</td>
<td>Government</td>
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<tr>
<td>16. Kazbegi Municipality</td>
<td>NGO</td>
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<td>17. Nature Conservation Centre Nakres</td>
<td>NGO</td>
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<td>18. Rural tourism association Green Valley</td>
<td>NGO</td>
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<td>19. Svaneti Municipality</td>
<td>Government</td>
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<tr>
<td>20. Svaneti Tourism Centre</td>
<td>NGO</td>
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<tr>
<td>21. Tourism Information Centre Borjomi</td>
<td>Government</td>
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<tr>
<td>22. Tusheti Development Fund</td>
<td>NGO</td>
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<td>23. USAID project “Zrda” (“Growth”)</td>
<td>International institution</td>
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<tr>
<td>24. Worldwide Fund</td>
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NGO, nongovernmental organization.
4. Findings

4.1. Rural Tourism in Georgia

4.1.1. Evolution and Development of Understanding

The multifaceted nature of the post-1990s Rural Tourism distinguishes it from earlier forms of tourism in Georgia. Today, Rural Tourism is being discussed widely by tour operators and government and nongovernment organizations. The roots of this recent tourism development in rural areas go back to the revival of the old winemaking tradition called qvevri. A qvevri is an ancient Georgian wine vessel that is made from clay and buried in the ground for the fermentation, storage, and aging of wine. This is a unique attraction, and the interest of international visitors to become acquainted with this winemaking tradition “pushed” farmers to participate in tour operators’ programs offering visits to farms.

The definition and understanding of alternative forms of tourism has been discussed since 2006, when a project on the development of Rural Tourism was launched by the Swiss Agency for Development and Cooperation (SDC) in Georgia. The project was implemented by the Biological Farmers Association Elkana. It promoted rural tourism as a source of additional income for farmers and rural residents. The project endorsed the establishment of the first Rural Tourism Network in Georgia in 2007. Currently, this network brings together 190 members from different regions [59]. One hundred and sixty guest houses meet the Elkana criteria for service quality. Since 2008, Elkana has been a member of the European Federation of Rural Tourism (EuroGite).

Elkana, as a pioneer in the development of rural tourism projects in Georgia, describes Rural Tourism as a “tourist service in villages and small towns, which is based on local resources, related to traditional agriculture and cultural and natural values” [59]. With respect to tourism demand, Rural Tourism was described by Elkana as meeting the need of tourists “to be removed from a noisy, stressful environment, to relax in a calm, non-urban environment, and to enjoy clean air, beautiful sceneries, fresh products, and hospitable hosts” [60].

In the subsequent years, rural tourism in Georgia has been understood in a broad sense, and includes nature tourism, agritourism, and food and wine tourism. Given the number of theoretical contributions that deal with the concept of agritourism [61], we can conclude that “visiting farms” is a more appropriate term in the Georgian context.

Today, seven individual associations in Tbilisi and one government organization in Batumi (Ajara, Western Georgia), promote rural, eco, and wine tourism in Georgia. They provide technical assistance and marketing, and are supported by international projects.

There are no accurate statistics on rural or agritourism in Georgia. However, the proportion of small guesthouses in rural regions, as shown in Figures 5 and 6, is a good indicator of the relative significance of regional tourism’s development. The percentage of registered accommodation units with five or less rooms in rural areas of Georgia is 43% of the total accommodation and about 11.5% of all tourism beds in rural Georgia [24].

The increasing number of small guesthouses (with five rooms or less) is displayed in Figure 7.
Figure 5. The number of registered guesthouses with five or less rooms by region in Georgia. Source: Georgian National Tourism Administration (GNTA) (2017).

Figure 6. The number of accommodation units in five touristic regions of Georgia. Source: Georgian Tourism in Figures (2017). GNTA.
4.1.2. National Policy Framework for Rural Tourism

Rural Tourism has become an integral part of a wide range of government organizations and their strategic documents. A 10-year plan of the National Tourism Development Strategy of Georgia, adopted in December 2015, focuses on authentic visitor experiences, quality services, public and private sector investment, and better partnerships between government, industry, nongovernmental organizations, and communities. While the strategy refers to nature and cultural conservation and unique authentic visitor experiences, there are no explicit references to alternative forms of tourism, such as rural, agro, or ecotourism. Yet, in 2012, the National Tourism Administration of Georgia (GNTA) began to promote rural and wine tourism by identifying and marking wine routes in the country.

The GNTA, together with local municipalities, promotes the establishment of tourism information centers in the regions. According to experts and the staff of these centers, the cooperation between the GNTA and the local authorities is unstable and less-effective in terms of regional partnership and marketing. Initiatives are emerging to develop Destination Management Organizations (DMOs) to improve partnership and marketing at the regional level, which would be partially funded by public funds (70–80%), while the rest would come from private funds, mainly tourism-related business. The projection for this initiative requires a new legal framework. The Georgian Law on Tourism and Health Resorts from 1997 is outdated and does not reflect the new policy direction.

Rural Tourism in Georgia, as a promising source for the diversification of the rural economy, is widely promoted by the Ministry of Environment Protection and Agriculture (MEPA) [14]. Under the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) ‘A New Approach for Rural Development in Georgia’, since 2015, the Ministry has aimed to modernize agriculture, stimulate new agriculture and non-agriculture initiatives in rural development, and thereby tackle rural poverty in Georgia. The program highlights the involvement of highland and rural residents in the development process and advocates for the establishment of regional partnerships. The concept of sustainable tourism by the Protected Areas Agency at that ministry emphasizes specific options for developing community-based resource management [62]. The agency follows the European Charter for Sustainable Tourism in Protected Areas and the guidelines proposed by the EUROPARC Federation (http://tjs-caucasus.org/?p=1506). The Forest Agency in the same ministry also considers Ecotourism at the community level to be relevant for the conservation and management of forests.
A specific Mountain Law and a Mountain Development Strategy promote mountain tourism as a sustainable development option [63]. In addition, the Strategy for Small and Medium Enterprises Development, adopted in 2016, highlights the “Think Small First” principle that has been proposed in the E.U. Small Business Act for Europe, and supports private forms of investment in rural and mountain areas [64].

The Association Agreement between the E.U. and Georgia promotes community-based tourism in Georgia and the cooperation of all stakeholders. Article 9 of the Agreement states that Georgia has to maintain “partnership between public, private, and community interests in the field of tourism, with the aim of strengthening the development of a competitive and sustainable tourism industry as a generator of economic growth and empowerment, employment, and international exchange”. In article 330, the “development and promotion of, inter alia, community-based tourism” is mentioned as an important field of economic development [65].

4.1.3. International Projects on Rural and Agritourism

The concept of “One Village—One Product”, which was initiated by Japan International Cooperation Agency (JICA), emphasizes tourism and agriculture as meaningful forms of cooperation for rural economic growth. The Austrian Development Agency (ADA) supports sustainable rural and mountain tourism development in Georgia as promising entry points to strengthen economic growth in the country. The project “Sustainable Mountain Tourism and Organic Agriculture”, initiated in 2018, aims to reduce poverty and exclusion by promoting new opportunities for income generation in sustainable mountain tourism and organic farming. The German and Swedish development agencies (German Society for International Cooperation and Swedish International Development Agency) in Georgia see Rural Tourism as an effective tool for poverty alleviation, SME development, gender equality, and environment protection. Agritourism is supported by Food and Agriculture Organization of the United Nations (FAO) under the Country Programming Framework for Georgia 2016–2020, which focuses on regional and sectorial value chain development [66]. Further, the USAID “Zrda” project (2016–2020) supports the development of new niche tourism products and tourism destinations. It advocates for the cooperation of regional public and private sectors through introducing a regional development model.

4.2. Actors’ Views on Rural Tourism and Regional Development

The interviews with project managers and experts reflect different perspectives and perceptions of Rural Tourism development, generally recognizing its pivotal role as a catalyst for the conservation of nature and culture, the revival of rural areas, the valorization of traditional products, and the development of communities. Despite different perspectives and perceptions of the role of rural tourism in development processes, the projects have much in common in the practice of project development, in particular, in the integration of the local community into planning and implementation processes. Local actors need increased awareness about the role and importance of their knowledge and motivation in community development. Project managers also emphasized that the community-based rural tourism development models proposed by Western experts and development agencies initially disregarded local non-Western perspectives and knowledge. Methodological approaches that were successfully developed in other countries did not always prove to be suitable for Georgia due to different social structures and traditions of governance.

There are only a few successful community-based rural tourism organizations, mostly for the national parks of Georgia. Most of the projects face problems due to poor communication and trust between community members. The success of the Association of Friends of Protected Areas of Tusheti is the result of a long-lasting process of community mobilization and empowerment. The participatory development approaches, facilitated by the administration of the national parks and agencies of nature conservation, considered the process that the community had to go through to embrace tourism as a tool of sustainable development and increased efforts to build capacity and network. Today, the Association
of Friends of Protected Areas of Tusheti is a local strategic partner of the government, nongovernment organizations, and international development agencies. It contributes to the protection and restoration of cultural landscapes in mountainous areas of Tusheti, where an old, unique architecture and cultural landscapes are the main attractions for visitors (Figure 8).

Figure 8. Traditional houses in Dartlo, Tusheti. (photo: Temur Sukhitashvili).

It is clear that environmental organizations, such as WWF, Nacres, the Georgian Ecotourism Association, and the Caucasus Environmental nongovernmental organizations (NGOs) Network (CENN), recognize tourism as a tool for communicating with local people, for generating income, and for managing and conserving natural resources and the environment. They have supported the concept of community-based tourism and facilitated local activities around protected areas by introducing the model of Regional Action Groups (RAGs), where the key partners are the locally established Friends’ Association of National Parks, the community, service suppliers, and the local municipality.

RAGs are similar to the concept of Local Action Groups (LAGs), as introduced since 2015 by the E.U.-funded ENPARD program “A New Approach for Rural Development in Georgia”. Studies on how the form of cooperatives is beneficial to rural tourism entrepreneurs have not yet been conducted, and ENPARD projects currently summarize the work on agriculture activities and rural cooperatives.

As the project leaders noted, the most sensible benefit of using RAG or LAG approaches is an increased sense of “problem ownership” among community members, which is crucial for locals’ motivation and empowerment [67], as well as a sense of collectivism and cooperation and a shared vision of territorial development. Thus, cooperative behavior contributes to the development of both individual businesses and the whole territory.

Nongovernment organizations, such as the Biological Farmers Association Elkana, the Ecotourism Association, or the Wine Tourism Association, implement projects to meet rural tourism development objectives, such as the valorization of traditional products and rural diversity through tourism and the creation of links between organic product chains and tourism. Most associations depend on external funds and projects, which, unfortunately, often remain fragmented and unstable. According to project leaders, initiatives are only successful as long as external experts manage them, and the community has difficulty in becoming responsible and accountable beyond the project’s lifetime.

Cooperation between associations and government institutions is essential for sustainable development. The success of the valorization of qvevri wine in Georgia, which started a “new wave” of rural and tourism activities in Georgia and the promotion of “Marani Wine Tours”, is a result of mutual cooperation between the government and private and nongovernment agencies. “Marani”
means wine cellar in the Georgian language (Figure 9). Farmers gained access to the organic market by producing unique (forgotten) varieties of wine. This was quite challenging for them, especially after the Russian embargo, when wine factories had stopped buying grapes from farmers. As a reaction, farmers began to look for new ways and markets to sell their grapes. It stimulated cooperation between local farmers, the gastronomy sector, and shops in urban areas, and induced farmers to restore a forgotten winemaking tradition, which, in 2013, was recognized by The United Nations Educational, Scientific and Cultural Organization (UNESCO) as an intangible cultural heritage. Qvevri wine was initially facilitated by the Biological Farming Association, promoted by the Georgian National Wine Agency, and marketed by the Georgian Wine Association (GWA). The first international symposium of Georgian qvevri Wine 2012 was initiated by the GWA tour operators’ associations, and was followed by the Wine Tourism Conference 2016 in Tbilisi, which was organized by the World Tourism Organization (UNWTO).

![Figure 9. A traditional wine cellar (photo: Tamas Dundia).](image)

4.3. Rural Tourism Entrepreneurs and Tourism Products

The main “drivers” of Georgian rural tourism are urban “entrepreneurs”. Very often, they combine an investment with a second home with the development of small or medium-sized tourism businesses. Most of these houses have four to eight rooms for tourists. Many young entrepreneurs leave the city and move to the countryside, or they just spend the summer time in villages for receiving tourists. They combine hospitality with recreational and farm activities, provide tourists with traditional food and wine, and offer horse riding or cycling tours.

Rural tourism entrepreneurs typically use internet platforms, such as booking.com or Airbnb, for marketing. Some of them are members of national tourism and farmers’ associations. The rates for a bed/night, including breakfast, vary between 40 and 220 Gel (15 to 75 EUR). The manager of the Elkana rural tourism network noted that women run 55% of the guesthouses. She has also emphasized that guesthouses run by women tend to be successful, and the business enhances the role of women in rural society. Starting a guesthouse business results in a boom in Georgia; however, it creates problems when owners make investments intuitively, without proper knowledge, planning, and marketing research. Service price calculation is still a challenge for many guesthouse owners. They only see the rates that are offered in the market but poorly understand how they are created. Together with the growing competition in this sector, this can lead to economic failure or even bankruptcy.

In mountainous regions, farms with limited agricultural resources have become more tourism-dependent. They are focused on engaging with the tourism business to generate income apart from agriculture. Therefore, tourism and agriculture are seen by them as alternative activities and competing economic activities, rather than as complementary activities that can lead to improved synergies and increased income on both sides [10].
International visitors are interested in nature-based activities, particularly in high mountain areas, as well as in culture and adventure tourism activities. Trips based on farm and family-run guesthouses have become very popular. However, most hosts supply only a bed and breakfast service and lack innovation, such as offering active experiences as well as seasonal and local dishes. Due to heating problems, most business only operate in the summer season, except for the few that are located close to ski resorts.

5. Discussion: Problems and Constraints

Considering the evolution in Europe [1,4], we can say that Rural Tourism in Georgia is at an early stage of its development, and seeks more effective approaches and a consolidation of efforts. Rural Tourism has become a highly demanded business for rural residents and is increasingly funded and supported by various organizations. Our research revealed the following challenges and constraints for further strategic development: coordination, governance and management, capacity building and awareness, product diversification, and marketing.

5.1. Missing Central Support Structure for Rural Tourism

There is no common vision or long-term strategy for Rural Tourism development in Georgia, and, therefore, the development of individual projects is somewhat spontaneous and fragmented. In some cases, there are even conflicts between government authorities and local tourism providers, e.g., when discussing the positive or negative impacts of road construction in high mountain areas, or when tourist routes are signposted without integrating local villages and communities.

Unfortunately, the impact of tourism is usually interpreted in terms of tourism growth and income, while other social and environment actors are not taken equally into consideration. There are destinations that have recently had support from national and international institutions, where the economic impact is positive, and the environmental impact is rather negative (e.g., Stepantsminda in the Kazbegi region).

Rural Tourism providers need support and lobbying from national organizations. Existing policy documents should be effectively harmonized with new policy directions, especially with the E.U.–Georgia association agreement [68–70], this particularly refers to the legal framework for establishing destination management organizations. Successful examples of destination management exist throughout various regions in Europe [4], and the concept is based on good cooperation among service suppliers, community managed products, effective branding, and partnerships that enhance decentralization processes in the rural management system.

5.2. Limited Common Understanding of Rural Tourism

The terminology for alternative forms of tourism as well as tourism-related objectives in recent strategy documents needs a common understanding and better integration. A holistic view of the concept of tourism in rural areas, as advocated by the E.U., asks for community-based tourism activities, participation, integration, and cooperation across sectors.

The RAG and LAG collaborative approaches both perfectly advocate for community-based projects, as they enhance the transparency of the project’s implementation and increase awareness of different local service suppliers. They promote a territorial approach and recognize the role of stakeholders in defining the paths of territorial development. The question of how the form of cooperatives is beneficial to rural tourism entrepreneurs requires more research and monitoring.

5.3. Lack of Innovative Rural Tourism Products

Many tourists look for diverse experiences, even on short holiday stays in rural areas [4]. The principles of sustainable tourism require good links between local agricultural product chains and tourism [71]. Rural tourism entrepreneurs in Georgia do not make enough use of the local agricultural and environmental resources in their businesses. While, in many areas, a lot of local knowledge exists,
communities hardly benefit from it. Local culinary traditions could contribute to a more authentic experience. According to interviews with tourists in the Kazbegi region, despite their overall satisfaction, they emphasize the importance of more quality-oriented services and diversity in the traditional dishes at cafes and small restaurants instead of Greek salad. Travelers in pristine mountain areas are looking for specific products from the area and are even ready to pay high prices for them.

The most competitive part of small, family-owned business ventures depends upon the personalities and experiences offered on-site and not on (built) capital. Tourism infrastructure and the quality of services are vital but they are not sufficient to attract visitors. Rural Tourism projects and future strategies, therefore, have to support innovations that will lead to diversification and the creation of innovative Rural Tourism products (such as “music tours in Svaneti”, “a folk dance tour to Ajara” or “agriculture tours to Caucasus”). Products developed and managed by local initiatives create an identity, an impressive image, and a unique “spirit” for the destination.

In addition, the development of Rural Tourism products and services requires the integration of local communities in planning and management processes. Recently developed hiking trails in Khevsureti, Racha-Lechkhumi, and Upper Svaneti (mountain regions of Georgia) need better integration into local communities. This collaboration is also essential to the regular monitoring and maintenance of trails. Furthermore, winter season offers require particular attention and elaboration to harness potential activities, such as snowshoeing or cross-country skiing, and better links with Rural Tourism entrepreneurs.

5.4. Lack of Awareness and Capacity on Local and National Levels

Travelers demand professional services, food safety, and security. Host communities still face problems in communication, business planning and management, price calculation, and (digital) marketing. Raising awareness about service quality and standards, valuing and addressing tangible as well as intangible heritage, and the overall principles of Rural Tourism as core aspects of sustainable development is essential. There are cases in mountainous regions (Mestia, Tusheti, and Kazbegi) where local people renovated houses and destroyed the identity of the area. Some newly developed constructions and large-scale investment projects in mountainous destinations have changed the ‘sense’ of the area. In this regard, it is always useful to organize communication events, such as forums and conferences, for various stakeholders and researchers to discuss rural tourism principles, experiences, development methodologies, and educational materials.

5.5. Low Visibility of Georgian Rural Tourism at the National and International Level

Strong rural businesses, which are the main drivers of Rural Tourism of Georgia, promote their services through their own websites, and they also use international internet-based reservation systems. Since there is no central leading structure for rural tourism in Georgia, the visibility of the product of rural tourism in both the international and the domestic market is limited. Existing associations do not have a clear mandate to market Rural Tourism, as it is not their core mission. Rural tourism needs a visible and dedicated website where products can be presented by their unique nature.

6. Possible Limitations of the Study

By including stakeholders from many different organizations and geographic locations within Georgia in our interviews and group discussions, we tried to gather and incorporate a wide range of experiences and opinions. However, we are aware that the framework conditions of our empirical study might have had some implications for the range of perspectives: Activities supported by international donor organizations under the current paradigms of international development—as was the case in our study—usually attract actors with an orientation towards integrative and cooperative approaches. Thus, we might have missed some perspectives of those actors who prefer to act as “lone fighters” by establishing and defending their own individual market niches without much linkage to other activities at the regional level. Also, the perspectives of globally active corporate businesses
(e.g., international hotel chains, the transport industry) might have been underrepresented in the study. Nevertheless, we believe that our results provide a sufficient foundation for the following recommendations and that their implementation will be beneficial for the wide majority of players in Rural Tourism.

7. Proposals for Institutionalization and Further Management Actions

We recommend two complementary measures for the institutionalization of Rural Tourism in Georgia and a range of actions for further development of this field.

A **National Rural Tourism Association** should be established to unite the different initiatives and related service providers in order to guarantee longer-term sustainability and to safeguard the basic principles of the agritourism and rural tourism in the country. It should work as a central leading structure on strategic issues and general norms of Rural Tourism, such as standards, strategic development, coordination between regional units in this sector, possible integration in international organizations, and the representation of Rural Tourism in related international activities. The organization should create a common platform among stakeholders on national and regional levels to discuss Rural Tourism strategies, challenges, and opportunities in terms of Rural Tourism product development, training opportunities, lobbying, marketing, and branding.

Complementary to the national level, **regional organizations**, such as destination management organizations and local action groups, should integrate general provisions into regional legislation, standards for tourists’ security and safety, management, marketing, and the branding of rural tourism in close cooperation with local entrepreneurs, farmers, regional municipalities, and nongovernment organizations.

We further propose more concrete actions in different fields of intervention for the future development of Rural Tourism in Georgia (see Table 2).

Eventually, the proposed complementary measures and actions all together should lead to a more sustainable development of Rural Tourism and also help tourism to make an effective contribution to the implementation of the UN Sustainable Development Goals.

### Table 2. Recommended activities for the development of Rural Tourism in Georgia.

<table>
<thead>
<tr>
<th>Field of Intervention</th>
<th>Proposed Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management and governance</td>
<td>to promote communication and cooperation (at both the national and regional level) between rural-tourism-related national associations, the National Tourism Administration, related NGOs, and other institutions through (proposed) institutions/agencies; take into account the interests of stakeholders in decision-making processes; initiate joint projects</td>
</tr>
<tr>
<td></td>
<td>to develop a policy and initiate the creation of legal regulations for rural tourism in line with the new policy directions (E.U.–Georgia Association Agreement)</td>
</tr>
<tr>
<td></td>
<td>to organize and develop a network of destination management organizations in the country as appropriate</td>
</tr>
<tr>
<td></td>
<td>to internationalize destination management organization activities by initiating exchange and joint projects with European partners, such as twinning projects with other regions in Europe (e.g., South Tyrol in Italy or Tyrol in Austria), for developing marketing plans for destinations</td>
</tr>
<tr>
<td>Capacity building and raising awareness</td>
<td>to organize systematic training and provide useful and updated materials for communicating innovations in tourism and hospitality, business planning and administration, destination management, and marketing</td>
</tr>
<tr>
<td>Product development and diversification</td>
<td>to facilitate the development of innovative, community-based tourism products and multiple experiences</td>
</tr>
<tr>
<td>Marketing, branding</td>
<td>to promote Rural Tourism through international and national fairs and e-marketing to raise awareness about regional identity and facilitate cooperation between small and medium enterprises (SMEs) through the establishment of common quality criteria and destination brands</td>
</tr>
</tbody>
</table>

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